

2020

FINANCIAL REPORT 2019/20



Able
AUSTRALIA



TOGETHER WE ARE ABLE

Able Australia Services

ABN 83 024 339 234

Annual Report - 30 June 2020

Able Australia Services**Contents****30 June 2020**

Directors' report	2
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	32
Independent auditor's report to the members of Able Australia Services	33

**Able Australia Services
Directors' report
30 June 2020**

The Directors of Able Australia Services present their report on the organisation for the financial year ended 30 June 2020.

Directors

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

D Clark (Chairperson)
M M Downie (Deputy Chair)
L C Meagher (ceased 24 October 2019)
P T Reilly
D G Wing
P Morgan
R A Marks (appointed July 2019)
J I Smith (appointed July 2019)
B I McCowan (appointed July 2019)
J G Rowan (appointed July 2019)

Laura Meagher retired from the Board effective 24th October 2019.

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

Business Strategies and objectives

The year ending 30 June 2020 was a challenging year due to COVID-19. The pandemic adversely impacted service delivery, most notably day services. COVID-19 has also detrimentally impacted delivery of the three year strategic plan (2018-2021).

A refresh of the three year strategic plan was prepared to face the challenges of the dynamic nature of the National Disability Insurance Scheme (NDIS). The aim is to grow Able Australia to be a \$70m organisation by 2024.

Much of the Queensland growth will be derived from our expansion into disability service provision in the state. Able strives to enhance the lives of clients through the delivery of high quality disability services, deafblind services, community-based services and transport services. Clients include adults with disabilities varying from mild intellectual disabilities to those with high complexity and specialist care needs. Supported independent living services is a key part of the growth strategy. Further growth in community and lifestyle programmes is also planned, as is growth of in-home services and outreach support.

During the strategic plan review process the ethos of 'Better Days, Every Day' for our clients was firmly endorsed. Furthermore the following priorities will continue:

- Improving the quality of our services, including compliance to safeguard our clients.
- Supporting a Centre of Excellence for Deafblind.
- Building better engagement with all clients, families, staff and the broader community.
- Expanding services to more individuals within a financially sustainable model.
- Navigating the largest change in our sector's history and benefit from the transformational opportunities presented.

Principal activity

The organisation principally provided services to adults with physical, intellectual and sensory disabilities and to their families during the course of the financial year ended 30 June, 2020. Activities included the operation of a series of long-term residential options, day services, support coordination, community services and transport.

"In-home" and other community-based respite care, emergency care and a support service to members of this group who live in the community was provided. Programmes offered were diverse and included training in the use of computers and exposure to a variety of activities which enhance independent living and access to recreation.

The organisation also represented the interests of people with a combined vision and hearing impairment as a group during the year.

Able Australia Services
Directors' report
30 June 2020

All these activities have assisted the organisation to achieve its short and long term objectives and strategies.

This financial year was also extremely challenging due to the impact of COVID-19. The pandemic adversely impacted operations and impacted operating revenue. Able qualified for and received the JobKeeper subsidy in the latter part of the year. Able also received JobKeeper in early 2021. This subsidy enabled Able to continue delivering services and employing staff. Day services were most impacted by COVID-19. Strict physical distancing measures imposed by the government meant Able's Day services were closed.

During the year ended 30 June 2020 funding was provided by: the National Disability Insurance Agency (75% of annual revenue), Department of Health and Human Services (Victoria), Department of Communities (Queensland), Department of Health and Ageing (Commonwealth), the Australian Taxation Office (JobKeeper) and fundraising from the general public, including bequests, philanthropic trusts and donations.

All corporate functions operate out of our national office at 413 Canterbury Road, Surrey Hills, Victoria 3127

Performance measurement

The organisation currently measures its performance through:

- Key Performance Indicators set in the Strategic Plan such as:
 - > Number of new and existing people supported.
 - > Client and employee feedback.
 - > Number, demographic and skills of staff and volunteers.
 - > Efficiency of service delivery aligned to funding requirements.
 - > Number of incidents and complaints and effective reporting.
 - > Financial performance and internal benchmarking.
 - > Total service hours delivered.
- ISO 9001: 2015 Quality Management System accreditation.
- Yearly review and re interpretation of Strategic Plan.

Operating Result

The operating surplus from ordinary activities amounted to \$3,328,585 [2019: surplus \$1,441,681].

Dividends

The organisation is limited by guarantee and therefore does not have share capital. In compliance with the Constitution of the organisation, no dividend was declared.

Review of Operations

A review of the operations of the organisation during the financial year and the results of those operations found that the organisation during the year performed at a surplus of \$3,328,585 after taking into account the net value movement on financial assets.

The Directors are confident that with careful cost controls, continuous monitoring and improved financial reporting the organisation's financial position should be maintained for the long term.

Significant changes in state of affairs

COVID-19 had a large impact on the organisation – particularly our day service offerings. The JobKeeper subsidy is short term funding for 2020 and 2021. Two properties deemed surplus to operating requirements were prepared for sale. One property was impaired to net realisable value.

Environmental issues

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

**Able Australia Services
Directors' report
30 June 2020**

Information on directors

David Clark Chairperson Director since November 2012

Qualifications: Graduate of the Australian Institute of Company Directors.

Experience: David was appointed Chairperson of the Able Australia Board in December 2013. He is an Executive Coach with more than 20 years' experience in senior executive roles within a diverse range of organisations. His background is in Human Resources and Senior Executive Management roles, working primarily in the food and beverage industry. David has worked in Europe, USA, Asia and the Pacific and has deep experience in organisational change.

Meg Downie Deputy Chairperson since November 2018, Director since 2016

Qualifications: Bachelor of Business

Experience: Meg is the Director of the Infrastructure, Government and Healthcare Industry Group at KPMG where she has been managing the strategic growth and market positioning of its government business for a number of years and brings a wealth of expertise and knowledge to Able Australia. Prior to KPMG, Meg spent 16 years with the Commonwealth and Victorian Public Services where she specialised in organisational re-structuring and a range of human resource management functions.

Committee Chair – People & Engagement Committee

Membership (Able): Chair – Client Advisory Committee

Peter Reilly Director since November 2012

Qualifications: Bachelor of Business Accounting

Associate - the Institute of Chartered Accountants, Registered Tax agent since 1976, Associate - Institute of Company Directors.

Experience: Peter has more than 40 years' experience as a senior executive and has demonstrated success in a range of areas including general management, building high performance teams, developing and implementing financial and business plans, directing public companies and ensuring funding requirements are met in high growth organisations. Peter is a Director of Melba Opera Trust, Director of the St. Bernard's Foundation, Chairman of Scotchmans Hill Pty Ltd and Executive Director of Lifeview Residential Care.

Committee

Membership (Able): Chair - Finance, Investment and Remuneration Committee

Laura Meagher Director since July 2008 / Resigned October 2019

Qualifications: Bachelor of Commerce (Law); Bachelor of Management (HR); Diploma of Public Relations

Experience: Laura is a committed and passionate professional with experience in marketing, communications, culture and people across a variety of industries including automotive, finance & insurance and building & construction for over 15 years.

**Hon. Don Wing AM
LLB**

Director since August 2011

Qualifications: Bachelor of Laws

Experience: Don practised as a Barrister and Solicitor for 20 years before being elected to the Legislative Council in the Parliament of Tasmania. During his 29 years as an Independent Member, he served as President of the Council for six years and was Mayor of Launceston from 1983-1987. Don is a member and patron of a number of community, humanitarian and sporting organisations.

Committee

Membership (Able): People & Engagement Committee

Able Australia Services
Directors' report
30 June 2020

Dr Prue Morgan Director since June 2018

Qualifications: PhD, MAppSc (research), BAppSc (physio), Grad Dip Neuroscience
 Experience: Prue is the current Head of Physiotherapy at Monash University. She is an experienced physiotherapy clinician and academic with more than 30 years of experience in neurological clinical practice, physiotherapy education and research. Prue has assumed many state and national leadership roles in physiotherapy over her career and was awarded the title of Specialist Neurological Physiotherapist in 2008 by the Australian College of Physiotherapists in recognition of her expertise in clinical practice and scholarship. She has particular skills in the management of issues affecting people aging with complex disability, and brings her clinical experience to Able Australia.

Committee
 Membership (Able): Client Quality & Safeguarding Committee

Bruce McCowan Director since July 2019

Qualifications: Bachelor of Education, Post Graduate in Education Studies, Fellow of the Australian Institute of Company Directors
 Experience: Bruce is an experienced Executive, Human Resources Leader, Consultant and Board Director with extensive expertise in organisational transformation through alignment of business and HR strategy, with a particular emphasis on culture change and improving leadership capability. Bruce is currently Partner Performance at deliberatepractice and is Chair of the White Ribbon Australia Accreditation Committee. He has previously served as a Board Director for a number of organisations in the not-for-profit sector, including a disability services organisation.

Committee
 Membership (Able): Chair - Client Quality & Safeguarding Committee
 Finance, Audit, Investment & Risk Committee

John Rowan Director since July 2019

Qualifications: Bachelor of Business (Accounting), CPA, Australian Institute of Company Directors, Fellow of the Governance Institute of Australia
 Experience: John has held a variety of leadership roles in diverse areas including Human Resources Management, Superannuation, Company Secretariat, Fleet Management, Sales & Marketing, Supply Chain and Occupational Health and Safety. John has extensive skills in business development and continuous improvement (kaizen) and has previously served as a longstanding Board Director for a not-for-profit disability organisation.

Committee
 Membership (Able): Finance, Audit, Investment & Risk Committee
 People & Engagement Committee

Ro Marks Director since July 2019

Qualifications: Bachelor of Applied Science Recreation, Master of Social Science Human Services, Graduate Diploma Strategic Foresight
 Experience: Ro has a 30-year history as a social policy and planning professional. Ro has worked in senior roles with state, regional and local governments, not-for-profit organisations and statutory authorities in Victoria and Western Australia. After operating a social policy and planning consultancy for 14 years, Ro is currently the Community Care Policy Lead at the Municipal Association of Victoria (MAV). Ro is committed to strengthening engagement with service users, their families, and carers to ensure quality in policy and service outcomes.

Committee
 Membership (Able): Client Quality & Safeguarding Committee
 Client Advisory Committee

Able Australia Services
Directors' report
30 June 2020

Jenny Smith Director since July 2019

Qualifications: Bachelor in Computer Science, Information Systems and Accounting, MBA Melbourne Business School, CPA, Graduate of the Australian Institute of Company Directors

Experience: Jenny is a senior executive with diverse experience across the not-for-profit and for profit sectors. She has been in senior roles at Mercy Health for ten years and currently holds the position of Executive Director – Strategy, Planning and Major Projects.

Committee Membership (Able): Finance, Audit, Investment & Risk Committee

Meetings of directors

During the year, 9 meetings of Board members were held.

Attendees were:	Number eligible to attend	Number attended
David Clark	9	9
Meg Downie	9	6
Peter Reilly	9	8
Donald Wing	9	9
Prue Morgan	9	7
Laura Meagher	4	2
Bruce McCowan	9	9
Ro Marks	9	6
John Rowan	9	8
Jenny Smith	9	8

During the year, 5 meetings of **Finance, Audit, Investment and Risk Committee** were held. Note change of name of Committee, effective October 2019. Previously named Finance, Investment & Remuneration Committee.

Attendees were:	Number eligible to attend	Number attended
Peter Reilly	5	5
Don Wing (formed quorum)	1	1
John Rowan	4	4
Jenny Smith	4	4
Bruce McCowan (observer)	4	3

During the year, 2 meetings of **People and Engagement Committee** were held.

Attendees were:	Number eligible to attend	Number attended
Meg Downie	2	2
Don Wing	2	2
John Rowan	2	2

During the year, 2 meetings of **Client Quality & Safeguarding Committee** were held. Note change of name of Committee, effective October 2019. Previously named Quality & Risk Committee.

**Able Australia Services
Directors' report
30 June 2020**

Attendees were:	Number eligible to attend	Number attended
Bruce McCowan	2	2
Ro Marks	2	2
Prue Morgan	2	2

During the year, 1 meeting of **Client Advisory Committee** was held. This is a newly formed Committee.

Attendees were:	Number eligible to attend	Number attended
Meg Downie	1	1
Peter Reilly (formed quorum)	1	1

Indemnifying officers or auditors

No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is, or has been, an officer or auditor of the organisation.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the organisation or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Members

If the organisation is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the organisation.

At 30 June 2020 the number of members was 19 (2019 - 21).

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 8 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.



David Clark
Director

26 October 2020
Melbourne



Peter Reilly
Director

Auditor's Independence Declaration

To the Directors of Able Australia Services

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Able Australia Services for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 26th October 2020

Able Australia Services
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue and Income	3	56,055,427	46,025,759
Expenses			
Employee benefits expense	2	(41,842,775)	(35,969,640)
Depreciation and amortisation expense	2	(2,433,815)	(680,862)
Impairment of assets held for sale	8	(134,219)	-
Occupancy expenses	2	(53,904)	(639,614)
Telemarketing and mailing expense		(3,751)	(38,037)
House-keeping		(681,147)	(655,310)
Utilities		(590,067)	(543,695)
Transport costs		(1,170,713)	(1,922,573)
Agency staff		(258,964)	(469,661)
Other expenses		(5,297,441)	(3,664,540)
Finance costs	2	(260,046)	(146)
Surplus before income tax expense		3,328,585	1,441,681
Income tax expense		-	-
Surplus after income tax expense for the year		3,328,585	1,441,681
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>3,328,585</u>	<u>1,441,681</u>

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

Able Australia Services
Statement of financial position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	6	9,201,423	1,898,008
Trade and other receivables	5	1,742,441	3,930,822
Prepayments		542,838	662,683
Accrued income	7	4,008,263	1,403,388
		<u>15,494,965</u>	<u>7,894,901</u>
Non-current assets classified as held for sale	8	1,856,941	-
Total current assets		<u>17,351,906</u>	<u>7,894,901</u>
Non-current assets			
Financial assets	9	5,938,506	6,489,635
Property, plant & equipment	10	13,308,461	12,225,431
Right-of-use assets	16	3,668,341	-
Intangible assets	11	1,008,299	1,107,534
Total non-current assets		<u>23,923,607</u>	<u>19,822,600</u>
Total assets		<u>41,275,513</u>	<u>27,717,501</u>
Liabilities			
Current liabilities			
Trade and other payables	12	8,378,957	3,627,522
Interest bearing loans and borrowings	13	1,160,005	14,380
Lease liabilities	16	1,029,511	-
Provisions	14	4,968,908	4,545,463
Total current liabilities		<u>15,537,381</u>	<u>8,187,365</u>
Non-current liabilities			
Lease liabilities	16	2,852,167	-
Provisions	15	565,778	538,534
Total non-current liabilities		<u>3,417,945</u>	<u>538,534</u>
Total liabilities		<u>18,955,326</u>	<u>8,725,899</u>
Net assets		<u>22,320,187</u>	<u>18,991,602</u>
Members funds			
Reserves		2,069,128	2,069,128
Accumulated surplus		<u>20,251,059</u>	<u>16,922,474</u>
Total members funds		<u>22,320,187</u>	<u>18,991,602</u>

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

Able Australia Services
Statement of changes in equity
For the year ended 30 June 2020

	Capital reserve \$	Investment revaluation reserve \$	Accum- ulated surplus \$	Total members funds \$
Balance at 1 July 2018	2,069,128	-	15,480,793	17,549,921
Surplus after income tax expense for the year	-	-	1,441,681	1,441,681
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	1,441,681	1,441,681
Balance at 30 June 2019	<u>2,069,128</u>	<u>-</u>	<u>16,922,474</u>	<u>18,991,602</u>

	Capital reserve \$	Investment revaluation reserve \$	Accum- ulated surplus \$	Total members funds \$
Balance at 1 July 2019	2,069,128	-	16,922,474	18,991,602
Surplus after income tax expense for the year	-	-	3,328,585	3,328,585
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	3,328,585	3,328,585
Balance at 30 June 2020	<u>2,069,128</u>	<u>-</u>	<u>20,251,059</u>	<u>22,320,187</u>

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

Able Australia Services
Statement of cash flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		6,638,052	4,188,449
Receipt of Government grants		52,490,570	39,300,382
Payments to suppliers and employees		(48,523,817)	(43,714,320)
Dividends received		399,535	451,674
Interest received		8,361	20,165
Finance costs		(394,265)	(146)
Net cash from operating activities	18	<u>10,618,436</u>	<u>246,204</u>
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		235,418	412,476
Payment for intangible assets - software		(75,775)	(32,498)
Payment for property, plant & equipment		(3,940,758)	(843,576)
Payment for investments		(1,059,845)	(1,349,611)
Proceeds from sale of investments		<u>1,576,915</u>	<u>1,198,938</u>
Net cash used in investing activities		<u>(3,264,045)</u>	<u>(614,271)</u>
Cash flows from financing activities			
Payment of borrowings		(9,982)	(9,514)
Proceeds from borrowings		1,155,607	-
Lease payments for right-of-use assets		<u>(1,196,601)</u>	<u>-</u>
Net cash used in financing activities		<u>(50,976)</u>	<u>(9,514)</u>
Net increase/(decrease) in cash and cash equivalents		7,303,415	(377,581)
Cash and cash equivalents at the beginning of the financial year		<u>1,898,008</u>	<u>2,275,589</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>9,201,423</u></u>	<u><u>1,898,008</u></u>

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

Note 1. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Charities and Not-for-Profit Commission Act 2012, Australian Accounting Standards – Reduced Disclosure Requirements, and complies with other requirements of the law.

The financial report of Able Australia Services complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) as applicable to not for profit entities. Due to the application of Australian specific provisions contained only within AIFRS, this financial report is not necessarily compliant with International Accounting Standards.

For the purpose of this financial report the Company is considered a not for profit entity.

The financial report was authorised for issue by the directors on 26 October 2020.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates

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

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concern depreciation rates. These are reviewed annually by the Company to ensure that assets are being appropriately depreciated

Right of use assets and lease liabilities

In applying AASB 16, the Company has made the following judgements.

In determining the lease term used to ascertain total future lease payments, the Company considers all facts and circumstances that create an economic benefit to exercise an extension option. Renewal options are only considered to be part of the lease term if the lease is reasonably certain to be extended. The Company has included renewal periods as part of the lease term for all leases it is reasonably certain will be extended. Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The IBR is the interest rate that the Company would have to pay to borrow over a similar term of each lease. To determine the IBR, the Company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions; and
- makes adjustments specific to the lease, e.g. term and security.

Note 1. Significant accounting policies (continued)

Long service leave

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(a) Adoption of new and amended accounting standards

The Company has adopted all of the new or amended accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new or amended accounting standards or interpretations that are not yet mandatory have not been early adopted.

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

The Company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities.

The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt.

Income under the standard is recognised where:

- an asset is received in a transaction, such as by way of grant, bequest or donation;
- there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and
- where the intention is to principally enable the entity to further its objectives.

Note 1. Significant accounting policies (continued)

For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised.

Related amounts recognised may relate to:

- contributions by owners
- AASB 15 revenue or contract liability recognized;
- lease liabilities in accordance with AASB 16;
- financial instruments in accordance with AASB 9; or
- provisions in accordance with AASB 137.

The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately.

Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.45%.

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 July 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected to use the Modified Retrospective method Option 2. The lease liability was measured at the present value of the remaining lease payments discounted and the right of use asset was equal to the lease liability plus/minus any prepaid or accrued payments. There was no impact on opening retained earnings.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

Note 1. Significant accounting policies (continued)

Portable long service leave scheme

From 1 January 2020 the Company commenced making contributions for certain eligible employees to Victoria's new portable long service leave scheme, pursuant to the Long Service Benefits Portability Act 2018. A levy of 1.65% of eligible salaries is paid to the Portable Long Service Leave Authority. Any amounts payable to eligible employees in relation to long service leave post 1 January 2020 will be funded by the Authority as and when they arise. However, the existence of the scheme does not discharge the company's obligation to pay long service leave to employees in the event that the Authority cannot meet its obligations. At balance date the Company has no reason to believe that the Authority will not meet its obligations under the agreements with the Company as employer. As information on the long service leave provisions as they pertain to the Company's eligible employees is not readily available, the gross receivable from the Authority and provision for long service leave payable to eligible employees (which are equal and offsetting) have not been recognised in these financial statements.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Where an item of property, plant or equipment is acquired for no or nominal consideration the item's fair value at acquisition date is deemed as its cost.

Property

Buildings are measured at cost less depreciation and impairment losses. Freehold land is measured at cost less impairment.

Plant and Equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

At each reporting date, the directors review a number of factors affecting property, plant and equipment, including their carrying values, to determine if these assets, grouped into cash-generating units, may be impaired. If an impairment indicator exists, the recoverable amount of the asset, being the higher of the asset's 'fair value less costs to sell' and 'value in use', is compared to the carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the Statement of Profit and Loss as an impairment expense.

Where the future economic benefits of the Company's assets are not primarily dependent on their ability to generate net cash inflows, and if deprived of the asset, the Company would replace the asset's remaining future economic benefits, 'value in use' is determined as the current replacement cost of the asset, rather than by using discounted future cash flows.

Depreciation

The depreciation amount of all property plant and equipment, including buildings and capital lease assets, but excluding freehold land is depreciated over the useful lives to the Company, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Property Plant and Equipment	Depreciation Rate	Method
Buildings	3%	Straight Line
Freehold improvements	3%	Straight Line
Leasehold improvements	3%	Straight Line
Motor vehicles	23%	Straight Line
Plant & equipment	10%	Straight Line
Computer equipment	33%	Straight Line

Note 1. Significant accounting policies (continued)

The gain or loss on disposal of all property plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal, and is included in the operating surplus of the Company in the year of disposal.

(c) Taxation

The Company is not required to provide for income tax as it is an exempt charitable entity under the Income Tax Assessment Act 1997 (as amended).

(d) Organisational structure

The Company is a company limited by guarantee and accordingly, does not have a share structure. The Constitution prohibits the distribution of any surplus derived by the Company to any member or members.

If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the Company.

At 30 June 2020 the number of members was 19 (30 June 2019: 21).

(e) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Note 1. Significant accounting policies (continued)

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

Impairment of financial assets

AASB 9's impairment requirements use forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and trade receivables that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Note 1. Significant accounting policies (continued)

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(f) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(g) Leases

The Company leases various properties, motor vehicles and IT equipment. Rental contracts are typically made for fixed periods of 1 to 5 years, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Note 1. Significant accounting policies (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Peppercorn leases

Able has five peppercorn leases consisting of leases of two small offices and three motor vehicles. The offices are not fully staffed, and if they had to be surrendered, staff could be accommodated elsewhere with minimal expense and interruption to service delivery. Similarly, the vehicles are not essential and would not impact business if they were no longer provided.

The operations of the business are not reliant on peppercorn leases and their future existence present no threat to the future operations of the business.

Note 1. Significant accounting policies (continued)

(h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

From 1 January 2020 the Company commenced making contributions for certain eligible employees to Victoria's new portable long service leave scheme, pursuant to the Long Service Benefits Portability Act 2018. A levy of 1.65% of eligible salaries is paid to the Portable Long Service Leave Authority.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(i) Revenue and Income

Fees for services

Fees for services revenue is recognised over time as performance obligations are satisfied, which is as the services are provided. Fees received in advance of services being performed are recognised as contract liabilities.

Grant funding revenue with sufficiently specific and enforceable performance obligations

Grant funds received by the Company that have sufficiently specific and enforceable performance obligations, in accordance with AASB 15, are recognised as a contract liability on receipt and are recognised as revenue, over time, as the Company satisfies its performance obligations.

Grant funding income without sufficiently specific and enforceable performance obligations

Grant funds received by the Company that do not have sufficiently specific and enforceable performance obligations are recognised as income on receipt of the funds.

Donations, fundraising, wills and bequests

Donations, fundraising, wills and bequest income is recognised when the Company gains control of the funds and when the funds provided do not give rise to an obligation.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

Note 1. Significant accounting policies (continued)

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(k) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

- software: 10 years

Amortisation is included within depreciation and amortisation.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(l) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Able Australia Services
Notes to the financial statements
30 June 2020

Note 2. Surplus/deficit for the year

Surplus/Deficit for the year has been arrived at after charging the following expenses:

	2020 \$	2019 \$
Interest expense on borrowings	77,574	146
Interest expense on leases	182,472	-
Finance costs	<u>260,046</u>	<u>146</u>
Depreciation of property, plant and equipment	848,867	512,802
Amortisation of intangible assets	175,010	168,060
Depreciation of right-of-use assets	1,409,938	-
	<u>2,433,815</u>	<u>680,862</u>
Rental expense for short-term and low-value leases	53,904	-
Rent expense on operating leases - minimum lease payments	<u>-</u>	<u>639,614</u>
Employee benefits - wage and salaries	38,237,206	33,185,131
Employee benefits - superannuation contributions	3,605,569	2,784,509
Employee benefits expense	<u>41,842,775</u>	<u>35,969,640</u>

Note 3. Revenue and Income

	2020 \$	2019 \$
<i>Operating activities</i>		
Fundraising	529,950	665,394
Other income including fees, training courses etc	3,827,791	2,937,771
Federal and State Government funding	46,851,212	40,102,523
Other grants	196,538	350,143
Wills & bequests	89,673	851,906
Interest received	8,361	20,165
Dividends received	399,535	451,674
Gain on sale of property, plant and equipment	83,498	412,476
Fair value movement of financial assets at FVPL	(34,059)	233,707
JobKeeper income	4,102,928	-
Revenue and Income	<u>56,055,427</u>	<u>46,025,759</u>

Note 4. Auditor's remuneration

	2020 \$	2019 \$
Remuneration of the auditor of the Company		
Auditing the financial report	<u>41,000</u>	<u>40,000</u>
Other services		
Consulting	7,000	-
Tax compliance	29,900	-
	<u>36,900</u>	<u>-</u>

Able Australia Services
Notes to the financial statements
30 June 2020

Note 5. Trade and other receivables

	2020 \$	2019 \$
Trade receivables	1,222,313	3,482,500
Less: Allowance for expected credit losses	(87,779)	(86,022)
	<u>1,134,534</u>	<u>3,396,478</u>
Other receivables	<u>607,907</u>	<u>534,344</u>
	<u><u>1,742,441</u></u>	<u><u>3,930,822</u></u>

The average credit period on rendering of services is 30 days. No interest is charged on trade receivables. An allowance has been made for estimated irrecoverable trade receivable amounts arising from rendering of services determined by reference to past default experience.

Note 6. Cash and cash equivalents

	2020 \$	2019 \$
Cash on hand	13,720	10,625
Cash at bank	4,184,994	1,887,383
Term deposits	5,002,709	-
	<u><u>9,201,423</u></u>	<u><u>1,898,008</u></u>

Note 7. Accrued income

	2020 \$	2019 \$
JobKeeper income	2,998,929	-
NDIA income	985,707	1,377,504
Other income	23,627	25,884
	<u><u>4,008,263</u></u>	<u><u>1,403,388</u></u>

Note 8. Non-current assets classified as held for sale

	2020 \$
Land and buildings - at book value	<u><u>1,856,941</u></u>
	2020
Represented by:	
616 Riversdale Road Camberwell (a)	1,401,941
7 Jacaranda Street East Ipswich (b)	<u>455,000</u>
	<u><u>1,856,941</u></u>

Note 8. Non-current assets classified as held for sale (continued)

Reconciliations

Reconciliation of the carrying amounts at the beginning and end of the current financial year are set out below:

	2020 \$
Opening Carrying Value	-
Additions	1,991,160
Impairment (c)	<u>(134,219)</u>
Closing Carrying Value	<u><u>1,856,941</u></u>

(a) The contract of sale was signed for 616 Riversdale Road on 29 July 2020 for \$4,020,000. Settlement will occur on 29 July 2021.

(b) The contract of sale was signed for 7 Jacaranda Street East Ipswich on 17 July 2020 for \$455,000. Settlement occurred on 15 October 2020.

(c) 7 Jacaranda Street East Ipswich was sold for less than it's carrying amount on 17 July 2020, thus an impairment expense of \$134,219 was brought to account at 30 June 2020 to recognise the property at fair value less costs to sell

Note 9. Financial assets

	2020 \$	2019 \$
Financial assets at FVPL	<u><u>5,938,506</u></u>	<u><u>6,489,635</u></u>

Financial assets consist of investments in equity instruments, and therefore have no fixed maturity date or coupon rate.

Able Australia Services
Notes to the financial statements
30 June 2020

Note 10. Property, plant & equipment

	2020 \$	2019 \$
Freehold land at Cost	2,753,222	3,527,222
Buildings - at cost	8,631,202	9,778,076
Less: Accumulated depreciation	<u>(1,869,351)</u>	<u>(2,272,912)</u>
	6,761,851	7,505,164
Leasehold improvements - at cost	1,395,113	427,883
Less: Accumulated depreciation	<u>(162,568)</u>	<u>(101,290)</u>
	1,232,545	326,593
Plant and equipment - at cost	2,686,109	2,830,378
Less: Accumulated depreciation	<u>(1,684,544)</u>	<u>(2,069,226)</u>
	1,001,565	761,152
Motor vehicles - at cost	1,479,084	679,255
Less: Accumulated depreciation	<u>(398,272)</u>	<u>(663,472)</u>
	1,080,812	15,783
Capital Work in Progress - at cost	478,466	89,517
Total Property, Plant & Equipment	<u><u>13,308,461</u></u>	<u><u>12,225,431</u></u>

Freehold land and buildings with a carrying amount of \$9,515,072 (30 June 2019: \$6,509,208) have been pledged to secure borrowings of the Company. The freehold land and buildings have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Note 10. Property, plant & equipment (continued)

(a) Movement in Carrying Amounts

Movement in the carrying amounts for each class of property, plant & equipment between the beginning and the end of the current financial year

	Freehold Land \$	Buildings \$	Freehold & Leasehold Improve- ment \$	Plant and Equipment \$	Motor Vehicles \$	Capital WIP \$	Total \$
Balance at 1 July 2019	3,527,222	7,505,164	326,593	761,152	15,783	89,517	12,225,431
Additions	146,000	580,976	969,639	569,822	1,285,372	388,949	3,940,758
Disposals	-	(6,396)	(1,176)	(10,069)	(60)	-	(17,701)
Transfers to non-current assets classified as held for sale	(920,000)	(1,027,949)	-	(43,211)	-	-	(1,991,160)
Depreciation expense	-	(289,944)	(62,511)	(276,129)	(220,283)	-	(848,867)
Balance at 30 June 2020	<u>2,753,222</u>	<u>6,761,851</u>	<u>1,232,545</u>	<u>1,001,565</u>	<u>1,080,812</u>	<u>478,466</u>	<u>13,308,461</u>

Note 11. Intangible assets

	2020 \$	2019 \$
Software - at cost	1,776,494	1,700,720
Less: Accumulated amortisation	<u>(768,195)</u>	<u>(593,186)</u>
Total Software	<u>1,008,299</u>	<u>1,107,534</u>

(a) Movements in carrying amounts

	2020	2019
Balance at 1 July	1,107,534	1,243,096
Amortisation	<u>(175,010)</u>	<u>(168,060)</u>
Additions	<u>75,775</u>	<u>32,498</u>
Balance 30 June	<u>1,008,299</u>	<u>1,107,534</u>

Able Australia Services
Notes to the financial statements
30 June 2020

Note 12. Trade and other payables

	2020 \$	2019 \$
Trade payables	2,025,021	1,503,424
Sundry creditors and accrued expenses	1,866,682	1,583,868
Contract liabilities	4,487,254	540,230
	<u>8,378,957</u>	<u>3,627,522</u>

The average credit period on purchases of goods is 30 days. No interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 13. Interest bearing loans and borrowings

	2020 \$	2019 \$
Corporate Credit Card	-	11,319
Bank Loan – Secured	4,398	3,061
Nissan Finance Loan	1,155,607	-
	<u>1,160,005</u>	<u>14,380</u>

(a) The carrying amounts of non-current assets pledged as security are:

Motor vehicles purchased with finance	1,071,889	-
Freehold land and buildings	<u>9,515,072</u>	<u>6,509,208</u>

Note 14. Provisions - current

	2020 \$	2019 \$
Employee benefits	<u>4,968,908</u>	<u>4,545,463</u>

Note 15. Provisions – non-current

	2020 \$	2019 \$
Employee benefits	<u>565,778</u>	<u>538,534</u>

Able Australia Services
Notes to the financial statements
30 June 2020

Note 16. Right-of-use assets and lease liabilities

Reconciliation of operating lease commitments to lease liabilities

	\$
Operating lease commitments disclosed as at 30 June 2019	2,246,285
(Less): short-term leases not recognised as a liability	(217,552)
(Less): low-value leases not recognised as a liability	(30,087)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(613,097)
Add: adjustment as a result of extension options reasonably certain to be exercised	2,580,428
Add: Make-good provision	170,000

Lease Liability recognised as at 1 July 2019	<u>4,135,977</u>
--	------------------

	30 June 2020 \$	1 July 2019 \$
Right of Use Assets		
Property	2,863,461	2,679,268
Vehicles	377,925	868,835
IT Equipment	426,955	587,874
	<u>3,668,341</u>	<u>4,135,977</u>

	2020 \$	2019 \$
Lease Liabilities		
Current	1,029,511	-
Non-Current	2,852,167	-
	<u>3,881,678</u>	<u>-</u>

Note 17. Commitments

(a) Lease commitments

	2020 \$	2019 \$
Not later than one year	66,896	1,269,205
Later than one year and not later than five years	10,296	977,080
	<u>77,192</u>	<u>2,246,285</u>

The prior year amounts are operating leases relating to accommodation property leased with Housing Tasmania, office leases in both ACT and Launceston and motor vehicle operating leases.

The current year amounts relate to short-term and low-value leases of motor vehicles.

(b) Capital expenditure commitments

	2020	2019
Not later than one year	-	474,680

Note 18. Cash flow information

	2020 \$	2019 \$
Reconciliation of cashflow from operations with surplus for the year		
Surplus for the year	3,328,585	1,441,681
Non-cash flows in profit from ordinary activities:		
Depreciation and amortisation	2,433,815	680,862
Net gain on disposal of property, plant and equipment	(83,498)	(412,476)
Loss/(gain) on fair value through profit on loss on investments	34,059	(233,707)
	<u>2,384,376</u>	<u>34,679</u>
Changes in assets and liabilities		
(Increase)/Decrease in assets:		
Trade receivables	2,188,381	(500,329)
Other assets:	(2,485,030)	(1,575,704)
Increase/(Decrease) in liabilities:		
Trade payables	4,751,435	151,861
Provisions	450,689	694,016
Net cash from operations	<u><u>10,618,436</u></u>	<u><u>246,204</u></u>

Financing facilities

The amount of undrawn borrowing facilities (overdraft) that may be available for future operating activities and to settle capital commitments: \$250,000. There are no restrictions on the use of these funds.

The Nissan Finance facility is a \$1.3m revolving motor vehicle financing facility. As at balance date there was \$144,393 of this facility unused.

Note 19. Remuneration of directors

Compensation

All Able Australia Services Directors served in an honorary capacity.

Note 20. Company details

The registered office and principal place of business of the Company is:

Able Australia Services
413 Canterbury Road
Surrey Hills Victoria 3127

Note 21. Contingent liabilities

Contingent liabilities exist as at 30 June 2020.

Government capital funding

Government funding has been utilised for the purchase of non-current assets. If certain events occur, for example Able ceasing to use these non-current assets for the provision of facilities for people with disabilities, the government may be entitled to repayments. The Department of Health and Human Services claims such entitlements in relation to four Able properties.

The Directors do not consider that a liability needs to be recognised in respect of these claims given Able's continued use of the assets for the purpose for which they were provided in provision of facilities for people with disabilities. Further, any estimate of payments that would occur should this situation arise cannot be measured at reporting date.

Casual employees

The Company, as with many disability support providers, has some employees who work on a 'casual' basis to provide care and services to its clients. The Company has considered the impact arising from the Federal Court ruling in the *Workpac v Rossato* case, which identified that some casual employees should receive annual, personal and compassionate leave in addition to any remuneration previously received, and has not recognised a provision for any additional employee benefits at 30 June 2020. This decision was based on an assessment of the arrangements the Company has with its casual employees, which did not meet the majority of the facts of the employment arrangements considered in the *Workpac v Rossato* case. The Company will continue to assess its obligations to its casual employees in respect of this ruling and monitor the ongoing development of the appeal process.

Note 22. Related party transactions

Able's related parties include its Key Management Personnel as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Key management of Able are the members of the National Management Team.
Key Management Personnel remuneration includes the following expenses:

	2020 \$	2019 \$
Total Key Management Personnel remuneration	<u>1,580,792</u>	<u>1,681,575</u>

Note 23. Events after the reporting period

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in the Australian economy. Subsequent to year end Melbourne entered stage 4 lockdown which has forced a new way of operating onto Able Australia Services. The pandemic adversely impacted operations with strict physical distancing measures imposed by governments meaning that Able had to close its Day services programs.

There is still significant uncertainty around the breadth and duration of business disruptions related to COVID-19. As such, the Company is unable to determine if it will have a material impact to its operations going forward.

Able Australia Services
Directors' declaration
30 June 2020

The directors declare that:

- In the director's opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable: and
- In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including compliance with Australian Accounting Standards - Reduced Disclosure Requirements and giving a true and fair view of the financial position and performance of the Company;

Signed in accordance with a resolution of the directors made pursuant to s.60.15 of the Australian Charities and Not-for-Profit Commission Regulation 2013.

On behalf of the Directors



David Clark
Director



Peter Reilly
Director

26 October 2020
Melbourne

Independent Auditor's Report

To the Members of Able Australia Services

Report on the audit of the financial report

Opinion

We have audited the financial report of Able Australia Services (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the financial report of Able Australia Services has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's Directors' report for the year ended 30 June 2020, 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 to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not for Profits Commissions Act 2012. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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 auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 26th October 2020

National Office

413 Canterbury Road
Surrey Hills VIC 3127
T: 1300 225 369

Able Australia Services

ABN 83 024 339 234
ACN 005 783 175

info@ableaustralia.org.au
www.ableaustralia.org.au

