



**ConnectAbility
Australia Limited**

ABN 93 056 378 299

**Annual Financial Report
for the year ended 30 June 2023**

Annual financial report for the year ended 30 June 2023

Contents

	Page
Directors' report	3 - 4
Auditor's independence declaration	5
Financial statements	
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 28
Directors' declaration	29
Independent auditor's report to the members	30 - 31

These financial statements are the financial statements of ConnectAbility Australia Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 18 October 2023. The Directors have the power to amend and reissue the financial statements.

Directors' report

Your Directors' present their report on ConnectAbility Australia Limited (the Company) for the year ended 30 June 2023.

Directors details

The following persons were Directors' of ConnectAbility Australia Limited during the financial year, and up to the date of this report:

Mr Nathan Franks

Chairman
Director since 2014
ICT

Mr Bernard Garrett

Deputy Chair
Director since 2015
Leadership, sales and marketing

Mr Luke Sessions

Director
Director since 2017
Legal

Ms Joan Gatt

Director
Director since 2008
Customer advocate / family representative

Ms Sue Carter

Director
Director since 2023
Leadership, health service delivery

Ms Katherine Grob

Director
Director since 2015, resigned 29 November 2022
HR and recruitment

Director's meetings

The number of meetings the Directors held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
Mr Nathan Franks	6	6
Mr Bernard Garrett	6	2
Mr Luke Sessions	6	6
Ms Joan Gatt	6	5
Ms Sue Carter Appointed 15 February 2023	4	4
Ms Katherine Grob Resigned 29 November 2022	3	0

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Principal activities

During the year, the principal activities of the Company was 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.

Significant changes in state of affairs

The Company has decided to exit the aged care services department of the business effective June 2023.

Besides the above, no significant changes in the Company's state of affairs occurred during the financial year.

Operating results

The overall net loss and other comprehensive income amounted to \$1,597,205 compared to net profit of \$986,390 last year. This is mainly due to increased employee related expenses, increased insurance expense and the impairment of the Gardian equity investment.

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:

- 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.

Contribution in winding up

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 \$NIL each towards meeting any outstanding obligations of the Company. At 30 June 2023 the total amount that members of the Company are liable to contribute if the Company was wound up is \$NIL (2022: \$NIL).

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under the Australian Charities and Not-for-profits Commission Regulations 2022 is set out on page 5 and forms part of this Directors' report.

This report is made in accordance with a resolution of the Directors.



Nathan Franks - Director



Luke Sessions - Director

Dated: 18 October 2023
Mayfield, NSW

Auditor's independence declaration

To the Directors of ConnectAbility Australia Limited

In accordance with the requirements of the Australian Charities and Not-for-profits Commission Regulations 2022, as lead auditor for the audit of ConnectAbility Australia Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the the Australian Charities and Not-for-profits Commission Regulations 2022 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 18 October 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue from continuing operations	2	33,521,856	33,832,720
Other income	3	652,019	459,854
Consultants fees		(755,837)	(1,294,725)
Defined benefit plan	4	(84,848)	(136,913)
Depreciation expense		(937,679)	(860,764)
Employee benefits expense		(28,690,954)	(27,833,647)
Net fair value loss on financial assets at fair value through profit and loss		-	(235,243)
Impairment of financial assets at fair value through profit and loss		(350,000)	-
Finance costs		(163,939)	(140,642)
Insurance expense		(1,877,854)	(1,347,793)
Other expenses		(2,984,754)	(2,707,654)
		(35,845,865)	(34,557,381)
Profit / (loss) before income tax		(1,671,990)	(264,807)
Income tax expense	1 (d)	-	-
Profit / (loss) for the year		(1,671,990)	(264,807)
Other comprehensive income			
Actuarial (loss) / income on defined benefit superannuation plans	4	74,785	1,251,197
Total comprehensive income / (loss) for the year		(1,597,205)	986,390

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of financial position

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	619,532	2,980,250
Trade receivables	6	830,199	1,727,080
Financial assets at amortised cost	7	269,723	159,249
Financial assets at fair value through profit and loss	8	4,294,781	5,264,757
Other assets	9	34,885	158,057
Assets held for sale	10	667,820	-
Total current assets		6,716,940	10,289,393
Non-current assets			
Property, plant and equipment	11	4,638,822	1,833,716
Intangible assets	12	27,076	101,535
Lease assets	13	1,189,354	1,851,985
Total non-current assets		5,855,252	3,787,236
Total assets		12,572,192	14,076,629
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,391,460	1,694,253
Financial liabilities	15	79,059	79,480
Provisions	16	2,706,379	3,339,321
Other liabilities	17	467,997	260,851
Lease liabilities	13	304,887	357,043
Total current liabilities		5,949,782	5,730,948
Non-current liabilities			
Financial liabilities	15	865,133	465,365
Provisions	16	998,445	926,597
Lease liabilities	13	1,027,984	1,625,666
Total non-current liabilities		2,891,562	3,017,628
Total liabilities		8,841,344	8,748,576
Net assets		3,730,848	5,328,053
MEMBERS FUNDS			
Reserves	18	(11,776)	(86,561)
Retained profits		3,742,624	5,414,614
Total members funds		3,730,848	5,328,053

The above *statement of financial position* should be read in conjunction with the accompanying notes

Statement of changes in equity

For the year ended 30 June 2023

	Reserves	Retained	Total
	\$	\$	\$
Balance at 1 July 2021	(1,337,758)	5,679,421	4,341,663
Profit/(loss) for the year	-	(264,807)	(264,807)
Other comprehensive income	1,251,197	-	1,251,197
Total comprehensive income for the year	1,251,197	(264,807)	986,390
Balance at 30 June 2022	(86,561)	5,414,614	5,328,053
Profit/(loss) for the year	-	(1,671,990)	(1,671,990)
Other comprehensive income	74,785	-	74,785
Total comprehensive income for the year	74,785	(1,671,990)	(1,597,205)
Balance at 30 June 2023	(11,776)	3,742,624	3,730,848

The above *statement of changes in equity* should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2023

Notes	2023 \$	2022 \$
Cash flows from operating activities		
Receipts from members and customers	35,759,969	32,983,420
Payments to suppliers and employees	(35,197,783)	(34,355,021)
Interest received	14,211	26,031
Interest paid	(163,939)	(140,642)
Net cash inflow (outflow) from operating activities	412,458	(1,486,212)
Cash flows from investing activities		
Payments for property, plant and equipment	(3,976,179)	(498,868)
Proceeds from sale of property, plant and equipment	240,229	66,546
Transfer (to) / from interest bearing deposit	-	2,014,076
Payment for financial assets at fair value through profit and loss	-	(5,500,000)
Withdrawal from investment in equity securities	897,000	-
Net cash inflow (outflow) from investing activities	(2,838,950)	(3,918,246)
Cash flows from financing activities		
Proceeds from borrowings	500,000	-
Repayment of borrowings	(100,653)	(218,507)
Repayment of lease liabilities	(333,573)	(274,831)
Net cash inflow (outflow) from financing activities	65,774	(493,338)
Net increase in cash and cash equivalents	(2,360,718)	(5,897,796)
Cash and cash equivalents at the beginning of the financial year	2,980,250	8,878,046
Cash and cash equivalents at the end of the financial year	619,532	2,980,250

The above *statement of cash flows* should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2023

1 Summary of significant accounting policies

(a) Information about the entity

- ConnectAbility Australia Limited is a company limited by guarantee, incorporated and domiciled in Australia.
- ConnectAbility Australia Limited is a not for profit entity for the purpose of preparing the financial report.
- The registered office of the Company is Level 5, 12 Stewart Avenue, Newcastle West, NSW 2302.
- The principal place of business of the Company is 26 Warabrook Boulevard, Warabrook, NSW 2304.

(b) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Simplified Disclosures, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

(c) Statement of compliance

This financial report complies with AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities as issued by the Australian Accounting Standards Board (AASB).

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

(d) Income taxes

The Company is exempt from income tax under section 50 of the Income Tax Assessment Act 1997.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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 with other receivables or payables in the statement of financial position.

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.

(f) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 30 June 2023

2 Revenue

	2023	2022
	\$	\$

(a) Revenue**Revenue from contracts with customers - AASB15 revenue from contracts with customers**

Rendering of services	33,521,856	33,832,720
	33,521,856	33,832,720

(b) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Disability and aged support service fees \$	Disability and community program grants \$	Other revenue \$	Total \$
2023				
Revenue from contracts with customers	30,492,687	1,987,915	1,041,254	33,521,856
Revenue recognised under AASB1058	-	-	-	-
	30,492,687	1,987,915	1,041,254	33,521,856
<i>Timing of revenue recognition (AASB15)</i>				
At a point in time	30,492,687	-	1,041,254	31,533,941
Over time	-	1,987,915	-	1,987,915
	30,492,687	1,987,915	1,041,254	33,521,856

	Disability and aged support service fees \$	Disability and community program grants \$	Other revenue \$	Total \$
2022				
Revenue from contracts with customers	31,875,619	1,879,581	77,520	33,832,720
Revenue recognised under AASB1058	-	-	-	-
	31,875,619	1,879,581	77,520	33,832,720
<i>Timing of revenue recognition (AASB15)</i>				
At a point in time	31,875,619	-	77,520	31,953,139
Over time	-	1,879,581	-	1,879,581
	31,875,619	1,879,581	77,520	33,832,720

(c) Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

Contract liabilities (funding revenue)	171,597	151,713
Contract liabilities (participants funds)	296,400	109,138
Total contract liabilities	467,997	260,851

Notes to the financial statements

For the year ended 30 June 2023

(d) Accounting policies and significant judgements

Revenue recognition policy for revenue from contracts with customers (AASB15)

The Company recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Company is or expects to be entitled in exchange for those goods or services.

The customer for these contracts is the fund provider.

Revenues are recognised when the following steps have been satisfied:

1. Identify contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognise revenue when (or as) performance obligations are satisfied.

The Company considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods or services, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

i) Disability and Aged Support Service Fees

Disability and aged support service fees arising from individual agreements which contain enforceable and sufficiently specific performance obligations is recognised when each performance obligation is satisfied. This is generally the case for the monies received for service revenue streams such as disability and home support services, transport, community participation and other supported service activities.

The performance obligations are varied based on the agreement but may include provision of: case co-ordination and management, disability and home support services, transport, community participation, domestic assistance and social support.

Within the individual agreements performance obligations are satisfied and control transfers to the customer at a point in time.

ii) Disability and Community Program Grants

Grant revenue arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when each performance obligation is satisfied. This is generally the case for the monies received for funded services such as adolescent and family support and counselling programs, Jesmond neighbourhood centre, aged care and other grant funded activities.

The performance obligations are varied based on the agreement but may include provision of: case co-ordination and management, brokerage services, education activities, accommodation support, respite services, family programs and advice.

Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the revenue is recognised based on either cost or time incurred which best reflects the transfer of control.

iii) Contract liabilities

Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant or supported service fees.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

Notes to the financial statements

For the year ended 30 June 2023

3 Other income and expense items

	2023	2022
	\$	\$
(a) Other income		
Gain on disposal of property, plant and equipment	152,300	43,614
Insurance recoveries	180,920	331,910
Interest received	14,211	26,031
Net fair value gain on financial assets at fair value through profit and loss	277,024	-
Other income	27,564	58,299
	<u>652,019</u>	<u>459,854</u>

(i) Gain on disposal of property, plant and equipment

The Company recognises gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset sold.

(ii) Insurance recoveries

The Company recognises insurance recoveries income when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(iii) Interest income

Interest income is recognised on an accruals basis.

(iv) Net fair value gain on financial assets at fair value through profit and loss

The Company recognises the change in fair value of equity instruments through profit and loss.

(v) Other income

The Company recognises other income when it becomes receivable.

4 Defined contribution and defined benefit plans

Following is the 30 June 2023 superannuation position of ConnectAbility Australia Limited
Basis – AASB 119

	SASS 30-Jun-23	SANCS 30-Jun-23	SSS 30-Jun-23	TOTAL 30-Jun-23
Member Numbers				
Contributors	5	5	0	
Deferred benefits	0	0	0	
Pensioners	0	0	1	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	A\$	A\$	A\$	A\$
Accrued liability (Note 1)	2,485,701	308,465	1,402,202	4,196,369
Estimated reserve account balance	(2,315,376)	(327,769)	(1,029,161)	(3,672,307)
1. Deficit/(surplus)	170,325	(19,304)	373,041	524,062
2. Future Service Liability (Note 2)	195,077	92,022	0	287,099
3. Surplus in excess of recovery available from schemes (- 1. - 2. and subject to a minimum of zero)	0	0	0	0
4. Net (asset)/liability to be recognised in statement of financial position (1. + 3.)	170,325	(19,304)	373,041	524,062

Note 1:

The accrued liability includes a contribution tax provision. This is calculated based on grossing up the deficit/(surplus) less the allowance for past service expenses and insurable death and disability liabilities at a contribution tax rate of 15%.

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)

Note 2:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119 para 64). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed. (Note: this also includes a contribution tax provision).

Nature of the benefits provided by the fund – Para 139(a)(i)

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS).

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members.

Description of the regulatory framework - Para 139(a)(ii)

The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed as at 30 June 2024.

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- * Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- * Management and investment of the fund assets; and
- * Compliance with other applicable regulations.

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- **Investment risk** - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- **Longevity risk** – The risk that pensioners live longer than assumed, increasing future pensions.
- **Pension indexation risk** – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- **Salary growth risk** - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- **Legislative risk** - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit Fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)**Description of significant events - Para 139(c)**

There were no fund amendments, curtailments or settlements during the year.

Reconciliation of the Net Defined Benefit Liability/(Asset) - Para 140(a)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2023	Financial Year to 30 June 2023	Financial Year to 30 June 2023	Financial Year to 30 June 2023
	A\$	A\$	A\$	A\$
Net Defined Benefit Liability/(Asset) at start of year	163,341	(7,747)	423,956	579,551
Current service cost	45,554	10,534	0	56,088
Net Interest on the net defined benefit liability/(asset)	7,210	(750)	22,300	28,760
Past service cost	0	0	0	0
(Gains)/losses arising from settlements	0	0	0	0
Actual return on Fund assets less Interest income	(85,824)	(12,731)	(40,323)	(138,878)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	(22,407)	(5,359)	(43,575)	(71,341)
Actuarial (gains)/losses arising from liability experience	114,974	9,777	10,683	135,434
Adjustment for effect of asset ceiling	0	0	0	0
Employer contributions	(52,523)	(13,028)	0	(65,551)
Effects of transfers in/out due to business combinations and disposals	0	0	0	0
Net Defined Benefit Liability/(Asset) at end of year	170,325	(19,304)	373,041	524,062

Reconciliation of the Fair Value of Fund Assets – Para 140(a)(i)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2023	Financial Year to 30 June 2023	Financial Year to 30 June 2023	Financial Year to 30 June 2023
	A\$	A\$	A\$	A\$
Fair value of Fund assets at beginning of the year	2,055,565	289,142	1,001,814	3,346,521
Interest income	103,126	14,817	50,864	168,807
Actual return on Fund assets less Interest income	85,824	12,731	40,323	138,878
Employer contributions	52,523	13,028	0	65,551
Contributions by participants	30,100	0	0	30,100
Benefits paid	(3,100)	58	(69,262)	(72,305)
Taxes, premiums & expenses paid	(8,661)	(2,007)	5,423	(5,246)
Transfers in/out due to business combinations and disposals	0	0	0	0
Contributions to accumulation section	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Fair value of Fund assets at end of the year	2,315,376	327,769	1,029,161	3,672,307

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)**Reconciliation of the Defined Benefit Obligation – Para 140(a)(ii)**

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Present value of defined benefit obligations at beginning of the year	2,218,906	281,395	1,425,770	3,926,072
Current service cost	45,554	10,534	0	56,088
Interest cost	110,336	14,067	73,164	197,568
Contributions by participants	30,100	0	0	30,100
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	(22,407)	(5,359)	(43,575)	(71,341)
Actuarial (gains)/losses arising from liability experience	114,974	9,777	10,683	135,434
Benefits paid	(3,100)	58	(69,262)	(72,305)
Taxes, premiums & expenses paid	(8,661)	(2,007)	5,423	(5,246)
Transfers in/out due to business combinations and disposals	0	0	0	0
Contributions to accumulation section	0	0	0	0
Past service cost	0	0	0	0
Settlements	0	0	0	0
Exchange rate changes	0	0	0	0
Present value of defined benefit obligations at end of the year	2,485,701	308,465	1,402,202	4,196,369

Reconciliation of the effect of the Asset Ceiling - Para 140(a)(iii)

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Adjustment for effect of asset ceiling at beginning of the year	0	0	0	0
Interest on the effect of asset ceiling	0	0	0	0
Change in the effect of asset ceiling	0	0	0	0
Adjustment for effect of asset ceiling at end of the year	0	0	0	0

The adjustment for the effect of asset ceiling has been determined based on the maximum economic benefit available to the entity in the form of reductions in future employer contributions.

Fair value of Fund assets - Para 142

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. As such, the disclosures below relate to total assets of the Pooled Fund.

As at 30 June 2023

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets		
		Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	5,330,816	2,896,493	2,434,323	0
Australian Fixed Interest	100,350	0	100,350	0
International Fixed Interest	1,301,037	0	1,288,564	12,473
Australian Equities	9,678,103	4,352,503	796,671	4,528,929
International Equities	14,138,038	13,942,743	155,394	39,901
Property	769,724	0	0	769,724
Alternatives	6,059,199	179	1,206,068	4,852,952
Total	37,377,268	21,191,918	5,981,372	10,203,979

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)

The percentage invested in each asset class at the reporting date is:

As at	30-Jun-23
Short Term Securities	14.3%
Australian Fixed Interest	0.3%
International Fixed Interest	3.5%
Australian Equities	25.9%
International Equities	37.8%
Property	2.1%
Alternatives	16.2%
Total	100.0%

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such, managers make limited use of derivatives.

Fair value of entity's own financial instruments - Para 143

The fair value of the Pooled Fund assets as at 30 June 2023 includes zero in NSW government bonds.

Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$338 million (30 June 2022: \$362 million).

Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$570 million (30 June 2022: \$540 million).

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-23
Discount rate	5.61%
Salary increase rate (excluding promotional increases)	4.45% for 23/24, 2.95% for 24/25, 2.74% for 25/26, 3.20% pa thereafter
Rate of CPI increase	6.65% for 22/23; 3.50% for 23/24; 3.00% for 24/25; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those used for the 2021 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report on the trustee's website. The report shows the pension mortality rates for each age.

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)**Sensitivity Analysis - Para 145**

The entity's total defined benefit obligation as at 30 June 2023 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 30 June 2023.

Scenarios A to F relate to sensitivity of the total defined benefit obligation to economic assumptions, and scenarios G and H relate to sensitivity to demographic assumptions.

	Base Case	Scenario A -0.5% discount rate	Scenario B +0.5% discount rate
Discount rate	as above	as above -0.5% pa	as above +0.5% pa
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,196,369	4,358,091	4,046,166

	Base Case	Scenario C +0.5% rate of CPI increase	Scenario D -0.5% rate of CPI increase
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above +0.5% pa	as above -0.5% pa
Salary inflation rate	as above	as above	as above
Defined benefit obligation (A\$)	4,196,369	4,293,764	4,106,694

	Base Case	Scenario E +0.5% salary increase rate	Scenario F -0.5% salary increase rate
Discount rate	as above	as above	as above
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above +0.5% pa	as above -0.5% pa
Defined benefit obligation (A\$)	4,196,369	4,264,756	4,130,992

	Base Case	Scenario G Mortality*	Scenario H Mortality**
Defined benefit obligation (A\$)	4,196,369	4,211,506	4,187,642

*Assumes the short term pensioner mortality improvement factors for years 2022-2026 also apply for years after 2026.

**Assumes the long term pensioner mortality improvement factors for years post 2026 also apply for the years 2023 to 2026.

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Asset-Liability matching strategies - Para 146

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements - Para 147(a)

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. Contribution rates are set after discussions between the employer, STC and NSW Treasury.

Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)**Surplus/deficit**

The following is a summary of the 30 June 2023 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities":

	SASS	SANCS	SSS	Total
	30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23
	A\$	A\$	A\$	A\$
Accrued benefits*	2,285,617	293,886	1,172,634	3,752,137
Net market value of Fund assets	(2,315,376)	(327,769)	(1,029,161)	(3,672,307)
<i>Net (surplus)/deficit</i>	(29,760)	(33,883)	143,473	79,830

*There is no allowance for a contribution tax provision within the Accrued Benefits figure for AASB 1056. Allowance for contributions tax is made when setting the contribution rates.

Contribution recommendations

Recommended contribution rates for the entity are:

	SASS	SANCS	SSS
	Multiple of Member Contributions	% of Member Salary	Multiple of Member Contributions
	1.4	2.5	1.6

Economic assumptions

The economic assumptions adopted for 30 June 2023 AASB 1056 Accounting Standard "Superannuation Entities":

Weighted-Average Assumptions	
Expected rate of return on Fund assets backing current pension liabilities	7.0% pa
Expected rate of return on Fund assets backing other liabilities	6.2% pa
Expected salary increase rate (excluding promotional salary increases)	4.45% for 23/24, 2.95% for 24/25, 2.74% for 25/26, 3.20% pa thereafter
Expected rate of CPI increase	6.65% for 22/23; 3.50% for 23/24; 3.00% for 24/25; 2.50% pa thereafter

Sensitivity Analysis - AASB 1056

Scenarios A and B relate to the sensitivity of the Accrued Benefits under AASB 1056 to changes in the expected return on Fund assets.

	Base Case	Scenario A -0.5% return	Scenario B +0.5% return
Expected rates of return on Fund assets	7.0%/6.2%	6.5%/5.7%	7.5%/6.7%
Rate of CPI increase	as above	as above	as above
Salary inflation rate	as above	as above	as above
Accrued Benefits (A\$)	3,752,137	3,870,173	3,642,165

Expected contributions - Para 147(b)

	SASS	SANCS	SSS	Total
	Financial Year to 30 June 2024	Financial Year to 30 June 2024	Financial Year to 30 June 2024	Financial Year to 30 June 2024
	A\$	A\$	A\$	A\$
Expected employer contributions	45,513	10,500	0	56,013

Maturity profile of defined benefit obligation - Para 147(c)

The weighted average duration of the defined benefit obligation is 9.6 years.

Notes to the financial statements

For the year ended 30 June 2023

4 Defined contribution and defined benefit plans (continued)**Profit or Loss Impact**

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Current service cost	45,554	10,534	0	56,088
Net interest	7,210	(750)	22,300	28,760
Past service cost	0	0	0	0
(Gains)/Loss on settlement	0	0	0	0
Profit or loss component of the Defined Benefit Cost	52,764	9,784	22,300	84,848

Other Comprehensive Income

	SASS Financial Year to 30 June 2023 A\$	SANCS Financial Year to 30 June 2023 A\$	SSS Financial Year to 30 June 2023 A\$	Total Financial Year to 30 June 2023 A\$
Actuarial (gains) losses on liabilities	92,566	4,418	(32,892)	64,092
Actual return on Fund assets less Interest income	(85,824)	(12,731)	(40,323)	(138,878)
Change in the effect of asset ceiling	0	0	0	0
Total remeasurement in Other Comprehensive Income	6,742	(8,313)	(73,215)	(74,785)

5 Cash and cash equivalents

	2023 \$	2022 \$
Current		
Cash and cash equivalents	619,532	2,980,250
	<u>619,532</u>	<u>2,980,250</u>

Accounting policy

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 cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts (if any).

6 Trade receivables

Current		
Trade receivables	830,199	1,727,080
	<u>830,199</u>	<u>1,727,080</u>

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

7 Financial assets at amortised cost

Current		
Term deposits	27,500	27,500
Rental bonds	87,283	88,883
GST receivable	154,940	42,866
	<u>269,723</u>	<u>159,249</u>

Accounting policy

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.

Notes to the financial statements

For the year ended 30 June 2023

8 Financial assets at fair value through profit and loss

	2023	2022
	\$	\$
Current		
Australian listed equity securities	80,006	227,233
Managed funds	4,084,199	2,462,519
Cash	130,576	2,225,005
Unlisted equity securities	-	350,000
	<u>4,294,781</u>	<u>5,264,757</u>

Accounting policy

Equity securities are measured at fair value with changes in fair value recognised through profit and loss. Dividends received on these investments are recognised in the statement of profit or loss and other comprehensive income unless the distribution clearly represents a recovery of part of the cost of the investment.

The valuation techniques and key assumptions used in measuring the fair value of financial assets measured at fair value through profit and loss for 2023 are as follows:

- Australian listed equity securities – quoted market prices in active markets.
- Managed funds – quoted market prices in active markets.
- Cash – reported cash balances held in APRA regulated financial institutions.
- Unlisted equity securities – recent equity transactions along with other market and non market inputs and valuation reports which are not observable in an active market.

9 Other assets

Current		
Prepayments	34,885	85,057
Deposits paid	-	73,000
	<u>34,885</u>	<u>158,057</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period. Deposits paid relate to deposit made on purchase of property not yet settled.

10 Assets held for sale

In 2023, management committed to a plan to sell the Midfield Close, Rutherford property, due to the change in business operations. Efforts to sell the property had commenced and a sale was expected within the next 12 months. The property has therefore been classified as assets held for sale and carried at cost.

The following assets have been identified as part of the proposed sale:

Land and buildings	667,820	-
Total assets held for sale	<u>667,820</u>	<u>-</u>

Subsequent to year end, the property was sold for \$880,000.

Accounting policy

When the Company intends to sell a non-current asset or a group of assets (a disposal group), and if sale within twelve (12) months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the statement of financial position.

Assets classified as 'held for sale' are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as 'held for sale', the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or re-measurement of assets held for sale is presented as part of a single line item, profit or loss from assets held for sale.

Notes to the financial statements

For the year ended 30 June 2023

11 Property, plant and equipment

	Office equipment	Computer equipment	Plant and equipment	Motor vehicles	Leasehold improvements	Land and buildings	Total
	\$	\$	\$	\$	\$	\$	\$
Non-current assets							
At 1 July 2022							
Cost	179,582	416,476	196,119	1,554,844	808,492	717,228	3,872,741
Accumulated depreciation	(161,372)	(351,039)	(144,931)	(1,052,636)	(299,613)	(29,434)	(2,039,025)
Net book amount	18,210	65,437	51,188	502,208	508,879	687,794	1,833,716
Year ended 30 June 2023							
Opening net book amount	18,210	65,437	51,188	502,208	508,879	687,794	1,833,716
Additions	10,546	56,243	5,466	792,392	275,507	2,888,209	4,028,363
Disposals	-	-	-	(87,929)	-	-	(87,929)
Transfer to assets held for sale	-	-	-	-	-	(667,820)	(667,820)
Depreciation charge	(10,075)	(52,682)	(13,987)	(256,696)	(98,179)	(35,889)	(467,508)
Closing net book amount	18,681	68,998	42,667	949,975	686,207	2,872,294	4,638,822
At 30 June 2023							
Cost	190,127	472,720	201,585	2,259,306	1,084,000	2,888,209	7,095,947
Accumulated depreciation	(171,446)	(403,722)	(158,918)	(1,309,331)	(397,793)	(15,915)	(2,457,125)
Net book amount	18,681	68,998	42,667	949,975	686,207	2,872,294	4,638,822

Accounting policy**(a) Land and buildings**

Each class of land and buildings is carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment

Plant and equipment, office equipment, computer equipment, motor vehicles and leasehold improvements are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Office equipment	3 - 5 years
Computer equipment	3 years
Plant and equipment	5 - 20 years
Motor vehicles	3 - 5 years
Leasehold improvements	5 - 40 years
Land and buildings	40 - 50 years

(d) 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.

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 property, 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 as a separate line item.

Notes to the financial statements

For the year ended 30 June 2023

12 Intangible assets

	Computer software	2023	2022
	\$	\$	\$
Non-current assets			
As at 30 June 2023			
Cost	223,600	223,600	223,600
Accumulated amortisation	(196,524)	(196,524)	(122,065)
Net book amount	<u>27,076</u>	<u>27,076</u>	<u>101,535</u>
Reconciliation			
Opening net book amount	101,535	101,535	175,994
Amortisation charge	(74,459)	(74,459)	(74,459)
Closing net book amount	<u>27,076</u>	<u>27,076</u>	<u>101,535</u>

Accounting policy

Computer software are intangible assets acquired separately and are capitalised at cost. The useful lives of these intangible assets are assessed at 3 years. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

13 Lease assets and lease liabilities

The Company leases several assets including buildings, motor vehicles and office equipment.

a) Lease assets**Non-current**

Carrying amount of lease assets, by class of underlying asset:

Building	1,085,012	1,631,075
Equipment	50,636	101,271
Motor vehicle	53,706	119,639
	<u>1,189,354</u>	<u>1,851,985</u>

Reconciliation of lease assets

	Buildings	Office equipment	Motor vehicles	Total	Total
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	1,631,075	101,271	119,639	1,851,985	1,555,315
Additions	-	-	-	-	613,795
Disposals	(266,919)	-	-	(266,919)	-
Amortisation	(279,144)	(50,635)	(65,933)	(395,712)	(317,125)
Carrying amount at the end of the year	<u>1,085,012</u>	<u>50,636</u>	<u>53,706</u>	<u>1,189,354</u>	<u>1,851,985</u>

b) Lease liabilities**Current**

Lease liabilities	174,704	65,247	64,936	304,887	357,043
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Non-current

Lease liabilities	1,000,723	6,560	20,701	1,027,984	1,625,666
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Total	<u>1,175,427</u>	<u>71,807</u>	<u>85,637</u>	<u>1,332,871</u>	<u>1,982,709</u>
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Reconciliation of lease liabilities

	Buildings	Office equipment	Motor vehicles	Total	Total
	\$	\$	\$	\$	\$
Carrying amount at the beginning of the year	1,715,749	131,461	135,499	1,982,709	1,643,745
Additions	-	-	-	-	613,795
Disposals	(316,265)	-	-	(316,265)	-
Interest expense	100,461	9,515	5,692	115,668	113,895
Lease payments	(324,518)	(69,169)	(55,554)	(449,241)	(388,726)
Carrying amount at the end of the year	<u>1,175,427</u>	<u>71,807</u>	<u>85,637</u>	<u>1,332,871</u>	<u>1,982,709</u>

Maturity analysis of future lease payments

	Buildings	Office equipment	Motor vehicles	Total	Total
	\$	\$	\$	\$	\$
Not later than 1 year	265,185	83,003	79,927	428,115	496,861
Later than 1 year and not later than 5 years	681,982	-	10,164	692,146	1,309,631
Later than 5 years	610,781	-	-	610,781	796,670
Lease payments	<u>1,557,948</u>	<u>83,003</u>	<u>90,091</u>	<u>1,731,042</u>	<u>2,603,162</u>

Notes to the financial statements

For the year ended 30 June 2023

13 Lease assets and lease liabilities (continued)**Accounting policy**

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a lease asset and a lease liability is recognised. Lease assets are included in the statement of financial position and grouped in classes of similar underlying assets.

Lease assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The weighted average incremental borrowing rate is 7.0%.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Company has only included the known CPI increases to date and not estimated future CPI-related increases.

The Company does not recognise leases that have a lease term of 12 months or less or are of low value as a lease asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

14 Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	60,513	138,848
Other payables	1,367,276	707,336
Accrued expenses	963,671	848,069
	<u>2,391,460</u>	<u>1,694,253</u>

Accounting policy

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.

Notes to the financial statements

For the year ended 30 June 2023

15 Financial liabilities	2023	2022
	\$	\$
Current		
<i>Secured</i>		
Bank loans (i)	51,950	28,817
Other loans (ii)	27,109	50,663
Total secured financial liabilities	<u>79,059</u>	<u>79,480</u>
Non-current		
<i>Secured</i>		
Bank loans (i)	832,308	405,484
Other loans (ii)	32,825	59,881
Total secured financial liabilities	<u>865,133</u>	<u>465,365</u>

(i) Bank loans

The Company has two variable rate bank loans relating to the purchase of properties repayable over 15 years to 23 December 2035, and 9 June 2037. At 30 June 2023, the Company has access to an approved undrawn (BetterBusiness) loan of \$1.4 million and a bank overdraft facility of \$250,000. The bank loans are secured by the following:

- First registered mortgage by ConnectAbility Australia Limited ACN 624 971 615 over non residential real property located at 139 Maitland Road, Mayfield NSW 2304.
- First registered mortgage by ConnectAbility Australia Limited ACN 624 971 615 over residential real property located at 30 Midfield Cl, Rutherford NSW 2320.
- First registered mortgage by ConnectAbility Australia Limited ACN 624 971 615 over residential real property located at 3 Reservoir Rd, Glendale NSW 2285.
- General security interest by ConnectAbility Australia Limited ACN 624 971 615 comprising first ranking charge over all present and after acquired property.

(ii) Other loans

The other loans are secured by a fixed charge over the specific assets that are financed.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred.

Financial liabilities are classified as current liabilities unless the Company has a right to defer settlement of the liability for at least 12 months after the reporting period.

16 Provisions

Current		
Employee entitlements (i) & (ii)	2,706,379	3,339,321
	<u>2,706,379</u>	<u>3,339,321</u>
Non-current		
Employee entitlements (ii)	405,983	278,646
Provision for defined benefit plan (iii) - (Note 4)	524,062	579,551
Provision for make good (iv)	68,400	68,400
	<u>998,445</u>	<u>926,597</u>

Accounting policy*(i) Annual leave*

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service 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. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

Notes to the financial statements

For the year ended 30 June 2023

16 Provisions (continued)*(iii) Provision for defined benefit plan*

Under the Company's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the Defined Benefit Plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for Defined Benefit Plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth and mortality. Discount rates are determined by reference to market yields at the end of the reporting periods on high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income. They are included as a separate component of equity in the statement of financial position and in the statement of changes in equity.

Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

(iv) Provision for make good

The Company (lessee) is required to restore the leased premises which it occupies at the end of the lease term to the condition at the beginning of the lease subject to fair wear and tear. A provision has been recognised for the estimated expenditure required to meet the requirements of the lease in relation to "make good". These costs have been included in the calculation of the lease assets and are amortised over the term of the lease.

17 Other liabilities

	2023	2022
	\$	\$
Current		
Contract liabilities - disability and community program grants	171,597	151,713
Contract liabilities - participants funds	296,400	109,138
	<u>467,997</u>	<u>260,851</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods.

18 Reserves**Defined benefit reserve**

Carrying amount at the beginning of the year	86,561	1,337,758
Defined benefit superannuation plan reserves recognised on final devolution of HVDS	-	-
Actuarial (loss) / income on defined benefit superannuation plan - (Note 4)	<u>(74,785)</u>	<u>(1,251,197)</u>
Carrying amount at the end of the year	<u>11,776</u>	<u>86,561</u>

19 Commitments*(i) Capital commitments*

Property - 3 Reservoir Road, Glendale	-	657,000
	<u>-</u>	<u>657,000</u>

Notes to the financial statements

For the year ended 30 June 2023

20 Contingent liabilities

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

21 Related parties

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

(a) Key management personnel compensation

Total key management personnel benefits	324,470	320,443
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(b) Transactions with other related parties

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 with Dynamic Business Technologies Pty Ltd (DBT) :		
Hardware maintenance / support fees paid	370,717	324,683
Transactions with Foundation Leadership :		
Fees paid in respect of training courses and materials	-	29,800
Transactions with Sessions Legal Pty Ltd :		
Fees paid in respect of legal consulting services	805	3,405

22 Remuneration of auditors*Auditor of the company*

Audit of the financial statements	34,100	31,100
	<u>34,100</u>	<u>31,100</u>

23 Subsequent events

Subsequent to year end, the Company has refinanced the purchase of the Mayfield property by drawing down on a bank loan of \$1.4 million.

Subsequent to year end, the Company has been in negotiations with two parties regarding the potential acquisition of their business operations. One of the parties' transactions with Early Links has progressed and the Company has executed the merger deed, which is contingent on ConnectAbility Australia Limited obtaining registration of Allied Health services and at that point the acquisition will occur. The merger deed outlines the terms on which ConnectAbility Australia Limited will acquire the assets and merge the Early Links Business with the ConnectAbility Business. As a result of the merger, ConnectAbility Australia Limited will acquire the cash at bank (less the wind up costs provision), plant and equipment, motor vehicles, business contracts and goodwill; and in consideration will assume liabilities for Australian Tax Office amounts owed, workers compensation relating to the 2022 and 2023 financial years, employee entitlements and obligations under premises leases for the purchase price of \$1.

Notes to the financial statements

For the year ended 30 June 2023

24 Critical accounting estimates and judgements

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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 and future periods if the revision affects both current and future periods.

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 11, 12 and 13) - The useful life of plant and equipment, intangible assets and lease assets (where useful life is greater than the lease term) 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.
- Estimation of provision for make good (note 16) - there is estimation uncertainty in relation to a number of components when assessing the measurement of the provision for make good including but not limited to the condition required to restore the premises to, the extent of assets required to be removed and the timing of the cash outflows to satisfy these. The current measurement of the provision for make good represents the Company's best estimate of these components.
- Provision for expected credit losses (note 6) - The collectability of trade receivables is reviewed on an ongoing basis. An allowance for expected credit losses is established when there is objective evidence that the company will not be able to collect all amounts due. Management uses its judgement in determining the level of expected credit loss provisioning, taking into account the historic analysis of bad debt trends and the prevailing economic conditions.
- Estimation of valuation for financial assets (note 8) - Management use their judgement in selecting appropriate valuation techniques for financial assets. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at balance sheet date. Where appropriate, quoted market prices for the specific asset or similar assets are used. Where market prices are not directly observable valuation techniques are utilised based on available information relating to the particular financial asset class. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value. The estimates and judgements involved may impact the carrying value of the financial assets and the movement in fair value recorded in the statement of profit or loss and other comprehensive income should they change.
- Significant estimates and judgements relating to revenue - For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations involves significant judgement involving discussions with several parties at the Company, review of the proposal documents prepared during the grant application phase, review of funding agreements and consideration of the terms and conditions. Grants received by the Company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made. If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 28 are in accordance with the Australian Charities and Not-for-profits Commission Regulations 2022, including:
 - (i) complying with Accounting Standards - Simplified Disclosures and the Australian Charities and Not-for-profits Commission Regulations 2013.
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
- (b) 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 Directors.



Nathan Franks - Director



Luke Sessions - Director

18 October 2023
Mayfield, NSW

Independent auditor's report to the members of ConnectAbility Australia Limited

Opinion

We have audited the financial report of ConnectAbility Australia Limited (the Company) which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 financial report of the Company is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022 including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the Australian Charities and Not-for-profits Commission Regulations 2022.

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 auditor independence requirements of the Australian Charities and Not-for-profits Commission Regulations 2022 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants including independence standards (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.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures 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 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. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Company for the year ended 30 June 2023 included on the Company's web site. The Company's Directors are responsible for the integrity of the Company's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only 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 this web site.

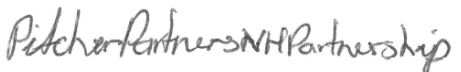
Auditor's responsibilities for the audit of the financial report

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.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

18 October 2023
Newcastle West, NSW

Adelaide Brisbane Melbourne Newcastle Perth Sydney

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