



**ConnectAbility
Australia Limited**

ABN 93 056 378 299

**Annual Financial Report
for the year ended 30 June 2025**

Annual financial report for the year ended 30 June 2025

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 - 29
Directors' declaration	30
Independent auditor's report to the members	31 - 33

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 19 November 2025. 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 2025.

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 Luke Sessions

Director
Director since 2017

Legal

Ms Sue Carter

Director
Director since 2023

Leadership, health service delivery

Mr Bernard Garrett

Deputy Chair
Director since 2015, resigned 31 August 2024, reappointed 6 February 2025

Leadership, sales and marketing

Ms Joan Gatt

Director
Director since 2008

Customer advocate / family representative

Ms Elechia Jones

Director
Director since 2024

Leadership, business finances and operations

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 Resigned 31 August 2024, reappointed 6 February 2025	4	1
Mr Luke Sessions	6	5
Ms Joan Gatt	6	4
Ms Sue Carter	6	5
Ms Elechia Jones Appointed 31 August 2024	5	4

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 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.

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year other than the acquisition of the disability support business of Early Links Inclusion Support Service Incorporated ("Early Links") on 15 August 2025. Refer to note 23 for further details.

Operating results

The overall net result from operations and other comprehensive income amounted to a profit of \$18,920 compared to net loss of \$550,880 last year. Revenue and expenses increased following the acquisition of Early Links.

Directors' report

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:

- Customer safeguarding and connection
- People, brand, culture
- Organisational systems and sustainability
- Growth and innovation

The three 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 2025 the total amount that members of the Company are liable to contribute if the Company was wound up is \$NIL (2024: \$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.



Bernard Garrett - Director



Luke Sessions - Director

Dated: 19 November 2025

Mayfield, NSW

Auditor's independence declaration

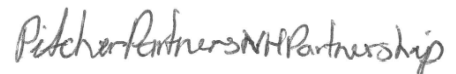
To the Directors of ConnectAbility Australia Limited

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of ConnectAbility Australia Limited for the year ended 30 June 2025, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (b) no contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

Dated: 19 November 2025
Newcastle West, NSW

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Revenue from continuing operations	2	45,335,522	32,626,816
Other income	3	754,639	1,156,563
Consultants fees		(1,611,134)	(721,358)
Defined benefit plan	4	(106,054)	(90,099)
Depreciation expense		(1,311,970)	(938,720)
Employee benefits expense		(37,952,043)	(28,106,790)
Finance costs		(364,261)	(188,138)
Insurance expense		(1,570,179)	(1,740,941)
Other expenses		(3,330,526)	(2,343,115)
		(46,246,167)	(34,129,161)
Profit / (loss) before income tax		(156,006)	(345,782)
Income tax expense	1 (e)	-	-
Profit / (loss) for the year		(156,006)	(345,782)
Other comprehensive income			
Actuarial (loss) / income on defined benefit superannuation plans	4	174,926	(205,098)
Total comprehensive income / (loss) for the year		18,920	(550,880)

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 2025

	Notes	2025 \$	2024 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	1,994,631	446,711
Trade receivables	6	1,320,510	929,710
Financial assets at amortised cost	7	208,367	2,645,737
Financial assets at fair value through profit and loss	8	1,426,627	2,999,364
Other assets	9	472,148	64,297
Assets held for sale	10	-	746,878
Total current assets		5,422,283	7,832,697
Non-current assets			
Property, plant and equipment	11	6,567,986	3,630,221
Intangible assets	12	2,526,902	-
Lease assets	13	2,084,301	1,493,178
Total non-current assets		11,179,189	5,123,399
Total assets		16,601,472	12,956,096
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,909,291	1,342,742
Financial liabilities	15	175,756	200,463
Provisions	16	3,237,425	3,004,420
Other liabilities	17	308,696	739,200
Lease liabilities	13	239,408	251,771
Total current liabilities		6,870,576	5,538,596
Non-current liabilities			
Financial liabilities	15	3,167,403	1,733,925
Provisions	16	1,433,930	1,261,922
Lease liabilities	13	1,930,675	1,241,685
Total non-current liabilities		6,532,008	4,237,532
Total liabilities		13,402,584	9,776,128
Net assets		3,198,888	3,179,968
MEMBERS FUNDS			
Reserves	18	(41,948)	(216,874)
Retained profits		3,240,836	3,396,842
Total members funds		3,198,888	3,179,968

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 2025

	Reserves	Retained Profits	Total
	\$	\$	\$
Balance at 1 July 2023	(11,776)	3,742,624	3,730,848
Profit/(loss) for the year	-	(345,782)	(345,782)
Other comprehensive income/ (loss)	(205,098)	-	(205,098)
Total comprehensive income for the year	(205,098)	(345,782)	(550,880)
Balance at 30 June 2024	(216,874)	3,396,842	3,179,968
Profit/(loss) for the year	-	(156,006)	(156,006)
Other comprehensive income/ (loss)	174,926	-	174,926
Total comprehensive income for the year	174,926	(156,006)	18,920
Balance at 30 June 2025	(41,948)	3,240,836	3,198,888

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 2025

	Notes	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from members and customers		45,167,716	33,305,909
Payments to suppliers and employees		(44,062,437)	(34,491,396)
Interest received		3,065	7,686
Interest paid		(364,261)	(188,138)
Net cash inflow (outflow) from operating activities		744,083	(1,365,939)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,262,813)	(378,712)
Proceeds from sale of property, plant and equipment		153,013	138,887
Proceeds from sale of assets held for sale		830,000	889,620
Loans advanced		-	(1,850,000)
Payment for financial assets at fair value through profit and loss		-	(1,000,000)
Withdrawal from investment in equity securities		1,750,000	2,742,999
Cash acquired through acquisition	23	368,124	-
Net cash inflow (outflow) from investing activities		(161,676)	542,794
Cash flows from financing activities			
Proceeds from borrowings		1,969,068	1,571,531
Repayment of borrowings		(560,297)	(581,335)
Repayment of lease liabilities		(443,258)	(339,872)
Net cash inflow (outflow) from financing activities		965,513	650,324
Net increase in cash and cash equivalents		1,547,920	(172,821)
Cash and cash equivalents at the beginning of the financial year	5	446,711	619,532
Cash and cash equivalents at the end of the financial year		1,994,631	446,711

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 2025

1 Summary of material 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) Material accounting policy information

The material accounting policies applied in the preparation of this financial report are consistent with the previous period unless otherwise stated.

(d) 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 except for financial assets at fair value through profit and loss. The financial report is presented in Australian Dollars.

(e) Income taxes

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

(f) 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.

(g) 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.

(h) Comparative information

Comparative information has been adjusted to reflect current year disclosures where applicable.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred to the Company, less the liabilities assumed by the Company. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the financial statements

For the year ended 30 June 2025

1 Summary of material accounting policies (continued)**(j) Working capital deficiency**

As at 30 June 2025, ConnectAbility Australia Limited has a working capital deficiency of \$1,448,293, represented by current assets of \$5,422,283 and current liabilities of \$6,870,576.

The Directors believe the above working capital deficiency will be satisfied through:

- (a) The use of the Company's current cash balance. The Company has a cash balance at 30 June 2025 of \$1,994,631 with a further \$1,426,627 in investments;
- (b) Ongoing positive cashflows. The Company generated positive net operating cashflows of \$744,083 during the financial year. The Directors consider this positive operating cashflow will continue and have prepared a budget which indicates positive operating cashflows of \$1,811,663;
- (c) Ongoing support from its suppliers and customers;
- (d) The use of overdraft facilities. The Company has access to an unused overdraft facilities of \$250,000 from the Commonwealth Bank.
- (e) Continued profitable trading performance. The Company has a budgeted operating profit of \$930,727 for the 2026 year.
- (f) Continued compliance with credit terms. The Directors do not foresee any issues in meeting the terms and conditions of its loans with the Bank and its trading terms with other financiers and creditors of the Company;

The Directors are of the opinion the above will be achieved and the Company will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

2 Revenue

2025 **2024**
\$ \$

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

Rendering of services	45,335,522	32,626,816
	<u>45,335,522</u>	<u>32,626,816</u>

(b) Disaggregation of revenue from contracts with customers

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

	Disability support service fees	Disability and community program grants	Other revenue	Total
2025	\$	\$	\$	\$
Revenue from contracts with customers	42,043,111	3,022,790	269,621	45,335,522
Revenue recognised under AASB1058	-	-	-	-
	<u>42,043,111</u>	<u>3,022,790</u>	<u>269,621</u>	<u>45,335,522</u>
<i>Timing of revenue recognition (AASB15)</i>				
At a point in time	42,043,111	-	269,621	42,312,732
Over time	-	3,022,790	-	3,022,790
	<u>42,043,111</u>	<u>3,022,790</u>	<u>269,621</u>	<u>45,335,522</u>

Notes to the financial statements

For the year ended 30 June 2025

2 Revenue (continued)

2024	Disability and aged support service fees	Disability and community program grants	Other revenue	Total
	\$	\$	\$	\$
Revenue from contracts with customers	31,311,613	1,277,622	37,581	32,626,816
Revenue recognised under AASB1058	-	-	-	-
	<u>31,311,613</u>	<u>1,277,622</u>	<u>37,581</u>	<u>32,626,816</u>
<i>Timing of revenue recognition (AASB15)</i>				
At a point in time	31,311,613	-	37,581	31,349,194
Over time	-	1,277,622	-	1,277,622
	<u>31,311,613</u>	<u>1,277,622</u>	<u>37,581</u>	<u>32,626,816</u>

(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 (disability and community program grants)	145,496	-
Contract liabilities (participants funds)	163,200	739,200
Total contract liabilities	<u>308,696</u>	<u>739,200</u>

(d) Accounting policies and significant judgements**Revenue recognition policy for revenue from contracts with customers (AASB15)**

The Company recognises revenue related to the rendering of services when a performance obligation is satisfied and when control of the 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 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 provision of 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 Support Service Fees

Disability 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, therapeutic support services, plan management, 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, counselling programs 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, support and training to allocated preschools, professional development support, 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.

Notes to the financial statements

For the year ended 30 June 2025

2 Revenue (continued)*ii) Disability and Community Program Grants (continued)*

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.

Significant accounting estimates and judgements

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 either AASB 15 or 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.

3 Other income items

	2025	2024
	\$	\$
(a) Other income		
Gain on disposal of property, plant and equipment	7,331	83,094
Gain on disposal of assets held for sale	84,035	221,800
Insurance recoveries	407,806	303,564
Interest received	3,065	7,686
Net fair value gain on financial assets at fair value through profit and loss	177,263	447,582
Other income	75,139	92,837
	<u>754,639</u>	<u>1,156,563</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) Gain on disposal of asset held for sale

The Company recognises gains and losses on disposal of assets held for sale by comparing proceeds received on sale with the carrying amount of the asset sold.

(iii) Insurance recoveries

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

(iv) Interest income

Interest income is recognised on an accruals basis.

(v) 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.

(vi) Other income

The Company recognises other income when it becomes receivable.

Notes to the financial statements

For the year ended 30 June 2025

4 Defined contribution and defined benefit plans

Following is the 30 June 2025 superannuation position of your organisation
Basis – AASB 119

	SASS 30-Jun-25	SANCS 30-Jun-25	SSS 30-Jun-25	TOTAL 30-Jun-25
Member Numbers				
Contributors	4	4	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)	2,462,496	327,287	1,527,638	4,317,421
Estimated reserve account balance	(2,270,468)	(346,042)	(1,063,855)	(3,680,365)
1. Deficit/(surplus)	192,028	(18,755)	463,783	637,056
2. Future Service Liability (Note 2)	115,227	95,337	0	210,564
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.)	192,028	(18,755)	463,783	637,056

Note 1:

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

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.

Notes to the financial statements

For the year ended 30 June 2025

4 Defined contribution and defined benefit plans (continued)

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 2024. The next actuarial investigation will be performed as at 30 June 2027.

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 2025

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 Financial Year to 30 June 2025 A\$	SANCS Financial Year to 30 June 2025 A\$	SSS Financial Year to 30 June 2025 A\$	Total Financial Year to 30 June 2025 A\$
Net Defined Benefit Liability/(Asset) at start of year	317,252	2,035	441,660	760,947
Current service cost	53,523	12,339	0	65,862
Net Interest on the net defined benefit liability/(asset)	16,212	(223)	24,203	40,192
Past service cost	0	0	0	-
(Gains)/losses arising from settlements	0	0	0	-
Actual return on Fund assets less Interest income	(93,993)	(12,659)	(43,665)	(150,317)
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	-
Actuarial (gains)/losses arising from changes in financial assumptions	12,560	2,898	60,961	76,419
Actuarial (gains)/losses arising from liability experience	(70,735)	(10,918)	(19,376)	(101,029)
Adjustment for effect of asset ceiling	0	0	0	-
Employer contributions	(42,792)	(12,227)	0	(55,018)
Effects of transfers in/out due to business combinations and disposals	0	0	0	-
Net Defined Benefit Liability/(Asset) at end of year	192,028	(18,755)	463,783	637,056

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

	SASS Financial Year to 30 June 2025 A\$	SANCS Financial Year to 30 June 2025 A\$	SSS Financial Year to 30 June 2025 A\$	Total Financial Year to 30 June 2025 A\$
Fair value of Fund assets at beginning of the year	2,585,627	362,765	1,037,198	3,985,590
Interest income	136,600	19,448	54,697	210,745
Actual return on Fund assets less Interest income	93,993	12,659	43,665	150,317
Employer contributions	42,791	12,227	0	55,018
Contributions by participants	33,643	0	0	33,643
Benefits paid	(611,759)	(59,812)	(76,885)	(748,456)
Taxes, premiums & expenses paid	(10,427)	(1,245)	5,180	(6,492)
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	2,270,468	346,042	1,063,855	3,680,365

Notes to the financial statements

For the year ended 30 June 2025

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

	SASS Financial Year to 30 June 2025 A\$	SANCS Financial Year to 30 June 2025 A\$	SSS Financial Year to 30 June 2025 A\$	Total Financial Year to 30 June 2025 A\$
Present value of defined benefit obligations at beginning of the year	2,902,879	364,800	1,478,858	4,746,537
Current service cost	53,522	12,339	0	65,861
Interest cost	152,813	19,225	78,900	250,938
Contributions by participants	33,643	0	0	33,643
Actuarial (gains)/losses arising from changes in demographic assumptions	0	0	0	0
Actuarial (gains)/losses arising from changes in financial assumptions	12,560	2,898	60,961	76,419
Actuarial (gains)/losses arising from liability experience	(70,735)	(10,918)	(19,376)	(101,029)
Benefits paid	(611,759)	(59,812)	(76,885)	(748,456)
Taxes, premiums & expenses paid	(10,427)	(1,245)	5,180	(6,492)
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	2,462,496	327,287	1,527,638	4,317,421

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

	SASS Financial Year to 30 June 2025 A\$	SANCS Financial Year to 30 June 2025 A\$	SSS Financial Year to 30 June 2025 A\$	Total Financial Year to 30 June 2025 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 2025

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets			Unobservable inputs Level 3 (A\$'000)
		Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)		
Short Term Securities	2,550,082	2,550,082	0	0	
Australian Fixed Interest	891,142	0	891,142	0	
International Fixed Interest	259,116	5,390	246,983	6,743	
Australian Equities	4,415,312	4,328,683	86,629	0	
International Equities	14,709,914	14,702,437	0	7,477	
Property	2,893,002	450,960	0	2,442,042	
Alternatives	12,068,524	134,404	4,332,150	7,601,970	
Total	37,787,092	22,171,956	5,556,904	10,058,232	

Notes to the financial statements

For the year ended 30 June 2025

4 Defined contribution and defined benefit plans (continued)

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

As at	30-Jun-25
Short Term Securities	6.7%
Australian Fixed Interest	2.4%
International Fixed Interest	0.7%
Australian Equities	11.7%
International Equities	38.9%
Property	7.7%
Alternatives	31.9%
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

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 \$280 million (30 June 2024 \$285 million).

Significant Actuarial Assumptions at the Reporting Date - Para 144

As at	30-Jun-25
Discount rate	5.16%
Salary increase rate (excluding promotional increases)	3.47% for 25/26; 3.56% for 26/27; 3.58% for 27/28; 3.50% pa thereafter
Rate of CPI increase	2.50% for 24/25; 3.00% for 25/26; 2.60% for 26/27; 2.50% pa thereafter
Pensioner mortality	The pensioner mortality assumptions are those used for the 2024 Actuarial Investigation of the Pooled Fund. These assumptions are disclosed in the actuarial investigation report available 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 2025

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

The entity's total defined benefit obligation as at 30 June 2025 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 2025.

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\$)	4,317,421	4,489,841	4,157,057

	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\$)	4,317,421	4,422,634	4,220,411

	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\$)	4,317,421	4,388,460	4,249,301

	Base Case	Scenario G Mortality*	Scenario H Mortality**
Defined benefit obligation (A\$)	4,317,421	4,364,425	4,268,513

*Assumes mortality rates, including future improvements, are as if the pensioner were 1 year younger than actual.

** Assumes mortality rates, including future improvements, are as if the pensioner were 1 year older than actual.

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 2025

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

The following is a summary of the 30 June 2025 financial position of the Fund calculated in accordance with AASB 1056 Accounting Standard "Superannuation Entities":

	SASS 30-Jun-25 A\$	SANCS 30-Jun-25 A\$	SSS 30-Jun-25 A\$	Total 30-Jun-25 A\$
Accrued benefits*	2,267,737	299,972	1,189,607	3,757,316
Net market value of Fund assets	(2,270,468)	(346,042)	(1,063,855)	(3,680,365)
<i>Net (surplus)/deficit</i>	(2,731)	(46,070)	125,752	76,951

*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 Multiple of Member Contributions	SANCS % of Member Salary	SSS Multiple of Member Contributions
	0.0	0	0.0

Economic assumptions

The economic assumptions adopted for 30 June 2025 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)	3.47% for 25/26; 3.56% for 26/27; 3.58% for 27/28; 3.50% pa thereafter
Expected rate of CPI increase	1.90% 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\$)	3,757,316	3,874,583	3,647,702

Expected contributions - Para 147(b)

	SASS Financial Year to 30 June 2026 A\$	SANCS Financial Year to 30 June 2026 A\$	SSS Financial Year to 30 June 2026 A\$	Total Financial Year to 30 June 2026 A\$
Expected employer contributions	72,373	25,109	50,218	147,700

Notes to the financial statements

For the year ended 30 June 2025

4 Defined contribution and defined benefit plans (continued)**Maturity profile of defined benefit obligation - Para 147(c)**

The weighted average duration of the defined benefit obligation is 9.4 years.

Profit or Loss Impact

	SASS Financial Year to 30 June 2025 A\$	SANCS Financial Year to 30 June 2025 A\$	SSS Financial Year to 30 June 2025 A\$	Total Financial Year to 30 June 2025 A\$
Current service cost	53,523	12,339	0	65,862
Net interest	16,212	(223)	24,203	40,192
Past service cost	0	0	0	0
(Gains)/Loss on settlement	0	0	0	0
Profit or loss component of the Defined Benefit Cost	69,735	12,116	24,203	106,054

Other Comprehensive Income

	SASS Financial Year to 30 June 2025 A\$	SANCS Financial Year to 30 June 2025 A\$	SSS Financial Year to 30 June 2025 A\$	Total Financial Year to 30 June 2025 A\$
Actuarial (gains) losses on liabilities	(58,175)	(8,020)	41,585	(24,610)
Actual return on Fund assets less Interest income	(93,993)	(12,659)	(43,665)	(150,317)
Change in the effect of asset ceiling	0	0	0	-
Total remeasurement in Other Comprehensive Income	(152,168)	(20,679)	(2,080)	(174,927)

5 Cash and cash equivalents

	2025 \$	2024 \$
Current		
Cash and cash equivalents	1,994,631	446,711
	<u>1,994,631</u>	<u>446,711</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

	2025	2024
Current		
Trade receivables	1,328,950	959,202
Allowance for credit losses	(8,440)	(29,492)
	<u>1,320,510</u>	<u>929,710</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 non-interest bearing and are generally due for payment within 30 days of the invoice date.

Significant accounting estimates and judgements

The collectability of trade receivables is reviewed on an ongoing basis. The Company determines the allowance for credit losses for receivables on the basis of the lifetime expected credit losses of the instrument.

Notes to the financial statements

For the year ended 30 June 2025

7 Financial assets at amortised cost

	Notes	2025 \$	2024 \$
Current			
Term deposits		27,500	27,500
Rental bonds		65,081	95,054
GST receivable		112,922	137,622
Other receivables		2,864	535,561
Loan receivable - Early Links Inclusion Support Services Incorporated	23	-	1,850,000
		<u>208,367</u>	<u>2,645,737</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.

8 Financial assets at fair value through profit and loss

Current			
Australian listed equity securities		147,684	274,046
Managed funds		1,256,288	2,710,747
Cash		22,655	14,571
		<u>1,426,627</u>	<u>2,999,364</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 30 June 2025 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.

Significant accounting estimates and judgements

Estimation of valuation for financial instruments - Management use their judgement in selecting appropriate valuation technique for financial instruments. 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 similar instruments are used. Fair value of financial instruments traded in an active market are based on quoted market prices at balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking priced. The fair value of equity securities is estimated at each reporting date based on quoted market prices in an active market at reporting date. The quoted market prices used for financial assets are the current bid prices.

9 Other assets

Current			
Prepayments		472,148	64,297
		<u>472,148</u>	<u>64,297</u>

Notes to the financial statements

For the year ended 30 June 2025

10 Assets held for sale

In 2024, management committed to a plan to sell the Reservoir Road, Glendale property, due to the change in business operations. The property was sold during the financial year.

	2025	2024
	\$	\$
The following assets have been identified as part of the proposed sale:		
Land and buildings - Glendale	-	746,878
Total assets held for sale	-	746,878

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.

11 Property, plant and equipment

	Notes	Plant and equipment	Motor vehicles	Leasehold improvements	Land and buildings	Total
		\$	\$	\$	\$	\$
Non-current assets						
At 1 July 2024						
Cost		729,629	1,767,176	1,144,055	2,124,504	5,765,364
Accumulated depreciation		(513,148)	(1,074,797)	(508,445)	(38,753)	(2,135,143)
Net book amount		216,481	692,379	635,610	2,085,751	3,630,221
Year ended 30 June 2025						
Opening net book amount		216,481	692,379	635,610	2,085,751	3,630,221
Acquisition of business	23	243,419	-	436,437	-	679,856
Additions		114,651	189,248	70,464	2,888,450	3,262,813
Disposals		(70,103)	(3,617)	(71,962)	-	(145,682)
Depreciation charge		(200,519)	(321,097)	(291,013)	(46,593)	(859,222)
Closing net book amount		303,929	556,913	779,536	4,927,608	6,567,986
At 30 June 2025						
Cost		912,650	1,892,158	1,386,788	5,012,041	9,203,637
Accumulated depreciation		(608,721)	(1,335,245)	(607,252)	(84,433)	(2,635,651)
Net book amount		303,929	556,913	779,536	4,927,608	6,567,986

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

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

(b) Plant and equipment, Motor vehicles, Leasehold improvements

Plant and equipment, motor vehicles and leasehold improvements are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Notes to the financial statements

For the year ended 30 June 2025

11 Property, plant and equipment (continued)**(c) Depreciation**

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

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

Significant accounting estimates and judgements

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.

12 Intangible assets

	Note	Goodwill \$	Computer software \$	2025 \$	2024 \$
Non-current assets					
As at 30 June 2025					
Cost		2,526,902	223,600	2,750,502	223,600
Accumulated amortisation		-	(223,600)	(223,600)	(223,600)
Net book amount		<u>2,526,902</u>	<u>-</u>	<u>2,526,902</u>	<u>-</u>
Reconciliation					
Opening net book amount		-	-	-	27,076
Additions	23	2,526,902	-	2,526,902	-
Amortisation charge		-	-	-	(27,076)
Closing net book amount		<u>2,526,902</u>	<u>-</u>	<u>2,526,902</u>	<u>-</u>

Accounting policy

Goodwill recognised is an intangible asset acquired as part of a business combination and is initially recognised at cost and being the difference between the fair value of the identifiable assets acquired and liabilities assumed and the consideration. Goodwill recognised in the current year relates to the acquisition of Early Links. Refer to note 23 for further details. The useful life of goodwill is assessed to be indefinite and is tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

Significant accounting estimates and judgements

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

Notes to the financial statements

For the year ended 30 June 2025

13 Lease assets and lease liabilities

2025	2024
\$	\$

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	1,684,769	1,105,699
Equipment	175,082	231,716
Motor vehicle	224,450	155,763
	2,084,301	1,493,178

Reconciliation of lease assets	Notes	Buildings	Office equipment	Motor vehicles	Total	Total
		\$	\$	\$	\$	\$
Carrying amount at the beginning of the year		1,105,699	231,716	155,763	1,493,178	1,189,354
Acquisition of business	23	339,200	-	31,087	370,287	-
Additions		1,564,499	-	125,800	1,690,299	672,722
Derecognition		(1,013,278)	-	(3,437)	(1,016,715)	(36,847)
Amortisation		(311,351)	(56,634)	(84,763)	(452,748)	(332,051)
Carrying amount at the end of the year		1,684,769	175,082	224,450	2,084,301	1,493,178

b) Lease liabilities**Current**

Lease liabilities	113,992	54,632	70,784	239,408	251,771
-------------------	---------	--------	--------	---------	---------

Non-current

Lease liabilities	1,642,704	130,837	157,134	1,930,675	1,241,685
Total	1,756,696	185,469	227,918	2,170,083	1,493,456

Reconciliation of lease liabilities		Buildings	Office equipment	Motor vehicles	Total	Total
		\$	\$	\$	\$	\$
Carrying amount at the beginning of the year		1,103,832	235,416	154,208	1,493,456	1,332,871
Acquisition of business	23	509,309	-	32,189	541,498	-
Additions		1,447,961	-	145,828	1,593,789	545,136
Derecognition		(1,015,402)	-	-	(1,015,402)	(44,679)
Interest expense		132,498	19,161	18,060	169,719	106,453
Lease payments		(421,502)	(69,108)	(122,367)	(612,977)	(446,325)
Carrying amount at the end of the year		1,756,696	185,469	227,918	2,170,083	1,493,456

Maturity analysis of future lease payments	Buildings	Office equipment	Motor vehicles	Total	Total
	\$	\$	\$	\$	\$
Not later than 1 year	306,516	69,108	85,774	461,398	340,684
Later than 1 year and not later than 5 years	1,278,714	143,975	173,242	1,595,931	1,005,451
Later than 5 years	1,287,648	-	-	1,287,648	477,825
Lease payments	2,872,878	213,083	259,016	3,344,977	1,823,960

Accounting policy

Lease assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, on a basis that is consistent with the expected pattern of consumption of the economic benefits embodied in the underlying asset.

Lease liabilities are measured at the present value of the remaining lease payments. Interest expense on lease liabilities is recognised in profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense in the period in which they are incurred.

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

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 10.7%.

Notes to the financial statements

For the year ended 30 June 2025

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

Lease assets are tested for impairment whenever events or circumstances indicate that the asset may be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash inflows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. An impairment loss is recognised when the carrying amount of an asset or cash generating unit (to which the asset belongs) exceeds its recoverable amount.

Significant accounting estimates and judgements

The useful life of 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.

14 Trade and other payables

	2025	2024
	\$	\$
Current		
Trade payables	562,657	112,910
Other payables	340,718	258,259
Accrued expenses	2,005,916	971,573
	<u>2,909,291</u>	<u>1,342,742</u>

Accounting policy

Trade and other payables, including accruals, are non-interest bearing and are generally due for payment within 30 days of the invoice date.

15 Financial liabilities**Current***Secured*

Bank loans (i)	110,655	126,004
Other loans (ii)	65,101	74,459
Total secured financial liabilities	<u>175,756</u>	<u>200,463</u>

Non-current*Secured*

Bank loans (i)	3,030,612	1,608,473
Other loans (ii)	136,791	125,452
Total secured financial liabilities	<u>3,167,403</u>	<u>1,733,925</u>

(i) *Bank loans*

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 non-residential real property located at 26 Warabrook Bvd, Warabrook NSW 2304.

- General security interest by ConnectAbility Australia Limited ACN 624 971 615 comprising first ranking charge over all present and after acquired property.

The Company has the following financing facilities with the Commonwealth Bank of Australia:-

	Total Facility	Undrawn \$	Monthly Repayments	Interest Rate	Facility expiry	Residual amount
<i>Better business loan #1</i>	1,875,699	-	13,322	7.03% variable	Sep 2028	1,800,000
<i>Better business loan #2</i>	1,265,568	-	14,074	7.09% variable	Dec 2027	1,000,000
<i>Overdraft</i>	250,000	250,000	-	N/A	Sep 2028	-

Notes to the financial statements

For the year ended 30 June 2025

15 Financial liabilities (continued)*(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	Notes	2025	2024
		\$	\$
Current			
Employee entitlements (i) & (ii)		3,237,425	3,004,420
		<u>3,237,425</u>	<u>3,004,420</u>
Non-current			
Employee entitlements (ii)		796,874	432,575
Provision for defined benefit plan (iii)	4	637,056	760,947
Provision for make good		-	68,400
		<u>1,433,930</u>	<u>1,261,922</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.

(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.

Notes to the financial statements

For the year ended 30 June 2025

17 Other liabilities	Notes	2025	2024
		\$	\$
Current			
Contract liabilities - disability and community program grants		145,496	-
Contract liabilities - participants funds		163,200	739,200
		<u>308,696</u>	<u>739,200</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		216,874	11,776
Actuarial (loss) / income on defined benefit superannuation plan	4	<u>(174,926)</u>	<u>205,098</u>
Carrying amount at the end of the year		<u>41,948</u>	<u>216,874</u>

19 Contingent liabilities

A security deposit is held with Maitland City Council of \$13,125 being the rental deposit for the Ashtonfield lease.

20 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		<u>333,191</u>	<u>321,433</u>
---	--	----------------	----------------

(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	644,059	460,809
Trade Payables to Dynamic Business Technologies Pty Ltd (DBT)	2,021	25,638

Transactions with Sessions Legal Pty Ltd :

Fees paid in respect of legal consulting services	28,442	6,098
---	--------	-------

Transactions with NewVo Communications :

Fees paid in respect of broadband internet services	102,024	83,381
Trade Payables to NewVo Communications	7,625	-

Notes to the financial statements

For the year ended 30 June 2025

21 Remuneration of auditors

	2025	2024
	\$	\$
<i>Auditor of the company</i>		
Audit of the financial statements	47,600	34,800
	<u>47,600</u>	<u>34,800</u>

22 Subsequent events

Subsequent to year end, the Company has entered into an agreement to acquire the business operations of Finding Yellow Limited, with the acquisition date being 1 November 2025. The agreement was entered as Finding Yellow was seen to be a like-minded organisation with similar values which would allow the Company to expand its service offerings through greater access to resources. Under the agreement ConnectAbility will act as the acquiring entity, with full control being passed to the Company. Provisions have been made to offer all employees of the Finding Yellow employment with ConnectAbility. Consideration for the acquisition per the agreement entered was \$1, and as at the date of signing the fair value of assets assumed and liabilities acquired was still being determined.

23 Business Acquisition

On 15 August 2024 the Company acquired the business operations of Early Links Inclusion Support Service Incorporated ("Early Links") on the terms set out in the merger deed. As a result of the acquisition, ConnectAbility Australia Limited recognised the following assets acquired and liabilities assumed:

	Total
	\$
Cash and cash equivalents	368,124
Financial assets	133
Other assets	113,238
Property, plant and equipment	679,856
Right of use assets	370,287
Trade and other payables	(655,901)
Employee Entitlements	(861,746)
Other liabilities	(149,395)
Lease liabilities	(541,498)
Total identifiable assets acquired and liabilities assumed	<u>(676,902)</u>
Goodwill	<u>2,526,902</u>
Total consideration	<u>1,850,000</u>
Satisfied by:	
Cash	<u>1,850,000</u>

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 29 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) complying with Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2012*.
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2025 and of its performance for the 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.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

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



Bernard Garrett - Director



Luke Sessions - Director

19 November 2025
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 2025, 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 and notes to the financial statements including material accounting policy information, and the Directors' declaration.

In our opinion, the accompanying financial report of ConnectAbility Australia Limited is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2025 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 Act 2012* ("ACNC Act") 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing further to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – 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 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.

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 2025 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Pitcher Partners Newcastle & Hunter Pty Ltd

Pitcher Partners is an association of independent firms. An independent company. ABN 53 001 876 320. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.


Auditor's responsibilities for the audit of the financial report (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Shaun Mahony - Partner



Pitcher Partners NH Partnership
Chartered Accountants

19 November 2025
Newcastle West, NSW

Pitcher Partners Newcastle & Hunter Pty Ltd

Pitcher Partners is an association of independent firms. An independent company. ABN 53 001 876 320. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.