

Ability Works Australia Ltd

ACN 075 933 612

Annual Report - 30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Qualifications, Experience and Special Responsibilities

James Edmonds (Director since November 2017) and Chairperson since Dec 2022	As former Managing Director of Rogers Seller & Myhill Pty. Ltd, James brings commercial strengths of strategy & innovation, marketing, and logistics expertise to the Board. James joined the Board in Nov 2017 and is using his expertise to assist the organisation build a unique strategic proposition. James is on the Strategy subcommittee.
Russell Jones (Director since November 2017)	Russell retired as General Manager, People & Safety at MEGT Ltd, a not-for-profit organisation that supports apprentices, jobseekers and students, by providing employment, training and education solutions. Russell's former roles include Human Resources Management at Wesley Mission, City of Boroondara, City of Casey and Box Hill Hospital over 20 years. Russell's greatest strengths are in human resource management and risk management and is currently on the Ability Works Audit & Risk Management and Strategy subcommittee.
Julia Shtepa (Director since August 2019)	With a strong commercial and legal background and currently a leading executive with CBUS Superannuation, Julia brings a strong background to Ability Works. With specialist knowledge in digital, licensing rights, sponsorships and corporate sustainability, Julia's expertise will be invaluable for the Ability Works' engagement with internal and external stakeholders. Julia is Chairperson of the Audit and Risk subcommittee.
David Preiss (Director since June 2022)	David brings extensive and varied experience in the not-for-profit and government sectors. He started his career as a high school teacher and then social worker. His former roles include 16 years as CEO of Local Government Professionals (LGPro), Executive Manager Animal Welfare Centre, RSPCA Victoria and Manager, Community Programs, Sexual Health Victoria. His approach to work has always been to listen to the aspirations and needs of those he works with and to assist them achieve their own outcomes. David is Chair of the CEO Remuneration subcommittee.
Melissa Bugge (Director since June 2022)	Melissa has spent 15+ years working across a range of NFP sectors including health, aged care, and community development, and currently co-leads a consultancy firm (Mission Imperative) that supports purpose driven businesses to execute strategy more effectively. Melissa brings extensive experience in the areas of strategy, finance, and fundraising, to Ability Works with a strong understanding of strategic planning, revenue diversification and growth, and performance management. Melissa is Chair of the Strategy subcommittee.
Rora Furman (Director since June 2022)	Rora is a Partner at bipartisan public affairs agency The Civic Partnership, leading its advocacy, communications, and campaign practice. Having spent more than 20 years working in, with and for local, state and federal government departments and agencies, she has a strong understanding of political and policy processes and brings stakeholder engagement, issues management and media relations expertise to Ability Works. Rora is on the Strategy subcommittee.
Trevor White (Director since Feb 2003)	Trevor was a chartered accountant for over 25 years. With a Bachelor of Commerce (Accounting and Financial Management), and a Master Business Administration; Trevor has 15 years' experience in Divisional Managing Director and General Management positions in multi-site, industrial product businesses, with up to 1100 employees; \$300 million annual sales and industrial operations throughout Australia, New Zealand, China, and SE Asia. Trevor is also on the Audit & Risk sub committee

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

Principal Activities

A social enterprise providing employment to people living with disabilities and people experiencing disadvantage.

A principle change in the company's activities during the financial year, was the addition of a Customised Employment service in the third quarter of FY 2023. Ability Works has adopted an evidence-based model from the United States to assist people with disability find mainstream employment.

Short-term and Long-term Objectives

The entity's short-term objectives

- The organisations social mission is to provide "Purpose, pride and belonging through inclusive employment".

The entity's long-term objectives

- Provide long term meaningful employment to members of our community with a disability and those experiencing social disadvantage

Strategy for achieving the objectives

The services we provide are:

- Records Management: scanning, testing, digitising, coding, destruction and mailroom services
- Wire & metal fabrication: manufacture of wire products, bending, drilling, cutting, robotic welding
- Packing & Rework: Pick, pack, assemble, label, heat seal, collate, sort, quality check
- Inclusive Design: input into design of construction, infrastructure, buildings any product or service by people with a disability who have vision, hearing, cognitive, and physical disabilities to make a product/service more accessible to everyone in the community
- Customised Employment (new service): using an evidence-based model from the United States, to assist people with a disability who want to work in mainstream employment into mainstream employment.

We will achieve our financial goals by:

- Seeking to balance the needs of our employees & customers and avoid peaks and troughs in commercial work we win
- Combine high value services (which require a higher cognitive load) with low value services (which require a lower cognitive load) to meet the needs of our employees
- Use our influential board members to secure additional capital from government and philanthropy to expand our premises
- Keeping overheads/operating expenditure to below that of commercial equivalent organisations:
 - Zero cost to purchase a new facility
 - Lean and continuous improvement principles across all operations (lowest cost to operate)
 - Robotics, artificial intelligence and machine learning to assist employees into work and enable a person centred approach and lowest cost to operate

We will succeed by

- Aligning our efforts to customers who see value in our unique approach of empowering those who live with a disability in our community to provide services
- Developing deep enduring relationships with fewer customers (those that can provide long term ongoing work, that better cater for the needs of our employees)
- Presenting prices for our goods and services which reflect market rates and the positive social impact we generate

The organisation will also continue to maintain appropriate quality accreditation, including NDIS Services Standards whilst maintaining a continuous improvement focus.

Value Proposition

Value Proposition for Employees (living with disability & those from socially disadvantaged backgrounds)

- Special commitment to providing opportunities for those who present with high or complex support needs (including those excluded from other disability enterprises (key point of difference))
- Proven record of providing employment, training, social connections, and purpose for our employees
- Varied and interesting work opportunities, tailored to meet individual needs and underpinned by specialist supervisory, training and support staff, helping to build real skills and assist with transition to open employment where appropriate

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- A one-on-one approach, to assist employees interested in mainstream employment, by discovering their unique talents, interests and skills and working with mainstream employers that are aligned to ensure meaningful and financially rewarding jobs and careers.

Value Proposition – for Customers

- Partnering with Ability Works buys social credit (key point of difference). A corporate partnership with Ability Works provides a unique opportunity to amplify impact and meet ESG objectives. Partners can leverage our expertise in tracking and reporting impact metrics that showcase tangible outcomes.

Our approach to monitoring and evaluation of our service is anchored in our Theory of Change. Data is collected through annual surveys to employees, families, and carers. To lift participation, our Employee Representative Committee actively assists with data collection. Each survey question corresponds to our Theory of Change outcomes. An overall annual score informs our impact. We received a 52% response rate from employees and 15% from families/carers.

Questions around Ability Works providing Purpose, Pride, Self-esteem, self-confidence etc were asked. Employees and Carers were asked to rate them on a Likert scale of Strongly Agree to Strongly Disagree. A score of 5 was assigned to Strongly Agree, 4 to Agree, 3 for a Neutral response, 2 for Disagree and 1 to Strongly Disagree.

We asked our employees and families to rate us and the results were:

Skill Improvement at 4.6 /5 was the highest rating received from employees, followed by Self-confidence 4.5 and self-esteem 4.5. This is in slight contrast to 2022 results where Pride received a 4.4, Skill Improvement 4.3 and Belonging 4.3 as the top 3 ratings.

An overall rating of 4.0 was achieved from Employees and Carers. This is the same score as achieved in FY 2022.

- Proven record of invention and ingenuity, tailoring commercial solutions for clients
- Deliver timely, quality outcomes at commercially competitive prices

Key Performance measures

The company measures its own performance using 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. In March 2023 we aligned the feedback we receive from employees, families and carers with our Theory of Change Model. Overall, the results showed we are achieving our social mission, with employees rating us the strongest for providing them with Purpose, Pride, Belonging, Skill Improvement, Self-esteem and Self-confidence (4.2 to 4.6 out of 5).

Long term sustainability

Ability Works will continue to focus on growth from its long-term business units of Wire and Metal Fabrication, Packing & Rework, consolidate growth in Records Scanning & Management over the next 12-24 months with a view to closing the business unit after that. Research indicates that government and business have digitised most of their documents during Covid. Focus on growth in the new Inclusive Design Service and Customised Employment services.

Our goal is to continue to increase the number of (supported) employees with a disability from the current 130 to 165 by 30 June 2026. The number of socially disadvantaged employees from 4% to 20% of the total workforce by FY 2027. The number of employees placed in mainstream employment from the current 2 to 56 by 30 June 2026.

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

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

The annual surveillance audit by SAI Global against ISO 9001:2015 Standards and NDIS certification was successfully undertaken in April 2023. The NDIS audit confirmed that the organisation established, maintained and implemented the requirements of NDIS practice standards. There were no nonconformances identified during the audit. The recommendation from the ISO 9001: 2015 Continuous Improvement audit was that certification continues.

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The organisation is cognisant of changing community attitudes to the employment of people with disability. We have also noted the recommendations made by the Royal Commission, that segregated workplaces should be phased out in 10 years, although the Commissioners were divided in their views. Ability Works have considered these views as part of our updated strategic plan for FY 23-24 to FY 25-26.

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 at Board meetings every second month, reviews and implements changes as required.

Board sub committees exist in the following areas to ensure strong governance.

- Audit and Risk
- Strategy and
- CEO Remuneration

In addition, from time to time the Board may ask Directors to form working groups to undertake specific projects. In this financial year that has included Board Diversity.

Meetings of directors

During the financial year 30 June 2023, 7 meetings of directors were held. Attendance by each director was as follows:

	Number Attended	Number eligible to attend
Trevor White	6	7
James Edmonds	7	7
Russell Jones	7	7
Julia Shtepa	5	7
David Preiss	6	7
Rora Furman	7	7
Melissa Bugge	6	7

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 2023, the total amount that members of the company are liable to contribute if the company is wound up is \$70 (2023: \$70).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



JAMES EDMONDS
Chairperson

30 January 2024

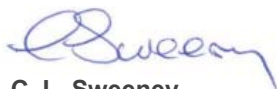
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF ABILITY WORKS AUSTRALIA LTD

I declare that, to the best of my knowledge and belief during the year ended 30 June 2023 there have been:

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



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



C. L. Sweeney
Director
Melbourne, 30 January 2024

Ability Works Australia Ltd

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General information

The financial statements cover Ability Works Australia Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Ability Works Australia Ltd's functional and presentation currency.

Ability Works Australia Ltd is a not-for-profit unlisted public company limited by guarantee.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 January 2024. The directors have the power to amend and reissue the financial statements.

Ability Works Australia Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Sales revenue		1,947,774	1,662,255
Interest income		22,117	2,143
Government subsidies received		2,969,090	2,399,346
Other revenue		59,022	72,172
Philanthropic grants		202,322	191,996
		<u>5,200,325</u>	<u>4,327,912</u>
Expenses			
Other expenses	3	(834,393)	(551,292)
Raw materials and consumables used		(373,970)	(143,613)
Employee benefits expense		(3,691,009)	(3,234,153)
Depreciation and amortisation expense		(183,012)	(211,462)
Finance costs		(2,714)	(6,269)
		<u>(4,065,098)</u>	<u>(3,146,789)</u>
Surplus before income tax expense		115,227	181,123
Income tax expense		<u>-</u>	<u>-</u>
Surplus after income tax expense for the year attributable to the members of Ability Works Australia Ltd		115,227	181,123
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year attributable to the members of Ability Works Australia Ltd		<u><u>115,227</u></u>	<u><u>181,123</u></u>

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

Ability Works Australia Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	4	2,976,214	2,846,649
Trade and other receivables	5	436,126	389,717
Inventories	6	67,332	68,182
Other assets		52,537	41,623
Total current assets		<u>3,532,209</u>	<u>3,346,171</u>
Non-current assets			
Plant and equipment	8	527,970	553,279
Right-of-use assets	7	27,719	72,232
Total non-current assets		<u>555,689</u>	<u>625,511</u>
Total assets		<u>4,087,898</u>	<u>3,971,682</u>
Liabilities			
Current liabilities			
Trade and other payables	9	367,857	329,814
Lease liabilities	10	40,085	67,181
Provisions	11	476,327	505,812
Other liabilities	12	146,259	110,708
Total current liabilities		<u>1,030,528</u>	<u>1,013,515</u>
Non-current liabilities			
Lease liabilities	10	-	35,324
Provisions	11	40,536	21,236
Total non-current liabilities		<u>40,536</u>	<u>56,560</u>
Total liabilities		<u>1,071,064</u>	<u>1,070,075</u>
Net assets		<u>3,016,834</u>	<u>2,901,607</u>
Equity			
Retained surpluses		<u>3,016,834</u>	<u>2,901,607</u>
Total equity		<u>3,016,834</u>	<u>2,901,607</u>

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

Ability Works Australia Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Retained earnings \$	Total equity \$
Balance at 1 July 2021	2,720,484	2,720,484
Surplus after income tax expense for the year	181,123	181,123
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>181,123</u>	<u>181,123</u>
Balance at 30 June 2022	<u><u>2,901,607</u></u>	<u><u>2,901,607</u></u>
	Retained earnings \$	Total equity \$
Balance at 1 July 2022	2,901,607	2,901,607
Surplus after income tax expense for the year	115,227	115,227
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>115,227</u>	<u>115,227</u>
Balance at 30 June 2023	<u><u>3,016,834</u></u>	<u><u>3,016,834</u></u>

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

Ability Works Australia Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,155,164	1,843,223
Proceeds from grant income		3,206,963	2,559,701
Interest received		22,117	2,143
Payments to suppliers and employees (inclusive of GST)		<u>(5,076,355)</u>	<u>(4,081,669)</u>
Net cash from operating activities		<u>307,889</u>	<u>323,398</u>
Cash flows from investing activities			
Payments for property, plant and equipment	8	<u>(109,283)</u>	<u>(246,716)</u>
Net cash used in investing activities		<u>(109,283)</u>	<u>(246,716)</u>
Cash flows from financing activities			
Repayment of lease liabilities		<u>(69,041)</u>	<u>(69,044)</u>
Net cash used in financing activities		<u>(69,041)</u>	<u>(69,044)</u>
Net increase in cash and cash equivalents		129,565	7,638
Cash and cash equivalents at the beginning of the financial year		<u>2,846,649</u>	<u>2,839,011</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>2,976,214</u></u>	<u><u>2,846,649</u></u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Act 1998 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

The company recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 1. Significant accounting policies (continued)

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Office Equipment	40%
Plant and Equipment	10%
Motor Vehicles	20%
Computer Equipment	40%
Leasehold Improvements	10%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable 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 reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Other expenses

	2023	2022
	\$	\$
Cleaning & related consumables	65,978	59,605
Audit & accounting fees	17,156	18,129
Electricity & utilities	39,564	41,314
Kitchen food costs	12,266	12,238
Repairs & maintenance	27,689	19,144
Consultant fees	255,126	86,937
Information technology	152,555	128,508
Other administration expenses	264,059	185,417
	<u>834,393</u>	<u>551,292</u>

Note 4. Cash and cash equivalents

	2023	2022
	\$	\$
<i>Current assets</i>		
Cash on hand	306	6
Cash at bank	1,469,473	1,435,588
Deposits (at call)	1,506,435	1,411,055
	<u>2,976,214</u>	<u>2,846,649</u>

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Notes to the financial statements
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Note 5. Trade and other receivables

	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	435,953	379,733
Other receivables	173	9,984
	<u>436,126</u>	<u>389,717</u>

Note 6. Inventories

	2023	2022
	\$	\$
<i>Current assets</i>		
Raw materials	63,818	64,668
Finished goods	1,704	1,704
Work In Progress	1,810	1,810
	<u>67,332</u>	<u>68,182</u>

Note 7. Right-of-use assets

	2023	2022
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	202,523	202,523
Less: Accumulated depreciation	<u>(178,242)</u>	<u>(135,005)</u>
	24,281	67,518
Office equipment - right-of-use	22,797	18,889
Less: Accumulated depreciation	<u>(19,359)</u>	<u>(14,175)</u>
	3,438	4,714
	<u>27,719</u>	<u>72,232</u>

Ability Works Australia Ltd
Notes to the financial statements
30 June 2023

Note 8. Plant and equipment

	2023	2022
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	611,089	571,912
Less: Accumulated depreciation	<u>(420,460)</u>	<u>(395,966)</u>
	190,629	175,946
Plant and equipment - at cost	797,392	757,654
Less: Accumulated depreciation	<u>(591,300)</u>	<u>(564,172)</u>
	206,092	193,482
Computer equipment - at cost	581,006	559,058
Less: Accumulated depreciation	<u>(461,243)</u>	<u>(396,296)</u>
	119,763	162,762
Office equipment - at cost	198,753	195,463
Less: Accumulated depreciation	<u>(187,267)</u>	<u>(174,374)</u>
	11,486	21,089
	<u>527,970</u>	<u>553,279</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Leasehold Improvements	Plant and Equipment	Computer Equipment	Office Equipment	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	175,946	193,482	162,762	21,089	553,279
Additions	39,177	39,738	21,948	3,290	104,153
Depreciation expense	<u>(24,494)</u>	<u>(27,128)</u>	<u>(64,947)</u>	<u>(12,893)</u>	<u>(129,462)</u>
Balance at 30 June 2023	<u>190,629</u>	<u>206,092</u>	<u>119,763</u>	<u>11,486</u>	<u>527,970</u>

Note 9. Trade and other payables

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	158,404	134,994
Accrued expenses	138,860	131,048
GST payable	2,146	14,070
Other payables	<u>68,447</u>	<u>49,702</u>
	<u>367,857</u>	<u>329,814</u>

Ability Works Australia Ltd
Notes to the financial statements
30 June 2023

Note 10. Lease liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	40,085	67,181
<i>Non-current liabilities</i>		
Lease liability	-	35,324
	<u>40,085</u>	<u>102,505</u>

Note 11. Provisions

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Employee benefits - annual leave	232,666	209,560
Employee benefits - long service leave	243,078	286,240
Employee benefits - RDO	583	10,012
	<u>476,327</u>	<u>505,812</u>
<i>Non-current liabilities</i>		
Employee benefits - long service leave	40,536	21,236
	<u>516,863</u>	<u>527,048</u>

Note 12. Other liabilities

	2023	2022
	\$	\$
<i>Current liabilities</i>		
Revenue received in advance	146,259	110,708
	<u>146,259</u>	<u>110,708</u>

Note 13. Key management personnel disclosures

Compensation

Directors of Ability Works Australia Ltd are not compensated. Compensation is provided to senior management employees that meet the definition of key management personnel per AASB 124 - Related Party Disclosures.

The aggregate compensation made to key management personnel of the company is set out below:

	2023	2022
	\$	\$
Aggregate compensation	<u>663,586</u>	<u>450,085</u>

Ability Works Australia Ltd
Notes to the financial statements
30 June 2023

Note 14. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company:

	2023 \$	2022 \$
<i>Audit services -</i> Audit of the financial statements	<u>16,500</u>	<u>14,500</u>

Note 15. Contingent liabilities and contingent assets

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

Note 16. Commitments

With the exception of matters disclosed in Note 10, Ability Works does not have any contracted capital commitments at 30 June 2023.

Note 17. Related party transactions

Parent entity

Ability Works Australia Ltd is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 13.

Transactions with related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

There are no transactions with related parties to disclose.

Ability Works Australia Ltd
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



JAMES EDMONDS
Chairperson

30 January 2024

Ability Works Australia Ltd Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial report of Ability Works Australia Ltd (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of 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 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 Ability Works Australia Ltd's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, 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 Ability Works Australia Ltd in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 Statements

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 these financial statements is located at the Auditing and Assurance Standards Board website at:

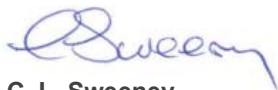
<http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>

This description forms part of our independent auditor's report.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



C. L. Sweeney

Director

Melbourne, 30 January 2024