

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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The financial report was authorised for issue by the Directors on 29 October 2019. The Company has the power to amend and re-issue the financial report.

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

DIRECTORS' REPORT

Your Directors present their report for the year ended 30 June 2019.

1. Directors

The names of the Directors in office at the date of this report are:

Name	Position	Occupation	Years Service as a Director
Nathan Franks	Chairman	ICT	4
Bernard Garrett	Deputy Chair	Leadership, sales & Marketing	3
Joan Gatt	Director	Customer advocate / family representative	10
Katherine Grob	Director	HR and recruitment	3
Luke Sessions	Director	Legal	1

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

2. Activities

The principal activities of ConnectAbility Australia Limited are to provide disability, aged care and other community support services. This includes the delivery and expansion of ongoing operations to support the development and maintenance of life skills, social opportunities and friendships for people with a disability in the Hunter and surrounding regions. No significant changes in the nature of the Company's activity occurred during the financial year.

3. Objectives of the Company

ConnectAbility's vision, mission and values support the positive transformation of Newcastle's disability sector and is underpinned by our dedicated culture and the leadership in our people.

There are four main business focus objectives that ConnectAbility is focused on for the future development, growth and viability within the next 3 years, being

- Participant and market focus
- Community engagement
- People and Culture
- Governance

The four main Business Areas that the ConnectAbility strategic plan is centred around are as follows:

- Aged care support
- Disability Services
- Community Programs
- Corporate Support

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the industry in which the Company operates.

4. Results

The net result of operations after income tax for the year to 30 June 2019 was a profit of \$939,427 (2018: loss \$1,628,596).

5. Review of Operations

The return to profit for the year has occurred as a result of the NDIA providing a supplementary funding amount of \$1.7m for CROWN award staff working in ex ADHC transferred group homes. The prior year also included increased costs to set up HVDS and a prior period adjustment of \$730k relating to HVDS Member accruals in relation to annual and long service leave as well as the defined benefits superannuation scheme.

6. Events Subsequent to Balance Date

Since the end of the financial year the Directors are not aware of any matters or circumstances not otherwise dealt with in the financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

7. Likely Developments and Expected Results

No new developments are anticipated in the operations of the Company, with expected growth in revenue levels and controlling of costs where possible. The Board is continuing to assess the needs of members and the community to provide the best possible facilities.

8. Indemnifying Officer or Auditor

The Company has, not during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company indemnified or made any relevant agreements for indemnifying against a liability incurred as an officer, including costs or expenses in successfully defending legal proceedings.

During the financial year, the Company has paid a premium in respect of a contract of insurance insuring Directors and Officers (including former and future Directors and Officers) against certain liabilities incurred in that capacity. Disclosure of the total amount of premiums and the nature of the liabilities in respect of such insurance is prohibited by the contract of the insurance.

9. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 4 of the financial report. DFK Crosbie continues to hold office in accordance with section 307 of the Corporations Act 2001.

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

DIRECTORS' REPORT (Cont.)

10. Environmental Regulations

The Company's operations are subject to various environmental regulations under both Commonwealth and State Legislations. The Directors are not aware of any breaches of the legislation during the financial year, which are material in nature.

11. Dividends

The Company being a not for profit organisation is prevented from paying dividends by it's constitution.

12. Limited by Guarantee

The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any obligations of the Company. At 30 June 2019 the collective liability of members was \$Nil (2018 \$Nil).

13. Meeting Attendances

The number of Board meetings held during the year ended 30 June 2019 was 6. The details of each Directors' attendances at those meetings is given below:

Director	Number Attended	Eligible to Attend
Nathan Franks	2	6
Bernard Garrett	6	6
Joan Gatt	5	6
Katherine Grob	4	6
Luke Sessions	5	6
Anna Bailey Resigned 19/12/2018	0	3
Holly Martin Resigned 19/12/2018	0	3
Scott Brooks Resigned 04/04/2019	2	5

Annual General Meeting (AGM) was held on 19 December 2018.

Signed in accordance with a resolution of the Board of Directors



Nathan Franks - Director



Bernard Garrett - Director

Dated: 29 October 2019

dfk crosbie

Business Advisers and Accountants

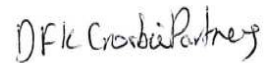
AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CONNECTABILITY AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 29 October 2019
Newcastle West, NSW

dfk crosbie

Business Advisers and Accountants

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)
INDEPENDENT AUDIT REPORT TO MEMBERS

To the Members of Connectability Australia Limited

Report on the Financial Report

Opinion

We have audited the financial report of Connectability Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Connectability Australia Limited is in accordance with the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 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 Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Connectability Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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, the Corporations Act 2001, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



Business Advisers and Accountants

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)
INDEPENDENT AUDIT REPORT TO MEMBERS (CONT.)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Company for the year ended 30 June 2019 included on the Entity's website. The Director's are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of the website. The auditor's report only refers to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Company's website.

A handwritten signature in black ink, appearing to read 'Shaun Mahony'.

Shaun Mahony - Partner

A handwritten signature in black ink, appearing to read 'DFK Crosbie Partners'.

DFK Crosbie Partners
Chartered Accountants

Dated: 30 October 2019
Newcastle West, NSW

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)
DIRECTORS' DECLARATION

In the Directors' opinion;

- 1 The financial statements and notes for the year ended 30 June 2019, as set out on pages 13 to 19, are in accordance with the Corporations Act 2001, and the Australian Charities and Not-for-profits Commission Act 2012 and;
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001, the Australian Charities and Not-for-profits Commission Act 2012, and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance for the year ended on that date.
- 2 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed for on behalf of the Board of Directors by:



Nathan Franks - Director



Bernard Garrett - Director

Dated: 29 October 2019

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)
CHARITABLE FUNDRAISING ACT DECLARATION

I, Nathan Franks, Director of Connectability Australia Limited declare that in my opinion:

- (a) the statement of profit or loss and other comprehensive income gives a true and fair view of all income and expenditure of Connectability Australia Limited with respect to fundraising appeals, and
- (b) the statement of financial position gives a true and fair view of the state of affairs of Connectability Australia Limited with respect to fundraising appeals conducted by the Company, and
- (c) the provisions of the Act, the regulations under the Act and the conditions attached to the authority have been complied with by the organisation, and
- (d) the internal controls exercised by Connectability Australia Limited are appropriate and effective in accounting for all income received and applied by Connectability Australia Limited from any of its fundraising appeals.



Nathan Franks - Director

Dated: 29 October 2019

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	Restated 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	7	1,959,379	97,751
Trade Receivables	8	2,950,527	1,343,591
Financial Assets At Amortised Cost	9	125,048	95,254
Other Assets	10	588,758	508,127
TOTAL CURRENT ASSETS		5,623,712	2,044,723
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	1,329,188	1,457,731
TOTAL NON-CURRENT ASSETS		1,329,188	1,457,731
TOTAL ASSETS		6,952,900	3,502,454
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	12	3,220,333	2,781,718
Other Liabilities	13	2,255,335	31,463
Borrowings	14	204,873	416,568
Provisions	15	634,445	476,169
TOTAL CURRENT LIABILITIES		6,314,986	3,705,918
NON-CURRENT LIABILITIES			
Borrowings	14	359,508	488,669
Provisions	15	84,256	53,144
TOTAL NON-CURRENT LIABILITIES		443,764	541,813
TOTAL LIABILITIES		6,758,750	4,247,731
NET ASSETS		194,150	(745,277)
MEMBERS FUNDS			
Retained Earnings		194,150	(745,277)
TOTAL MEMBERS FUNDS		194,150	(745,277)

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	Restated 2018 \$
Continuing Operations			
Revenue	5	29,806,660	15,953,071
Other Income	5	829,407	315,078
Employee Benefits Expense		(24,602,412)	(15,230,894)
Depreciation and Amortisation Expense	6	(385,464)	(282,807)
Finance Costs	6	(70,418)	(17,520)
Other Expenses	6	(4,638,346)	(2,365,524)
Profit/(Loss) before Income Tax		939,427	(1,628,596)
Income Tax Expense	1	-	-
Net Profit/(Loss) after Income Tax		939,427	(1,628,596)
Other Comprehensive Income/(Expenses)		-	-
Total Comprehensive Income/(Loss)		939,427	(1,628,596)

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2019

Note	2019 \$	Restated 2018 \$
Cash Flows from Operating Activities		
Receipts from customers	31,071,470	16,652,648
Payments to suppliers and employees	(28,558,048)	(16,697,237)
Interest received	1,401	7,939
Finance costs	(70,418)	(17,520)
<i>Net Cash Flows provided by (used in) Operating Activities</i>	<u>2,444,405</u>	<u>(54,170)</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(256,921)	(1,328,021)
Proceeds on sale of property, plant and equipment	15,000	9,092
Transfer from / (to) interest bearing deposit	-	(27,500)
<i>Net Cash Flows provided by (used in) Investing Activities</i>	<u>(241,921)</u>	<u>(1,346,429)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	81,038	617,950
Repayment of borrowings	(215,444)	(41,568)
<i>Net Cash Flows provided by (used in) Financing Activities</i>	<u>(134,406)</u>	<u>576,382</u>
Net Increase/(Decrease) in Cash Held	<u>2,068,078</u>	<u>(824,217)</u>
Cash at the Beginning of the Financial year	<u>(108,699)</u>	<u>715,518</u>
Cash and Cash Equivalents at the End of the Financial year	<u>1,959,379</u>	<u>(108,699)</u>

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CONNECTABILITY AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Note	RETAINED EARNINGS \$	TOTAL \$
Balance at 1 July 2017	883,319	883,319
Restated Net Profit / (Loss) for the year	(1,628,596)	(1,628,596)
Balance at 30 June 2018	(745,277)	(745,277)
Net Profit / (Loss) for the year	939,427	939,427
Balance at 30 June 2019	<u>194,150</u>	<u>194,150</u>

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 Statement of Significant Accounting Policies

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. For the purposes of preparing the financial statements, Connectability Australia Limited is a not for profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

Statement of Compliance

The financial report complies with Australian Accounting Standards - Reduced Disclosure Standards as issued by the Australian Accounting Standards Board (AASB) being AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

Revenue Recognition

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

Revenue from the rendering of services is recognised in the period in which the service is provided to the customer.

Operating grants and contributions are recognised as revenue in the period in which the services are provided in relation to reciprocal grants and in the period they are received in respect on non-reciprocal grants.

Interest income is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised as it accrues.

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

Income Tax

The Company is exempt from income tax under the current provisions of the Income Tax Assessment Act. Accordingly, no provision for income tax is required.

Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the statement of cashflows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade Receivables

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less any impairment losses. Trade receivables are due within 30 days from the date of recognition. The recoverability of trade debtors is reviewed regularly, with any uncollectible debts written off.

Financial Assets at Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are as follows:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	2.5% - 20%
Plant & Equipment	5% - 20%
Office Equipment	20% - 30%
Motor Vehicles	20% - 30%
Computer Equipment	33%

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Property, Plant and Equipment (Cont.)

Impairment (Cont.)

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Company would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income statement as a separate line item.

Trade and Other Payables

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

Income in Advance

Government grants are recognised as income in advance when the organisation has not yet provided the service required under the grant or it is expected that the grant funding will be required to be repaid.

Borrowings

Borrowings are initially recognised at fair value, net of transactions costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

Leases

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets (finance lease), and operating leases under which the lessor effectively retains all such risks and benefits. Where a non current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non current asset at the beginning of the lease term and amortised over its expected economic life. A corresponding liability is also established and each payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the statement of profit or loss and other comprehensive income in the periods in which they are incurred.

Employee Benefits

Short Term

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long Term

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. A discount rate of the corporate bond rate matching the estimated future cash outflows have been used.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included. The amount of GST recoverable or payable to the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cashflows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Comparatives

When required by stated accounting policies, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Economic Dependency

The Company is heavily dependent upon government funding to ensure the ongoing continuance of its programs. These include case-based grant funding from the Department of Social Services, Department of Community and Justice and the National Disability Insurance Agency which are administrated by the Commonwealth and New South Wales State Governments.

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgements

Grants Received

The Company has received a number of government grants during the year. Once the Company has been notified of the successful outcome of a grant application, the terms and conditions of each grant are reviewed to determine whether the funds relate to a reciprocal grant (i.e. payment for services rendered) in which case it is accounted for under AASB 118 Revenue or a non-reciprocal grant in which case it is accounted for under AASB 1004 Contributions.

Significant accounting estimates and assumptions

Useful lives of non-current assets

The useful life of Property, Plant and Equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence.

The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.

Impairment of non-current assets

Impairment testing of non-current assets is performed where indicators of impairment exist. In assessing impairment, estimates are made of the recoverable amount of each asset or cash generating unit based on discounted expected future cash flows discounted or estimated replacement cost. Estimation uncertainty exists in relation to assumptions regarding future operating results and cash flows, determination of an appropriate discount rate and estimated current replacement cost of the asset.

3 Deficiency in Working Capital

The Company has a deficiency in working capital with current assets of \$5,623,712 compared to current liabilities of \$6,314,986 representing a deficiency in working capital of \$691,274.

Current liabilities include a payable to Hunter Valley Disability Services, a related party with a balance of \$2,127,262 at reporting date. The Directors do not expect to be required to settle the full balance in cash within the next 12 months.

The Directors have determined that the going concern basis is appropriate given:

- The amount payable to Hunter Valley Disability Services of \$2,127,262 is not expected to be settled in full by cash within the next 12 months.
- The Company generated positive net operating cashflows of \$2,444,405 and a profit of \$939,427 during the current year.
- The Company has access to an overdraft facility of \$250,000 which is available to meet short term cash requirements.
- Management have prepared a budget for the 2020 financial year which indicates that the Company will generate a profit for the 2020 financial year.

It is on this basis that the Directors have determined that the going concern basis is appropriate.

If the Company is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in this financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

4 Prior Period Errors

The following items were identified during the current year audit and review by management and have been corrected by restating each of the affected financial statement line items.

- a) The HVDS Member Accrual for \$563,900 has been included due to changes made in HVDS's accounting policies for the 2019 financial year. We have brought to account the payable for annual leave and long service leave in the 2019 financial year and therefore have retrospectively applied the changes to correct the balances as at 30 June 2018 and taken the adjustment through employee expenses at that date.
- b) The HVDS Member Accrual for \$166,630 has been included due to changes made in HVDS's accounting policies for the 2019 financial year. We have brought to account the payable for the defined benefits scheme in the 2019 financial year and therefore have retrospectively applied the changes to correct the balances as at 30 June 2018 and taken the adjustment through employee expenses at that date.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

		30 June 2018		(Restated) 30
		(Agreed to		June 2018
		Audited	Restatements	June 2018
		Accounts)		June 2018
		\$	\$	\$
Trade and Other Payables	(a), (b)	2,051,188	730,530	2,781,718
Employee Expenses	(a), (b)	(14,500,364)	(730,530)	(15,230,894)

CONNECTABILITY AUSTRALIA LIMITED
(ABN 93 056 378 299)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
5 Operating Revenue		
Revenue from Operating Activities		
Revenue:		
Operating Grants	29,805,259	15,945,132
Interest Received	1,401	7,939
	29,806,660	15,953,071
Other Income:		
Brokerage Fees	-	61,151
Fundraising Income	48,480	20,337
Profit on Disposal of Assets	15,000	5,425
Insurance Recoveries	356,008	8,913
Other Income	409,919	219,252
	829,407	315,078
6 Operating Profit		
Operating profit/(loss) before income tax is arrived at after crediting and charging the following specific items:		
Credits		
Interest Received / Receivable	1,401	7,939
Profit on Disposal of Assets	15,000	5,425
Charges		
Interest Paid / Payable	70,418	17,520
Depreciation and Amortisation Expense		
- Leasehold Improvements	55,722	45,908
- Motor Vehicles	286,895	199,467
- Plant and Equipment	12,270	11,751
- Office Equipment	8,291	5,375
- Computer Equipment	22,286	20,306
Total Depreciation and Amortisation Expense	385,464	282,807
Other Expenses		
- Consultants Fees	1,228,545	216,092
- Fundraising Expenses	18,648	4,447
- Insurance Expense	1,057,375	253,883
- Motor Vehicle Costs	246,154	150,420
- Rent and Outgoings	262,461	155,067
- Other Operational Expenses	1,825,163	1,585,615
Total Other Expenses	4,638,346	2,365,524
7 Cash and Cash Equivalents		
Cash at Bank and on Hand	1,959,379	97,751
	1,959,379	97,751
Less Bank Overdraft	-	206,450
Cash and Cash Equivalents per Statement of Cashflows	1,959,379	(108,699)
8 Trade Receivables		
Trade Receivables	1,439,416	1,363,591
Provision for Doubtful Debts	(269,846)	(20,000)
Accrued Income	1,780,957	-
	2,950,527	1,343,591

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
9 Financial Assets at Amortised Cost		
Term Deposit	27,500	27,500
Other Receivables	898	19,264
Rental Bonds	96,650	48,490
	125,048	95,254

The Company has adopted AASB 9 Financial Instruments from 1 July 2018. AASB 9 replaces the provisions of AASB 139 relating to the recognition, classification and measurement of financial assets and financial liabilities. In accordance with the transitional provisions in AASB 9 the standard has been applied retrospectively resulting in the restatement of comparative figures. There was no impact on the measurement and recognition of the Company's financial assets resulting from the adoption of AASB 9. The Company has assessed the classification of the financial assets which has resulted in changes in the classification of the following financial assets on the statement of financial position:

- Other receivables were reclassified from trade and other receivables to financial assets at amortised cost.
- Term deposits were reclassified from held to maturity investments to financial assets at amortised cost.
- Rental bonds were reclassified from prepayments to financial assets at amortised cost.

The accounting policies in Note 1 have been updated to reflect the adoption of AASB 9.

10 Other Assets		
Prepayments	8,758	8,127
Deposits Paid	580,000	500,000
	588,758	508,127

11 Property, Plant and Equipment

	Plant and Equipment \$	Office Equipment \$	Computer Equipment \$	Leasehold Improvements \$	Motor Vehicles \$	Total \$
Year ended 30 June 2019						
At 1 July 2018						
Net of accumulated depreciation/amortisation	48,805	29,573	37,227	539,561	802,565	1,457,731
Additions	19,573	1,290	44,856	20,090	171,112	256,921
Less: depreciation/amortisation	12,270	8,291	22,286	55,722	286,895	385,464
At 30 June 2019						
Net of accumulated depreciation/amortisation	56,108	22,572	59,797	503,929	686,782	1,329,188
At 1 July 2018						
Cost or fair value	138,755	156,180	237,349	585,469	1,394,027	2,511,780
Accumulated depreciation/amortisation	89,950	126,607	200,122	45,908	591,462	1,054,049
Net carrying amount	48,805	29,573	37,227	539,561	802,565	1,457,731
At 30 June 2019						
Cost or fair value	158,328	157,470	282,205	605,559	1,480,141	2,683,703
Accumulated depreciation/amortisation	102,220	134,898	222,408	101,630	793,359	1,354,515
Net carrying amount	56,108	22,572	59,797	503,929	686,782	1,329,188

12 Trade and Other Payables

Trade Payables	715,277	899,790
GST Payable	32,198	272,082
Accrued Expenses	1,848,934	964,216
Other Payables	623,924	645,630
	3,220,333	2,781,718

13 Other Liabilities

Income in Advance	1,840,554	11,590
Participants Funds	414,781	19,873
	2,255,335	31,463

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
14 Borrowings		
Current		
Bank Overdraft	-	206,450
Lease Liability	204,873	210,118
	204,873	416,568
Non-Current		
Lease Liability	359,508	488,669
	359,508	488,669
15 Provisions		
Current		
Provision for Annual Leave	374,079	247,949
Provision for Long Service Leave	260,366	228,220
	634,445	476,169
Non Current		
Provision for Long Service Leave	84,256	53,144
	84,256	53,144
16 Commitments for Expenditure		
a) Capital Expenditure Commitments		
As at 30 June 2019, the Company has no capital commitments.		
b) Non Cancellable Rental Agreements		
Total commitments in respect of rental agreements are as follows:		
	Minimum Payments	Minimum Payments
Not later than one year	87,128	-
Later than one year and not later than five	308,713	-
Later than five years	-	-
	395,841	-
c) Finance Lease Agreements		
Total commitments in relation to finance lease agreements are as follows:		
	Minimum Payments	Minimum Payments
Not later than one year	245,360	233,726
Later than one year and not later than five	361,697	533,873
Later than five years	-	-
Total Minimum Payments	607,057	767,599
Less: Amounts Representing Finance Charges	42,676	68,812
Present Value of Minimum Payments	564,381	698,787
17 Key Management Personnel		
The key management of the Company include the Directors and the Chief Executive Officer. The remuneration paid to Key Management personnel of the Company during the year was as follows:		
Short-term employee benefits	239,345	167,894
Long-term employee benefits	3,012	1,870
Post-employment benefits	19,088	12,835
	261,445	182,599

CONNECTABILITY AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

18 Related Parties

The company is a member of Hunter Valley Disability Services Limited (HVDS), a company limited by guarantee. Due to the fact that both HVDS and Connectability Australia Limited share a key management personnel, HVDS is considered to be a related party.

Transactions and balances between the Company and HVDS during the financial year include:

Amount included in Trade Receivables	-	28,513
Amount included in Other Assets	580,000	500,000
Amount included in Trade Payables	2,135,690	1,436,740
Fees received in respect of services rendered for HVDS	12,364,637	-
Payroll related services paid by Connectability Australia to HVDS	14,776,148	-
Insurance and Workers Compensation expense paid to HVDS	- 115,195	-
Fees paid for other services to HVDS	- 83,029	-

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

Transactions between other related parties during the financial year include:

Transactions with Dynamic Business Technologies (DBT) : Hardware maintenance / support fees paid to DBT	140,181	167,530
Transactions with Foundation Leadership : Fees paid in respect of training courses and materials	15,415	40,406
Transactions with Sessions Legal : Fees paid in respect of legal consulting services	5,877	2,671

19 Contingent Liabilities

The company is a member of Hunter Valley Disability Services Limited (HVDS). As at 30 June 2019, HVDS and its controlled entities ("HVDS Group") had net liabilities of \$1,613,788. Under the HVDS Members' Agreement, the members are liable for a proportionate share of the HVDS Group's liabilities upon wind up. Accordingly, Connectability Australia Limited has a contingent liability with respect to its share of the net liability position as at 30 June 2019.

A security deposit is held with the Electrical Trades Union of Australia NSW of \$27,500 being the rental deposit for the Warabrook lease.

20 Events Occurring After the Reporting Date

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

21 Registered Office

The Company, being incorporated in New South Wales, Australia under the Corporations Act 2001 has its registered office at 26 Warabrook Boulevard, Warabrook NSW 2304.