ABILITY CENTRE AUSTRALASIA LIMITED
(ABN: 79 057 702 959)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 June 2019

DIRECTORS' REPORT

for the year ended 30 June 2019

The directors of Ability Centre Australasia Limited ("Ability Centre") present their report on the company and its subsiduaries (the "Group") for the year ended 30 June 2019, as approved at a board meeting held on 1 October 2019.

Directors

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

- Justin Scanlan (Chairman)
- Janelle Marr (Deputy Chair) (Resigned 24/10/2018)
- Mino Intini (Treasurer)
- Ken Nylander (Appointed Deputy Chair 24/10/2018)
- Gary McGrath
- Daniel Butler
- Priya Cooper
- Roslyn Elmes (Resigned 27/04/2019)
- Russell Hardwick
- Melissa Northcott
- Robert Radley
- Dianne Ritson (Appointed 06/05/2019)
- Tony Adcock (Appointed 30/07/2018)

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

Meetings held and attended whilst in office	**Number of meetings held whilst a member**	**Number of meetings attended whilst a member**
Name		
Justin Scanlan	11	10
Janelle Marr	3	1
Mino Intini	11	10
Gary McGrath	11	7
Ken Nylander	11	11
Daniel Butler [1]	11	4
Priya Cooper	11	9
Roslyn Elmes	8	6
Russell Hardwick	11	10
Melissa Northcott	11	11
Tony Adcock	10	8
Dianne Ritson	3	3
Robert Radley [1]	11	5

[1] **Leave of absence:**
Daniel Butler - 5 March 2019 to 30 October 2019
Robert Radley – 1 April 2019 to 30 June 2019

Company Secretary

Darren Cutri

Directors Remuneration

Fees paid to Directors are determined each year by the members of the Company in a general meeting. There were no Directors fees paid in the 2018/19 financial year.

Review of operations

The Group's operations for the financial year resulted in a deficit of $793,000 (2018: $1,826,000).

Principal activities

During the year ended 30 June 2019, the Group was involved in the provision of disability services to a wide range of customers including shared living, respite services, community supports, therapy & health services, employment and assistive technologies.

Subsequent events

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

Environmental regulations

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends, shares, options and other interests

Ability Centre Australasia Ltd's constitution does not permit dividends to be paid and thus no dividends were paid or are recommended to be paid.

Similarly, Ability Centre Australiasia Limited is a public company limited by guarantee and does not issue shares, options or other interests in the company. As a consequence, no shares, options or other interests were granted during or since the end of the year and no options were outstanding at the date of this report.

Indemnification and insurance of directors and officers

Directors' and Officers' Liability Insurance is held to cover a director for certain liabilities arising whilst acting as a director of the company. The wording of the policy prohibits disclosure of the nature of these liabilities and the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Legal proceedings

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of these proceedings. The Group was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 6.

Signed in accordance with a resolution of the board of directors.

Justin Scanlan
Director (Chairperson)

Mino Intini
Director (Treasurer)

1 October 2019

DIRECTORS' DECLARATION

for the year ended 30 June 2019

In accordance with a resolution of the directors of Ability Centre Australasia Limited, we state that in the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors,

Justin Scanlan
Director (Chairperson)

Mino Intini
Director (Treasurer)

1 October 2019

Ernst & Young
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Auditor's independence declaration to the Directors of Ability Centre Australasia Limited

In relation to our audit of the financial report of Ability Centre Australasia Limited for the financial year ended 30 June 2019, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
1 October 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 30 June 2019

		2019	2018
Consolidated	**Notes**	**$'000**	**$'000**
Revenue	1.1	69,977	65,413
Other income	1.1	4,058	3,101
Cost of materials		(2,575)	(2,672)
Employee benefits expense	1.2	(59,212)	(54,983)
Direct program expense		(4,559)	(4,597)
Administrative expense		(5,037)	(4,765)
Depreciation and amortisation expense		(2,380)	(2,410)
Brokerage expense		(1,179)	(1,021)
Property expenses		(395)	(396)
Operating deficit		**(1,302)**	**(2,330)**
Finance income	1.1	509	504
Deficit before tax from continuing operations		**(793)**	**(1,826)**
Income tax expense	1.3	-	-
Deficit after tax from continuing operations		**(793)**	**(1,826)**

This consolidated statement should be read in conjunction on with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

Consolidated	**Notes**	**2019 $'000**	**2018 $'000**
Deficit for the year		**(793)**	**(1,826)**
Other comprehensive income			
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	-
Revaluation of land and buildings	6	-	(1,976)
Other comprehensive deficit for the year, net of tax		-	(1,976)
Total comprehensive deficit for the year, net of tax		**(793)**	**(3,802)**

This consolidated statement should be read in conjunction on with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

Consolidated	Notes	2019 $'000	2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	2	17,348	20,838
Term deposits		1,439	1,008
Trade receivables	3	2,294	2,112
Inventories	4	1,162	785
Prepayments		361	219
Total current assets		**22,604**	**24,962**
Non-current assets			
Intangible assets	5	1,829	780
Property, plant and equipment	6	44,912	45,989
Other financial assets		40	40
Total non-current assets		**46,781**	**46,809**
Total assets		**69,385**	**71,771**
LIABILITIES			
Current liabilities			
Trade and other payables	7	5,130	5,214
Deferred income	8	8,309	10,191
Provision for employee entitlements	9	9,297	8,856
Total current liabilities		**22,736**	**24,261**
Non-current liabilities			
Provision for employee entitlements	9	1,622	1,690
Total non-current liabilities		**1,622**	**1,690**
Total liabilities		**24,358**	**25,951**
Net assets		**45,027**	**45,820**
Equity			
Retained surplus		24,796	25,589
Asset revaluation reserve	10	20,231	20,231
Total equity		**45,027**	**45,820**

This consolidated statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

Consolidated	Retained surplus $'000	Asset revaluation reserve $'000	Total equity $'000
At 1 July 2018	**25,589**	**20,231**	**45,820**
Deficit for the period	(793)	-	(793)
Other comprehensive deficit	-	-	-
Total comprehensive deficit	(793)	-	(793)
At 30 June 2019	**24,796**	**20,231**	**45,027**
At 1 July 2017	**27,415**	**22,207**	**49,622**
Deficit for the period	(1,826)	-	(1,826)
Other comprehensive deficit	-	(1,976)	(1,976)
Total comprehensive deficit	(1,826)	(1,976)	(3,802)
At 30 June 2018	**25,589**	**20,231**	**45,820**

This consolidated statement should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

Consolidated	Notes	2019 $'000	2018 $'000
Operating activities			
Employee benefits		(58,658)	(53,373)
Supplies and services		(14,643)	(13,971)
GST payments on purchases		(1,433)	(1,578)
GST payments to taxation authority		(4,452)	(4,645)
User charges and fees		8,312	8,198
Grants and subsidies		59,720	59,865
Fundraising		442	537
Interest received		517	494
GST receipts on sales		5,575	6,110
GST receipts from taxation authority		296	319
Other receipts		3,553	2,508
Net cash flows (used)/from operating activities		**(771)**	**4,455**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(2,352)	(7,076)
Net investment in term deposits		(430)	(1,008)
Proceeds from disposal of property, plant and equipment		63	594
Net cash flows used in investing activities		**(2,719)**	**(7,490)**
Financing activities			
Net cash flows used in financing activities		**-**	**-**
Net decrease in cash and cash equivalents		**(3,490)**	**(3,035)**
Cash and cash equivalents at 1 July		20,838	23,873
Cash and cash equivalents at 30 June	2	**17,348**	**20,838**

This consolidated statement should be read in conjunction with the accompanying notes to the financial statements.

About these statements

Ability Centre Australasia Limited ("the Parent") and its subsidiaries (collectively, "the Group") is a not-for-profit entity limited by guarantee, incorporated and domiciled in Australia.

The nature and principal activities of the Group is the provision of accommodation, therapy and health services, respite services, in-home support, employment, assistive technology and equipment and support in the community to children and adults with a disability.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 1 October 2019.

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-Profit Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

The accounting policies are consistent with those disclosed in the Financial Report 2018, except for the impact of all new and amended standards and interpretations. The adoption of these standards and interpretations did not result in significant changes to the Group's accounting policies.

Currency

The functional and presentation currency of the Group is Australian dollars.

Rounding

The amounts contained in these financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Basis of preparation

The financial report has been prepared on a historical cost basis, except for properties classified as property and equipment, which are measured at fair value.

The financial statements comprise the financial results of the Group and its subsidiaries as at 30 June each year. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits and losses arising from intra-group transactions, were eliminated in full.

The consolidated financial statements provide comparative information in respect of the previous period. The re-classification of items in the financial statements of the previous period was made in accordance with the classification of items in the financial statements of the current period.

The Board of Directors of Ability Centre Australasia Limited, has resolved that, whilst the issue of control is not entirely clear, The Cerebral Palsy Foundation, The Cerebral Palsy Development Trust, Cerebral Palsy Innovation Institute Pty Ltd, The Trustee for the Cerebral Palsy Innovation Institute and Ability Centre Australasia Limited, share common goals and outcomes. The Board decided that, in the interests of providing full and open information to members, the financial statements would be prepared on a consolidated basis.

Economic dependency

The financial report was prepared on a going concern basis, which contemplates the continuity of ordinary business activity and the realisation of assets and settlement of liabilities in the normal course of business. In forming this view, the Directors are cognisant of the dependency of the Group on significant grant contributions from the Commonwealth. If those grants contributions were not received, the Group would encounter difficulty in maintaining the current level of services rendered.

Consolidation

The consolidated financial statements comprise of the ultimate parent entity, Ability Centre Australasia Limited, and its controlled entities, which include The Cerebral Palsy Foundation, the Cerebral Palsy Development Trust, the Cerebral Palsy Innovation Institute Pty Ltd and The Trustee for the Cerebral Palsy Innovation Institute.

The Board of Directors resolved that the controlled entities of the Group share common goals and outcomes. The Board of Directors considered that, in the interest of providing full and open information to members, the financial statements would be prepared on a consolidated basis.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on a current and non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or,
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Key estimates and judgements

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances known to management. Actual results may differ from those judgements, estimates and assumptions.

Significant judgements, estimates and assumption made by management in the preparation of these financials are found in the following notes:

Note 3	Trade Receivables	Page 14
Note 4	Inventories	Page 15
Note 5	Intangible assets	Page 15
Note 6	Property, plant and equipment	Page 16
Note 8	Deferred income	Page 17
Note 9	Provision for long-service leave	Page 17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2019

1. Revenue and expenses

1.1 Revenue and other operating income

Consolidated	2019 $'000	2018 $'000
Revenue		
Government grants	62,145	57,326
Sale of goods	4,163	4,625
Rental income	1,731	2,106
Rendering of services	1,938	1,356
	69,977	**65,413**
Other operating income		
Donations and bequests	442	537
Client recoveries	108	177
Insurance recoveries	-	165
Gain on disposal of plant and equipment	63	57
Capital grants	-	1,579
Other	3,445	586
	4,058	**3,101**
Finance income		
Interest income	509	504
	509	**504**

Recognition and measurement

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

- **Government grants**

  The Group's programs are supported by grant contributions from the Commonwealth and State Government.

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

  When the grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transfer. Revenue is recognised as services are rendered.

  Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Group obtains control of the funds, economic benefits are probable and the amount of the grant may be measured reliably. If the grant may be required to be repaid if certain conditions are not satisfied, a provision for unspent grants is recognised at year-end to the extent that those conditions remain unsatisfied.

- **Rendering of services**

  Revenue from the provision of services is recognised on the date of delivery of those services to the care recipient.

- **Sale of goods**

  Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the customer at the point that title passes.

- **Rental income**

  Rental income from residential accommodation properties is recognised on a straight-line basis across the lease term.

1.1 Revenue (continued)

- **Donations and bequests**

  Donations collected are recognised as income when the Group gains control, economic benefits are probable and the amount of the donation may be measured reliably.

  Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or the property.

- **Interest income**

  Interest income is recognised on an accrual basis using the effective interest rate method ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a short period, where appropriate, to the net carrying amount of the financial asset.

1.2 Employee benefits expense

Consolidated	2019 $'000	2018 $'000
Wages and salaries	52,796	48,124
Superannuation	4,920	4,685
Employee benefit provisions	1,136	1,518
Workers' compensation insurance	360	656
	59,212	**54,983**

Recognition and measurement

Employee benefits are recognised in the statement of profit or loss and other comprehensive income upon utilisation of the service or at the date of origin.

1.3 Income tax expense

No provision for income taxes was recognised by the Group, which is exempt from income tax under Division 40 of the *Income Tax Assessment Act 1997*.

2. Cash and cash equivalents

Consolidated	2019 $'000	2018 $'000
Cash at bank and on hand	15,246	5,246
Short-term deposits	1,446	15,027
Restricted cash	656	565
	17,348	**20,838**

Recognition and measurement

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. Cash and cash equivalents are stated at fair value in the statement of financial position.

Restricted cash

Restricted cash represents bank account held by the Group on behalf of customers.

Collateral

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Refer to Note 11 for further details.

3. Trade receivables

Consolidated	2019 $'000	2018 $'000
Trade receivables	1,116	1,344
Provision for impairment	(89)	(151)
Other receivables	917	687
Interest receivable	48	57
Taxes receivable	302	175
	2,294	**2,112**

Recognition and measurement

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for expected credit losses ("ELCs"). The Group applies the simplified approach in calculating ELCs for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ELCs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and macroeconomic conditions.

Bad debts are written-off when identified. Subsequent recoveries of bad debts previously written-off are recognised to other income in the consolidated statement of profit or loss.

At 30 June 2019, trade receivables with an initial carrying amount of $89,000 (2018: $151,000) were impaired and fully provided for.

The Group's customers are required to pay in accordance with agreed payment terms. Depending on the product sold or service rendered, settlement terms are 30 days from the date of invoice.

Fair value

The carrying amount of trade and other receivables approximates their fair value.

4. Inventories

Consolidated	2019 $'000	2018 $'000
Raw materials	818	581
Work-in-progress	107	-
Finished goods	237	204
	1,162	**785**
Inventories held at cost	**1,162**	**785**
Inventories held at net realisable value	**-**	**-**
	1,162	**785**

Recognition and measurement

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials:** Purchase costs on a weighted average cost basis
- **Finished goods and work-in-progress:** Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity

Inventories determined to be obsolete or damaged are written down to net realisable value, being the estimated selling price less selling costs.

Key judgement: Net realisable value

The key assumptions, which require the use of management use, are the variables affecting costs recognised in bringing inventory to their location and condition for sale, estimated costs to sell and the expected selling price. These key assumptions are reviewed by management at least annually.

During 2019, nil (2018: Nil) was recognised as an expense for inventories carried at net realisable value. Any expenses related to the write down of inventories to net realisable value is recognised in cost of materials.

5. Intangible assets

Consolidated	Software 2019 $'000
At cost	1,116
At 30 June 2018	
Additions	155
Work in progress	979
At 30 June 2019	**2,250**
Amortisation and impairment	
At 30 June 2018	(336)
Amortisation charge for the year	(85)
At 30 June 2019	**(421)**
Net book value	
At 30 June 2018	**780**
At 30 June 2019	**1,829**

Recognition and measurement

Work in progress is stated at cost, net of accumulated impairment, if any. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets are not capitalised and the related expenditure is expensed to profit or loss in the period in which the expenditure is incurred.

Amortisation and de-recognition

Amortisation is calculated on a straight-line basis over the estimated useful lives of the intangible assets as follows:

- **Software:** 3 to 5 years

Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognition in profit or loss when the asset is derecognised.

Key judgement: Useful life of depreciable assets

The residual values, useful lives and methods of depreciation of intangible assets are reviewed at each financial year and adjusted prospectively based on the expected utility of the assets.

6. Property, plant and equipment

Consolidated	Freehold land $'000	Buildings $'000	Assets under construction $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Cost or valuation						
At 30 June 2018	**16,226**	**22,146**	**-**	**11,932**	**5,211**	**55,515**
Additions	-	203	130	698	650	1,681
Disposals	-	-	-	(27)	(539)	(566)
Revaluations	-	-	-	-	-	-
Transfers	-		-	-	-	-
At 30 June 2019	**16,226**	**22,349**	**130**	**12,603**	**5,322**	**56,630**
Depreciation and impairment						
At 30 June 2018	**-**		**-**	**(5,561)**	**(3,965)**	**(9,526)**
Depreciation charge for the year	-	(631)	-	(982)	(698)	(2,311)
Disposals	-	-	-	-	119	119
Revaluations	-	-	-	-	-	-
At 30 June 2019	**-**	**(631)**	**-**	**(6,543)**	**(4,544)**	**(11,718)**
Net book value						
At 30 June 2018	**16,226**	**22,146**	**-**	**6,371**	**1,246**	**45,989**
At 30 June 2019	**16,226**	**21,718**	**130**	**6,060**	**778**	**44,912**

Recognition and measurement

Assets under construction are stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment. Repair and maintenance costs are expensed to profit or loss as incurred.

Freehold land and buildings are measured at fair value less accumulated depreciation, if applicable, and impairment losses recognised after the date of revaluation. Valuations are performed triennially to ensure that the carrying amount of the revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. A revaluation decrement is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Fair value

Management determined that freehold land and buildings constitute a separate class of property, plant and equipment based on the nature, characteristics and risks of the properties.

The fair value of the properties was determined using the market comparable method. The valuations were performed by an independent valuer and are based on proprietary databases of active market prices of transactions for properties of similar nature, location and condition. At the dates of revaluation, 30 June 2018, the properties' fair values are based on valuations performed by Knight Frank Australia Pty Ltd, an accredited independent valuer who has valuation experience for similar properties in Australia.

A net loss from the revaluation of the properties of $Nil (2018: $1,976,000) was recognised in Other Comprehensive Income.

Depreciation and derecognition

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- **Buildings:** 40 years
- **Plant and equipment:** 5 to 10 years
- **Motor vehicles:** 3 to 10 years
- **IT Equipment:** 3 years

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of profit or loss on de-recognition.

Key judgement: Useful life of depreciable assets

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year and adjusted prospectively based on the expected utility of the assets.

7. Trade and other payables

Consolidated	2019 $'000	2018 $'000
Trade payables	1,021	1,584
Salaries and wages payable	2,876	2,430
Accrued payables	28	15
Related parties	-	-
Indirect taxes payable	302	195
Other current liabilities	903	990
	5,130	**5,214**

Recognition and measurement

Trade and other payables are initially measured at fair value and subsequently carried at amortised cost when goods and services are received, whether or not billed to the Group, prior to the end of the reporting period.

Fair value

The carrying amount of trade and other payables approximates their fair value.

8. Deferred income

Consolidated	Deferred income $'000
At 1 July 2018	**10,191**
Arising	48,843
Utilised	(49,385)
Refunded	(1,340)
At 30 June 2019	**8,309**
Current	8,309
Non-current	-

Recognition and measurement

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. Ordinarily, the services are provided or the conditions are satisfied within twelve months of the receipt of the grant.

Where the amount received is in respect of services to be provided over a period that exceeds twelve months after the reporting date or the conditions will only be satisfied more than twelve months after the reporting date, the liability is discounted and presented as non-current in the statement of financial position.

Key judgements: Deferred revenue

Management requires judgement to determine key assumptions used in evaluating whether performance criterion attached to a service arrangement were satisfied and the likelihood that the Commonwealth would request a refund, partially or in full, for unspent grant contributions.

9. Provisions

Consolidated	2019 $'000	2018 $'000
Annual leave	4,167	3,922
Long service leave	5,516	5,503
Accrued days off	801	703
Other	435	418
	10,919	**10,546**

Recognition and measurement

Provision is made for employee benefits accumulated as a result of employee rendering services up to the end of the reporting period. These benefits include wages, salaries, annual leave and long-service leave.

Liabilities in respect of employees' services rendered that are not expected to be wholly settled within one year after the end of the reporting period in which the employees render the related services are recognised as long-term employee benefits.

These liabilities are measured at the present value of the estimated future cash outflow to be made to the employees using the projected unit cost method. Liabilities expected to be wholly settled within one year after the end of the reporting period in which the employees render the related services are classified as short-term benefits and measured at the amount due to be paid.

Key judgments: Long-service leave

Long service leave is measured at the present value of the benefits accumulated up to the end of the reporting period. The liability is discounted using an appropriate discount rate. Management requires judgement to determine key assumptions used in the calculation of future increases in salaries and wages, future on-cost rates and future settlement dates of employees' departures.

Key assumptions when entered into the calculation of the provision for long service leave included:

- Discount rate of 3.22 per cent (2018: 3.22 per cent)
- Expected future increases in salaries and wages of 1.5 per cent (2018: 3.00 per cent).

10. Reserves

Other comprehensive income ("OCI") items, net of tax

The disaggregation of changes in OCI by each type of reserve in equity is set out below:

	Asset revaluation surplus
	$'000
As at 30 June 2017	**22,207**
Revaluation increment on buildings	2,313
Revaluation decrement on freehold land	(4,289)
As at 30 June 2018	**20,231**
Revaluation increment on buildings	-
Revaluation decrement on freehold land	-
As at 30 June 2019	**20,231**

11. Commitments

Operating lease commitments – Group as lessee

The Group entered into operating leases on properties and equipment, with lease terms of between one and five years.

During 2019, $338,000 (2018: $337,000) was recognised as an expense for rented properties and plant. This cost was recognised in administration expenses.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

Consolidated	**2019**	**2018**
	$'000	**$'000**
Within one year	189	178
After one year but not more than five years	330	460
More than five years	-	-
	519	**638**

Recognition and measurement

Operating lease payments are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as part of the total lease expense.

Contingent liabilities

Contingent liabilities relate to actual or potential claims of the Group that have arisen in the ordinary course of business, the outcome of which cannot be foreseen at present and for which no amounts are provided for in the statement of financial position.

Contingent liabilities include:

- The Group has issued guarantees related to workers' compensation liabilities.
- Under the terms of Commonwealth capital grants provided to the Group, the Commonwealth is entitled to a refund or share in the proceeds arising from the sale of a grant-funded asset.
- At 30 June 2019, the Group had contingent liabilities of $2,225,000 (2018: $2,225,000) related to three 50-year lease arrangements with the Housing Authority for the construction of new accommodation facilities. These contingent liabilities will only become payable on breaches of the terms of the agreements.

Guarantees

At 30 June 2019, the Group provided guarantees of $110,000 (2018: $110,000) as security for leased properties. No liability is expected to arise.

12. Members of the Group

The consolidated financial statement of the Group include:

- The Cerebral Palsy Foundation
- The Cerebral Palsy Development Trust
- The Cerebral Palsy Innovation Institute Pty Ltd
- Trustee for Cerebral Palsy Innovation Institute

On 23 March 2017, the Trustees of The Cerebral Palsy Development Trust ("the Trust") resolved to liquidate the Trust in accordance with the Trust Deed. All remaining net assets of the Trust will be transferred to Ability Centre Australasia Limited (trust beneficiary). As at 30 June 2019 the winding up of the Trust had not begun.

13. Related party disclosures

Note 13 provides information on the organisational structure of the Group. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

		Purchases from related parties	Amounts owed to related parties[1]
		$'000	$'000
Other directors' interests	2019	70	-
Other directors' interests	2018	158	-

1. The amounts are classified as trade payables at Note 7.

Unless otherwise stated, no related party transactions incorporate special terms and conditions and no guarantees were given.

Transactions with key management personnel

Other directors' interests

Upon the request of the Board of Directors, Lavan Legal LLP was appointed to provide legal services to the Group. The amount paid to Lavan Legal LLP was $69,494 (2018: $9,000). Mr. D Butler is a Senior Associate of Lavan Legal.

Compensation of key management personnel to the Group

Key management personnel of the Group include the Board of Directors, the Chief Executive Officer and Other Executives.

For the year ended 30 June 2019, $1,191,766 (2018: $1,083,000) was recognised as an expense in relation to key management personnel remuneration. Nil (2018: Nil) director fees were paid to the Board of Directors for the year ended 30 June 2019.

14. Events after the end of the reporting period

Since the end of the financial year and to the date of this report, no matter or circumstances have arisen that has significantly affected, or may significantly affect, the operations of the Group, the results of the Group or the state of affairs of the Group in subsequent financial periods.

15. Other accounting policies

(a) Summary of other significant accounting policies

Goods and services tax ("GST")

Revenue, 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 ("ATO"), in which case the GST is recognised as part of the revenue or expense item or as part of the cost of acquisition of the asset, as applicable.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included within taxes receivable in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

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.

(b) New and amended standards and interpretations

The Group applied for the first-time amendments to the standards which are effective for annual periods beginning on or after 1 July 2018.

The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet effective.

The adoption of these standards, interpretations or amendments has not significantly affected the Group's accounting policies, financial position or performance.

AASB 9 *Financial Instruments* ("AASB 9")

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group applied AASB 9 prospectively, with the initial application date of 1 July 2018 and when required, adjusting the comparative information for the period beginning 1 July 2017.

Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

In this regard, the Company has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument	Original measurement category	New measurement category
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Other financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost

15. Other accounting policies

The reclassification of financial instruments did not have a significant measurement impact on the financial statements.

Impairment

The adoption of AASB 9 has changed the accounting treatment for impairment losses for financial assets by replacing an incurred loss approach under AASB 139 with a forward-looking expected credit loss ("ECL") approach. AASB 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Company's existing financial assets carried at amortised cost were reviewed and assessed for impairment at 1 July 2018 using reasonable and supportable information. With respect to cash balances, these items were assessed to have a low credit risk as they are held by investment grade financial institutions. All trade receivables at 1 July 2018 have been subsequently settled during the period. At 1 July 2018, a nil amount of expected credit loss has been recognised for trade and other receivables.

Hedging

The Company does not apply hedge accounting.

Building a better
working world

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Independent auditor's report to the members of Ability Centre Australasia Limited

Opinion

We have audited the financial report of Ability Centre Australasia Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and 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 Group 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.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 Group 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 Group'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 Group'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 Group 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.

► Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

J K Newton

J K Newton
Partner
Perth
1 October 2019