

ABILITY WORKS AUSTRALIA LTD
ACN 075 933 612

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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DIRECTOR'S REPORT

Your directors present this report on the entity for the financial year ended 30 June 2017.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Qualifications, Experience and Special Responsibilities

Frederick Woods	Director since 1996	Self-employed; over twenty years management experience both within the disability field and mainstream manufacturing. Special responsibilities as employee advocate on the Board.
Clive Lavery	Director since 1997	Business Consultant; twenty years senior management experience in commerce and manufacturing.
Trevor White	Director since 2003	Bachelor Commerce (Accounting and Financial Management), Master Business Administration. Fifteen years experience in Managing Director and General Management positions in multi-site, industrial product businesses with operations throughout Australia, NZ and SE Asia.
David McIvor	Director since 2007 Resigned 31 st March 2017	Ph. D., B. Sc (Hons), FAICD. Founder, Director and Managing Consultant of Occupational Safety and Health Associates (Australia) Pty Ltd. He is also Managing Director of McIvor Gan International Pty Ltd, a consultancy company providing services in Malaysia, China (PRC), Singapore and Australia. A Graduate Fellow of the Australian Institute of Company Directors, a Chartered Professional Member of the Safety Institute of Australia and a member of the Human Factors & Ergonomics Society of Australia.
David McMillan	Director since 2010	Director of McMillan Property Adviser P/L, property advisers to buyers and sellers. Director of Aldig Contracting P/L, civil excavation and contracting. David is a former Registered Building Contractor and farmer.
Pauline O'Brien	Director since November 2015	Over 30 years marketing experience across the not for profit, arts and culture and tertiary sectors including roles at Amnesty International and Breakthrough Breast Cancer in London and Melbourne Theatre Company, the Wheeler Centre and Victoria University in Melbourne. Currently working in marketing at Monash University and holds a Bachelor of Arts degree and a Masters of Business (Marketing)

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DIRECTOR'S REPORT

Stella Wang	Director since June 2016 Resigned 7th May 2017	Currently, Senior Project Manager with First Choice Business Brokers Pty Ltd, specialising in mergers and acquisitions/brokering in several industries, including education, technology, hospitality and aged care. Held senior Finance position with Constellium Group, a Rio Tinto joint venture, in addition set up and acted as Representative Director and Chairman for a related legal entity. As Operations and Finance Manager, set up a Hi-Tech (software development focused) company in Shanghai China. Accountant respectively with Harvey Allatt and McMillan Quirk, Chartered Accountants. Prior to Bachelor of Commerce qualifications, corporate banking clerk for Industrial & Commercial Bank of China (ICBC).
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Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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DIRECTOR'S REPORT

Principal Activities

The principal activity of the entity during the financial year was the provision of employment and vocational training options to the long term disadvantaged, specifically people with disabilities.

There was no significant change in the nature of the company's principle activities during the financial year.

Short-term and Long-term Objectives

The entity's short-term objectives

The provision of employment and vocational training options to the long term disadvantaged, specifically people with disabilities.

The entity's long-term objectives

Expand the provision of employment and vocational training options to the long term disadvantaged, including people with disabilities.

Strategies

To achieve its stated objectives, the company has adopted the following strategies:

Develop a financially robust business that generates sustained benefits to all stakeholders.

Maintain a healthy and safe workplace as a key determinant in the way services are delivered and commercial activities undertaken.

Maintain appropriate quality accreditation; including Disability Services Standards whilst maintaining a continuous improvement focus.

Maintain a strong corporate governance framework.

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. These benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Develop a financially robust business that generates sustained benefits to all stakeholders.

The profit of the company for the financial year amounted to \$152,593 (2016: profit of \$385,830).

The tabling of an operating surplus before abnormals, investment and additional income of \$106,350 (2016: surplus of \$155,476) continues on the path of developing a financially robust business model.

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Key Performance Measures (Cont.)

The Board has approved an operating budget surplus of \$20,784 before investment income for 2017/18, with equal emphasis on sales growth; the provision of additional working days for supported employees and profitability.

Despite the on-going uncertainty associated with the long running and yet to be defined mandated wage tool for supported employees or for that matter its planned implementation date, the organization continues to work diligently to place itself in the best position to meet the anticipated financial challenge.

A sustained period of profitability and renewed emphasis on increasing independent sources of income, particularly via sales growth and business expansion, are salient to this placement.

The nation-wide roll-out of the National Disability Insurance Scheme (NDIS) from July 2016, has brought its own challenges but just as importantly opportunities. The implementation of such a significant undertaking, especially as they relate to supported employment and Australian Disability Enterprise such as Ability Works Australia, remains to be fully clarified.

The organization is well placed through its systems, management structure and commercial orientation to successfully navigate through what are very much uncharted waters.

The development of a comprehensive public facing marketing plan currently underway and its implementation over the short to medium term, will greatly assist in heightening both the awareness and reputation of the organization to people with disability and both the general and business communities.

Maintain a healthy and safe workplace as a key determinant in the way services are delivered and commercial activities undertaken.

OH&S practices are closely monitored by the Board to gauge level of continuous improvement, including a regular third-party audit of these practices.

Nil LTI* recorded in 2017 (2016; nil)

* Lost Time Injury (LTI) is defined as one complete day's absence from work.

Maintain appropriate quality accreditation: including National Standards for Disability Services whilst maintaining a continuous improvement focus.

The annual surveillance audit against ISO 9001:2008 and ISO NSDS 2013 (National Standards for Disability Services) certification was successfully undertaken during the first half of 2017. The audit report from SAI Global highlighted the focus and commitment that the organisation has to the well-being of its employee cohort across all facets of its operations as demonstrated through work practices that provide a safe, engaging and fulfilling work environment.

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DIRECTOR'S REPORT

Maintain a strong corporate governance framework.

The Board carries out its responsibilities through a policy governance framework which clearly identifies its role and responsibilities; its interactions with and the limitations placed upon the Chief Executive in managing the organisation and to achieve the Board's approved outcomes.

The Board has an established risk management program which it monitors monthly, reviews and ensures changes as required.

The board is continually looking for opportunities to develop sustainable employment opportunities for people with disabilities through both the development of existing business lines and looking to establish new sources of recurrent revenue. This coming year the board is hoping to build on these foundations.

Late in June, the Chief Executive Officer, Bert Ferro tendered his resignation after 23 years of service to Ability Works. Bert steered the organisation with a very steady hand over the years and has left AWA, ready to weather the waters ahead. The board would like to take this opportunity to thank Bert for his long service to AWA and wish him success with his future endeavors.

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DIRECTOR'S REPORT

Meetings of Directors

During the financial year, eleven (11) meetings of directors were held. Attendances by each director were as follows:

Name of Director	Number Attended	Number Eligible to Attend
Frederick Woods	11	11
Clive Lavery	10	11
Trevor White	8	11
David McIvor	6	8
David McMillan	11	11
Pauline O'Brien	8	11
Stella Wang	6	9

Contributions on Winding Up

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2017, the total amount that members of the company are liable to contribute if the company is wound up is \$160 (2016: \$140).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 9 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors.



.....
DAVID McMILLAN
Director

Dated this 21st day of August 2017



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Ability Works Australia Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian professional accounting bodies; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

P A RANSOM
Partner

Melbourne, Victoria
Dated: 21 August 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue from continuing activities			
Sales revenue		1,084,851	1,008,837
Other operating revenue:			
Increment in investments		46,243	37,812
Government subsidies received		1,591,941	1,579,082
Other revenue		17,064	1,969
		<u>2,740,097</u>	<u>2,627,700</u>
Expenses from continuing activities			
Raw materials and consumables used		(153,506)	(165,953)
Employee benefits expense		(1,887,063)	(1,649,427)
Depreciation and amortisation expense		(37,423)	(38,131)
Occupancy and outgoings		(61,597)	(14,733)
Other expenses	2	(447,915)	(373,626)
Profit/(loss) before income tax		<u>152,593</u>	<u>385,830</u>
Income tax expense		-	-
Profit/(loss) for the year	3	<u>152,593</u>	<u>385,830</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>152,593</u>	<u>385,830</u>
Total comprehensive income attributable to members of the entity		<u>152,593</u>	<u>385,830</u>

The accompanying notes form part of these Financial Statements

ABILITY WORKS AUSTRALIA LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017	2016
Current Assets		\$	\$
Cash and cash equivalents	4	2,257,291	2,034,727
Trade and other receivables	5	175,350	144,505
Inventories	6	57,415	71,921
Other assets	7	8,198	22,506
Total Current Assets		<u>2,498,255</u>	<u>2,273,659</u>
Non- Current Assets			
Plant and equipment	8	110,715	80,022
Intangible assets	9	36,415	36,415
Total Non- Current Assets		<u>147,130</u>	<u>116,437</u>
Total Assets		<u>2,645,385</u>	<u>2,390,096</u>
Current Liabilities			
Trade and other payables	10	310,613	228,002
Provisions	11	446,686	418,665
Total Current Liabilities		<u>757,299</u>	<u>646,667</u>
Non- Current Liabilities			
Provisions	11	11,509	19,444
Total Non- Current Liabilities		<u>11,509</u>	<u>19,444</u>
Total Liabilities		<u>768,807</u>	<u>666,111</u>
Net Assets		<u>1,876,578</u>	<u>1,723,985</u>
Members' Funds			
Retained members' funds		1,876,578	1,723,985
Total Members' Funds		<u>1,876,578</u>	<u>1,723,985</u>

The accompanying notes form part of these Financial Statements

ABILITY WORKS AUSTRALIA LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017	2016
		\$	\$
Total members' funds at the beginning of the year		1,723,985	1,338,155
Profit/(loss) for the year		152,593	385,830
Total other comprehensive income for the year		-	-
Total members' funds at the end of the year		<u>1,876,578</u>	<u>1,723,985</u>

The accompanying notes form part of these Financial Statements

ABILITY WORKS AUSTRALIA LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,071,019	997,930
Government funding		1,591,941	1,579,082
Interest received		46,243	37,812
Payments to suppliers and employees		<u>(2,418,573)</u>	<u>(2,198,635)</u>
Net cash provided by operating activities	12(b)	<u>290,630</u>	<u>416,189</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		50	-
Payment for plant and equipment		<u>(68,116)</u>	<u>(53,155)</u>
Net cash used in investing activities		<u>(68,066)</u>	<u>(53,155)</u>
Net increase/(decrease) in cash and cash equivalents held		222,564	363,035
Cash and cash equivalents at beginning of year		<u>2,034,727</u>	<u>1,671,693</u>
Cash and cash equivalents at end of year	12(a)	<u>2,257,291</u>	<u>2,034,727</u>

The accompanying notes form part of these Financial Statements

ABILITY WORKS AUSTRALIA LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 (“ACNC Act”). The company is a not-for-profit entity, limited by guarantee for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 21st August 2017 by the directors of the company.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

Revenue from the rendering of a service and the sale of goods is recognised upon the delivery of the service or goods to the customers.

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

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

(b) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(c) Inventories

Inventories are valued at lower of cost and net realisable value. Cost of purchased inventory is determined on a first-in first-out basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Plant and Equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

(e) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(f) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available 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 assets are:

Class of fixed asset	Depreciation Rate
Office Equipment	20%
Plant and Equipment	10%
Motor Vehicles	20%
Computer Equipment	40%
Leasehold Improvements	20%

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the company to various nominated superannuation funds and are charged as an expense when incurred.

**ABILITY WORKS AUSTRALIA LTD
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Membership and Guarantee

The company is limited by guarantee and does not have a share capital. Pursuant to the company's Articles of Association members are liable to a maximum of \$10 in the event of winding up.

(i) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, cash at bank and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(j) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

i. Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value (i.e. gains or losses) being recognised in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Financial Instruments (Cont)

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iv. Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 in the statement of cash flows on a gross basis, except for the GST component of investing or financing activities which are recoverable from, or payable to, the ATO, are presented as operating cash flows included in receipts from customers or payment to suppliers.

(l) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

(m) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Intangibles

Goodwill is carried at cost less any accumulated impairment losses.

Goodwill is tested for impairment annually and is allocated to the company's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment.

(o) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(p) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Key estimates and judgments are explained in Note 1(f), 1(g) and 1(j).

(r) Economic Dependence

Ability Works Australia Ltd is dependent on the Department of Social Services for the majority of its revenue used to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Ability Works Australia Ltd.

(s) New and Revised Accounting Standards and Interpretations

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(t) Fair Value Measurement

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

The company did not measure any of its assets and liabilities at fair value on either a recurring or non-recurring basis, during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
2. OTHER EXPENSES		
Cleaning & related consumables	46,712	44,743
Audit & accounting fees	22,050	20,240
Electricity & utilities	38,604	50,317
Kitchen food costs	10,377	9,473
Repairs & maintenance	20,195	18,340
Consultants fees	17,235	29,100
Information technology	65,617	62,517
Other expenses	227,126	138,896
	<u>447,915</u>	<u>373,626</u>
3. PROFIT/(LOSS) FOR THE YEAR		
Expenses		
Depreciation and amortisation:		
- plant and equipment	28,648	33,544
- Leasehold Improvements	8,775	4,587
	<u>37,423</u>	<u>38,131</u>
Remuneration of auditor:		
- audit or review	16,300	19,450
	<u>16,300</u>	<u>19,450</u>
Employee benefits expense:		
- superannuation	156,316	137,758
	<u>156,316</u>	<u>137,758</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
4. CASH AND CASH EQUIVALENTS		
Cash on hand	500	500
Cash at banks	452,614	271,487
Deposits (at call)	1,804,177	1,762,740
	<u>2,257,291</u>	<u>2,034,727</u>
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	156,090	144,505
Other receivables	19,260	-
	<u>175,350</u>	<u>144,505</u>
6. INVENTORIES		
Raw materials	42,437	56,595
Work in progress	309	309
Finished goods	14,669	15,017
	<u>57,415</u>	<u>71,921</u>
7. OTHER ASSETS		
Prepayments	<u>8,198</u>	<u>22,506</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
8. PLANT AND EQUIPMENT		
Plant and equipment	942,662	885,079
Less accumulated depreciation	<u>(849,302)</u>	<u>(821,380)</u>
	<u>93,360</u>	<u>63,699</u>
Leasehold improvements	343,493	338,813
Less accumulated depreciation	<u>(326,138)</u>	<u>(322,490)</u>
	<u>17,355</u>	<u>16,323</u>
	<u>110,715</u>	<u>80,022</u>

Movements in Carrying Amounts

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

	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$
2017			
Balance at the beginning of the year	63,699	16,323	80,022
Additions	58,309	9,807	68,116
Depreciation and amortisation expense	<u>(28,648)</u>	<u>(8,775)</u>	<u>(37,423)</u>
Carrying amount at the end of the year	<u>93,360</u>	<u>17,355</u>	<u>110,715</u>

ABILITY WORKS AUSTRALIA LTD
ACN 075 933 612

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
9. INTANGIBLE ASSETS		
Goodwill	<u>36,415</u>	<u>36,415</u>

	2017	2016
	\$	\$
10. TRADE AND OTHER PAYABLES		
Trade payables	61,549	40,408
Accrued expenses	161,587	93,031
GST payable	51,291	45,585
Other payables	<u>36,187</u>	<u>48,978</u>
	<u><u>310,613</u></u>	<u><u>228,002</u></u>

11. PROVISIONS

Current

Employee benefits - annual leave	138,188	123,989
Employee benefits - long service leave	<u>308,497</u>	<u>294,676</u>
	<u><u>446,686</u></u>	<u><u>418,665</u></u>

Non- Current

Employee benefits - long service leave	<u>11,509</u>	<u>19,444</u>
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Aggregate employee benefits	<u><u>458,194</u></u>	<u><u>438,109</u></u>
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ABILITY WORKS AUSTRALIA LTD
ACN 075 933 612

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
12. CASH FLOW INFORMATION		
(a) Reconciliation of cash:		
Cash and cash equivalents	<u>2,257,291</u>	<u>2,034,727</u>
(b) Reconciliation of cashflow from operations with profit after income tax:		
Profit/(loss) for the year from ordinary activities	152,593	385,830
Non cash flows from ordinary activities:		
Depreciation and amortisation	37,423	38,131
Changes in assets and liabilities:		
(Increase)/ decrease in trade and other receivables	(30,845)	(1,876)
(Increase)/ decrease in inventories	14,506	(2,260)
(Increase)/ decrease in other assets	14,308	966
(Decrease)/increase in trade and other payables	82,561	5,836
(Decrease)/increase in provisions	20,085	563
(Decrease)/ increase in other liabilities	-	(11,000)
Net cash (outflow) / inflow from operating activities	<u>290,630</u>	<u>416,189</u>

13. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements.

Payable – minimum lease payments:

- not later than 12 months	71,196	70,113
- later than 12 months but not later than five years	46,418	118,217
	<u>117,615</u>	<u>188,330</u>

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. Increase in lease commitments may occur in line with the consumer price index (CPI).

ABILITY WORKS AUSTRALIA LTD
ACN 075 933 612

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent liabilities or contingent assets which require disclosure in the financial report.

15. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period that would require comment on or adjustment to the information contained in this report.

16. KEY MANAGEMENT PERSONNEL COMPENSATION

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2017	2016
	\$	\$
Short-term employee benefits	464,849	469,763
Post-employment benefits	<u>52,872</u>	<u>52,718</u>
	<u>517,721</u>	<u>522,481</u>

The directors receive no remuneration from the company.

ABILITY WORKS AUSTRALIA LTD
ACN 075 933 612

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. OTHER RELATED PARTY TRANSACTIONS

During the year there were no other related party transactions. (2016 : None)

18. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2017	2016
		\$	\$
Financial assets			
Cash and cash equivalents	4	2,257,291	2,034,727
Trade and other receivables	5	175,350	144,505
Total financial assets		<u>2,432,641</u>	<u>2,179,232</u>
Financial liabilities			
Trade and other payables	10	310,613	228,002
Total financial liabilities		<u>310,613</u>	<u>228,002</u>

19. COMPANY DETAILS

The registered office and principal place of business is:

Ability Works Australia Ltd

1 Yarra Blvd

KEW VIC 3101

ABILITY WORKS AUSTRALIA LTD
ACN 075 933 612

DIRECTORS' DECLARATION

Directors' Declaration

In accordance with a resolution of the directors of Ability Works Australia Ltd, the directors of the entity declare that:

1. The financial statements and notes, as set out on pages 10 to 26, are in accordance with *the Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.



.....
DAVID McMILLAN
Director

Dated this 21st day of August 2017



RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT To the Members of Ability Works Australia Ltd

Opinion

We have audited the financial report of Ability Works Australia Ltd, which comprises the statement of financial position as at 30 June 2017, 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 a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Ability Works Australia Ltd 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 registered entity's financial position as at 30 June 2017 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards— Reduced Disclosure Requirements 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 Ability Works Australia Ltd 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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Ability Works Australia Ltd's annual report for the year ended 30 June 2017, but does not include the financial report and the 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.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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Responsibilities of Management and Those Charged with Governance for the Financial Report

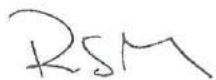
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal 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 Ability Works Australia Ltd'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 Ability Works Australia Ltd or to cease operations, or has no realistic alternative but to do so.

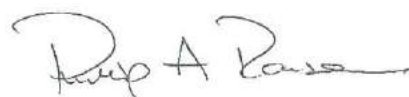
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

A handwritten signature in black ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'P A Ransom'.

P A RANSOM
Partner

Melbourne, Victoria
Dated: 21 August 2017