Dear Sir/Madam

Re: Externally Audited Financial Statement for the period ended 30 June 2018

Enclosed is the externally audited financial statement for the following project:

Project Title: Capturing Coral Reef and Related Ecosystem Services (CCRES) Project

Chief Investigator: Mumby, Peter John
UQ Reference: 015445
Your Reference: TF015409

The statement covers the period 01 July 2017 to 30 June 2018.

Please contact Ivy Lee as referenced above if you have any queries regarding this letter.
### Sources and Uses of Funds Statement

For the period 1 July 2017 to 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>PERIOD USD</th>
<th>CUMULATIVE USD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening Cash Balances</strong></td>
<td>378,809.97</td>
<td></td>
</tr>
<tr>
<td>World Bank Special Account</td>
<td>378,809.97</td>
<td>500,000.00</td>
</tr>
<tr>
<td>Other Donor Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Add: Sources of Funds</strong></td>
<td>378,809.97</td>
<td></td>
</tr>
<tr>
<td>GEF/World Bank Funds</td>
<td>894,809.22</td>
<td>3,617,856.06</td>
</tr>
<tr>
<td>Other Donor Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest (less bank charges)</td>
<td></td>
<td>223.94</td>
</tr>
<tr>
<td><strong>Cash Available</strong></td>
<td>1,273,619.19</td>
<td>4,117,632.12</td>
</tr>
<tr>
<td><strong>Less: Use of Funds by Project Component</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1</td>
<td>266,119.20</td>
<td>1,403,413.58</td>
</tr>
<tr>
<td>Component 2</td>
<td>420,142.50</td>
<td>1,347,495.56</td>
</tr>
<tr>
<td>Component 3</td>
<td>184,741.12</td>
<td>754,643.19</td>
</tr>
<tr>
<td>Component 4</td>
<td>206,259.29</td>
<td>415,722.71</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>1,077,262.11</td>
<td>3,921,275.04</td>
</tr>
<tr>
<td><strong>Cash Available less Expenditure</strong></td>
<td>196,357.08</td>
<td>196,357.08</td>
</tr>
<tr>
<td><strong>Net Cash Available</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Closing Balances</strong></td>
<td>196,357.08</td>
<td>196,357.08</td>
</tr>
<tr>
<td>World Bank Special Account</td>
<td>196,357.08</td>
<td>196,357.08</td>
</tr>
<tr>
<td>Other Donor Funds Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CLOSING CASH BALANCE</strong></td>
<td>196,357.08</td>
<td>196,357.08</td>
</tr>
</tbody>
</table>
Financial Statement for the period 01 July 2017 to 30 June 2018.

Grantor: World Bank
Project Title: Capturing Coral Reef and Related Ecosystem Services (CCRES) Project
Project Duration: 01 Sep 2013 to 31 Dec 2018
UQ Reference: 015445
Grantor Reference: TF015409

Note 1 - Basis of Preparation

In accordance with the instructions contained in the Letter of Agreement from the World Bank relating to Capturing Coral Reef and Related Ecosystem Services (CCRES) Project, the University must provide a financial report certified by an external auditor to comply with the grant conditions.

In order to satisfy these obligations the preceding special purpose financial report has been prepared. The financial report has been prepared on an cash basis of accounting. It is assessed that as there are limited intended users of the financial statements, the format and content is appropriate to meet the information needs of the specific users as detailed in the grant agreement.

Digitally signed by Hyo Park
Date: 2018.08.14 09:56:45 +10'00'

Hyo Park, CPA
Senior Accountant
Contract & Grants Accounting Section
14 August 2018
INDEPENDENT AUDITOR’S REPORT

To the Vice Chancellor of the University of Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report relating to the Capturing Coral Reef and Related Ecosystem Services Project Grant Agreement between the University of Queensland and the International Bank for Reconstruction and Development (World Bank), acting as an implementing agency of the Global Environment Facility.

In my opinion, the financial report:

(a) gives a true and fair view of the grant monies received and expended by the University of Queensland for the period ended 30 June 2018.

(b) complies with the Capturing Coral Reef and Related Ecosystem Services Project Grant Agreement and the basis of preparation described in Note 1.

The financial report comprises the Sources and Uses of Funds Statement (Period USD) for the period ended 30 June 2018, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certification by the Senior Accountant, Contract and Grants Accounting Section.

Basis for opinion

I conducted my audit in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of my report.

I am independent of the entity 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the Auditor-General of Queensland Auditing Standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – basis of accounting

I draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities of the University of Queensland under a grant agreement with the International Bank for Reconstruction and Development (World Bank), acting as an implementing agency of the Global Environment Facility. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the entity for the financial report

The University of Queensland is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Grant Agreement and the financial reporting
framework described in Note 1, and for such internal control as the University determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In fulfilling this responsibility, the University determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of the Grant Agreement.

**Auditor's responsibilities for the audit of the financial report**

My 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 my 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 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.

- 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.

I communicate with the University regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Michelle Reardon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane