ABILITY CENTRE AUSTRALASIA LIMITED

(FORMERLY THE CEREBRAL PALSY ASSOCIATION OF WESTERN AUSTRALIA LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2017

COMPANY DIRECTORY

MEMBERS OF THE BOARD

POSITION	***OFFICER***	
Chairperson	Justin Scanlan	(appointed 22 August 2016)
	Robert McDonald	(to 22 August 2016)
Deputy Chairperson	Daniel Butler	(appointed 22 August 2016)
	Justin Scanlan	(to 22 August 2016)
Company Secretary	Susan Cowcher	
Treasurer	Mino Intini	
Directors	Priya Cooper	
	Kellie Hasluck	
	Maria Mansour	
	Janelle Marr	
	Robert McDonald	(from 22 August 2016)
	Gary McGrath	
	Glenn Mitchell	
	Ken Nylander	
	Daniel Butler	(to 22 August 2016)

OPERATIONS OF THE BOARD

DESCRIPTION	***DETAILS***
Registered Office	Sir David Brand Centre 106 Bradford Street Coolbinia WA 6050
Postal Address	PO Box 61 Mount Lawley WA 6929
Australian Company Number (ACN)	057 702 959
Australian Business Number (ABN)	79 057 702 959
Telephone	(08) 9443 0211
Facsimile	(08) 9444 7299
Website	www.abilitycentre.com.au
E-mail	info@abilitycentre.com.au
Auditors	Ernst and Young Ernst and Young Building 11 Mounts Bay Road WA 6000
Solicitors	Lavan Legal GPO Box F338 Perth WA 6841

The Board of Directors of Ability Centre Australasia Limited (formally known as The Cerebral Palsy Association of Western Australia Limited), and herein thereafter known as Ability Centre Australasia Limited has pleasure in submitting their report together with the Consolidated Financial Statements for the year ended 30 June 2017 and the auditor's report.

DIRECTORS

The names and details of the Directors who held office during the financial year are listed below. Unless indicated otherwise all Directors held this position as a Director throughout the entire financial year and up to the date of this report.

Mr Justin Scanlan MSc, BBS, MMII, Member Institute of Chartered Accountants Australia
Chairman from 22 August 2016
Justin Scanlan is a Partner in PwC Consulting. He has 20 years' of management consulting experience across a range of market sectors, including Government, Health, Financial Services and Mining experience. Justin delivers strategy, technology and operational improvement consulting in Western Australia. He has previously worked with clients such as BHP Billiton, Patersons Securities, WA Health, WA Education Department, Department of Treasury WA, WA Police, Housing Authority and others. Originally from Ireland, Justin and his family came to Australia in 2007. Justin became involved with Ability Centre through a close personal friend whose son has cerebral palsy. He initially helped with some fundraising activities and was inspired by all the terrific work Ability Centre does.

Mr Daniel Butler Bcom Barts LLB
Deputy Chairman
Daniel Butler is a senior associate in Lavan Legal's Reconstruction, Recovery and Insolvency Team. He is experienced in insolvency and bankruptcy, personal property securities law, criminal property confiscation, intellectual property and general commercial advice and litigation. Daniel has worked on a wide variety of banking litigation and external administration matters with the firm's banking and accounting clients. Daniel has completed the Insolvency Practitioners Association Advanced Insolvency Law and Practice course and has been admitted as a full member of the IPAA.

Mr Mino Intini B Bus (Accounting)
Treasurer
Mino Intini is the Acting General Manager at the Department of Finance – Building Management and Works. He has held a number of senior positions across the State Public Sector, including Chief Financial Officer for the Department of Child Protection and General Manager Information Technology at the Treasury Department. He has also worked internationally providing advice to the Western Samoan and Australian Governments on matters of foreign aid. Mino's expertise is primarily in the areas of financial management, building infrastructure, strategic planning and information management.

Ms Priya Cooper BsC OAM
Priya Cooper is a 9-time Paralympic Gold medallist, business woman and mother of two. Since retiring from international competition Priya has taken on a role on a number of Boards and runs a successful business in training and development with her husband Rod. Ability Centre is an organisation close to her heart because her son has cerebral palsy and accesses services at the Centre. Priya aims to use her passion for improving the lives of people with disability across WA to enhance her contribution to Ability Centre's Board.

Ms Kellie Hasluck BEcon
Kellie has provided Western Australian businesses with communications advice for nearly 25 years', 18 as a founder and Director of Clarity Communications, one of Perth's leading corporate communications consultancies. Kellie is an experienced public relations practitioner undertaking strategic planning, community consultation, media relations, and internal communications for large national and international organisations. Among the clients she has worked with are Telstra, Rio Tinto, European Space Agency and AMP. She also provides senior executives with personal brand and profile building support through a coaching framework.

Ms Maria Mansour Bcom LLB (Hons)
Maria Mansour has been a service user of Ability Centre from an early age and always knew she wanted to use her intellect and "voice" to make a difference in society. In 2007, Maria graduated with a Bachelor of Laws with honours from, and as Valedictorian of, the University of Notre Dame. Maria spent five years working in a private practice law firm focusing on commercial, legal work. She is currently undertaking the role of Senior Project Support Officer for the disability justice centre project, at the Department of Communities Disability Services.

Ms Janelle Marr GAICD, MBA, BA
Janelle Marr is an experienced Director and Corporate Advisor who has been advising disability organisations for over 15 years through Board positions and as a management consultant. She is Founder and Managing Director of StepBeyond, an award-winning strategy consultancy she established in 2007 to provide corporate and strategic advisory services to private, public and non-profit organisations across a range of sectors. She is a growth strategist, attracted to working with ambitious Boards and organisations and is passionate about realising the incredible opportunities afforded through cross-sector collaboration and partnerships from health and community services, to education, culture and arts and the creative industries. Her other directorships include Board Chair Screenwest; Councillor Edith Cowan University; and she is on the Expert Advisory Panel of the Valuing Children Initiative.

Mr Robert McDonald B Bus CPA MAICD
Chairman until 22 August 2016
Rob McDonald has an adult daughter with cerebral palsy, who has been a client of Ability Centre since 1994. Rob spent 32 years working in a variety of roles across the State public sector. His positions included Executive Director, WA Police; Chief Executive Officer, State Supply Commission; Director, State Treasury; and Director of Finance, WA Police. Rob started his consulting business in 2009, providing consultancy services in the fields of management, organisational design, business case review, and finance. Rob is the Board Chair of the South Metropolitan Health Service, and a non-executive Director of the Rottnest Island Authority.

Mr Gary McGrath SC, MBA, ACMA, GAID
Gary has over 25 years' experience in the Global Financial Services industry. Gary currently holds the position of General Manager, Corporate Financial Services at Commonwealth Bank. The CBA Corporate team focus on securing and enhancing the financial well-being of corporate business customers. Previously, Gary spent 15 years' with American Express across Asia in a variety of senior leadership roles including Vice President and Head of Strategy based in Singapore, CFO Asean, CFO India and CFO Indonesia. Gary is a Chartered Management Accountant and holds an MBA from Curtin University and is also a Non-Executive Director of Westcycle, WA's state body for cycling.

Mr Glenn Mitchell
Glenn Mitchell spent over 21 years as a sports broadcaster with the ABC, covering four Olympic, two Paralympic and four Commonwealth Games. As a senior broadcaster, he was a long time commentator of Test cricket, covering 12 overseas tours. He called over 900 WAFL and AFL football matches. In May 2011, Glenn resigned from the ABC following a mental breakdown. Nowadays, he travels the country presenting suicide prevention talks for the One Life Suicide Prevention Agency. He is also an ambassador for One Life and the Lung Institute of WA. Glenn also freelances in the media, both writing and commentating.

Mr Ken Nylander BSc
Ken Nylander has an adult son, who has been a client of Ability Centre since 1991. Ken retired in 2012 having spent over 40 years working in Federal and State government agencies. He spent the last 25 years working for Western Power and Synergy in a variety of senior management roles including customer advocacy, energy sales, operational management and information technology management. Ken has been involved in the disability field for many years, having served on two occasions for a total of 12 years on the board of Activ Foundation. He was also a founding member of the Pilbara Community Living Association in Port Hedland in 1997. He has also served on committees with Ability Centre, and participated as a parent representative on the DSC review of Ability Centre in 2007/8.

DIRECTORS MEETINGS

During the year the Company held 10 meetings of Directors. The attendance of Directors at meetings of the Board were:

Name	Possible	Actual	Name	Possible	Actual
J Scanlan	10	9	J Marr	10	7
D Butler	10	8	R McDonald	10	9
M Intini	10	8	G McGrath	10	9
P Cooper	10	8	G Mitchell	10	8
K Hasluck	10	8	K Nylander	10	8
M Mansour	10	3			

COMPANY SECRETARY

Susan Cowcher has been the Company Secretary of Ability Centre Australasia Limited for two years, she is also the Chief Executive Officer of Ability Centre Australasia Limited.

PRINCIPAL ACTIVITIES

The principal activities during the financial year were the provision of accommodation, therapy and health services, respite services, in home support, employment, assistive technology and equipment and support in the community to children and adults with a disability.

RESULTS

The consolidated operating loss for the financial year was $0.23M (2016: $0.59M loss) after charging depreciation and after including non-recurrent capital subsidies of $0.53M (2016: $6.57M).

REVIEW OF OPERATIONS

Ability Centre Australasia Limited increased revenue during the year as a result of fundraising and government grants. All increased revenue was expended on increasing and improving services.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Ability Centre Australasia Limited during the financial year not otherwise disclosed in this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Since the end of the financial year the Directors are not aware of any matter or circumstance not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of Ability Centre Australasia Limited, the results of those operations or the state of affairs of Ability Centre Australasia Limited in subsequent financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Ability Centre Australasia Limited expects to see a continuation of the provision of services at the current level and costs of providing services to remain within the level of funding made available by governments or initiated by the Ability Centre Australasia Limited.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2017 has been received and can be found after the Statement of Corporate Governance Practices section on page 9.

NON-AUDIT REMUNERATON OF AUDITORS

No fees were paid to the auditors for non-audit services during the year, or in relation to the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit, other than benefits disclosed in the consolidated financial statements, by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he/she is a member, or with a Company in which he/she has a substantial interest.

ENVIRONMENTAL ISSUES

Ability Centre Australasia Limited's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

INDEMNIFYING OFFICERS OR AUDITOR

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

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of Ability Centre Australasia Limited or intervene in any proceedings to which Ability Centre Australasia Limited is a party for the purpose of taking responsibility on behalf of Ability Centre Australasia Limited for all or any part of those proceedings. Ability Centre Australasia Limited was not a party to any such proceedings during the year.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2017.

Justin Scanlan	**Mino Intini**
Director (Chairperson)	Director (Treasurer)

Dated at Perth this day 26th September 2017

THE BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction and establishing the policies of Ability Centre Australasia Limited (Formally known as The Cerebral Palsy Association of Western Australia Limited), for overseeing the financial position, and for monitoring the business and affairs on behalf of the Members, by whom the Directors are elected and to whom they are accountable. Responsibility for day to day activities is delegated to the Chief Executive Officer by the Board through a formal memorandum of understanding.

Corporate Governance is a term used to describe the way a board is structured and the way the Directors act to ensure their direction of the Company is beyond reproach. The Board keeps its own processes under review and aims to achieve best practice in matters of corporate governance.

The governance role and function of the Board is to:

- act in the best interests of the members of the Company, people with cerebral palsy and their families across Western Australia and other key stakeholders;
- provide a strategic and policy framework for the Company to operate under;
- work with the Organisation's Executive to develop and maintain an organisational environment focused on responsiveness to and the achievement of positive outcomes for people with cerebral palsy and others who use the organisation's services;
- ensure financial viability of the Company; and
- ensure compliance with all legislative, statutory and contractual duties, obligations, terms and conditions.

The Board of Directors of the Company is committed to four core values that guide its thinking and actions and underpin all decision making.

Excellence:	We seek excellence in everything we do, the way we work and in the services we provide. We value excellence as it enables us to better meet the needs of the individuals and families we support.
Commitment:	We are committed to being leaders in knowledge, awareness, technology, services and support. We will embrace the need to take risks, to be flexible and innovative while recognising our duty of care obligations.
Choice:	We value options and real choices. We work hard to craft and to deliver real choices and enhance ability. We recognise that real choices for individuals means that we need to understand each individual's needs and capabilities so that choices can be developed.
Integrity:	Our integrity will be demonstrated in the way we work. We are committed to working in accordance with our values, to be open and accountable with strong systems, processes and management to give confidence in our organisation to our members, funders and the community. Create, adapt and strive for the very best.

The Board currently comprises eleven non-executive Directors, which includes the Chairperson, Deputy Chairperson and Treasurer, ensuring independence and objectivity. All Directors are required to be Members of the Company.

In order to maintain a mix of expertise and representation of the interests of the primary stakeholders, the Articles of Association of the Company require that Members of the Company elect two Directors who are adults with cerebral palsy, one Director who is the parent/advocate of a person with cerebral palsy and three other Directors. The Articles of Association of the Company require that the elected Directors appoint three Directors who are experts from various professional fields considered suitable to the objectives of the Company. Directors are appointed to these positions and ratified by Company members in a general meeting after calling for expressions of interest through advertisement. The Articles of Association of the Company also allow that up to three further Directors may be appointed by the Board for a period of up to twelve months to assist with specifically identified matters.

The Articles of Association of the Company ensure a mix of experience and new perspectives by providing for a maximum term of office of six consecutive years or two consecutive terms for elected and appointed Directors. Any Director who wishes to stand for a further term of office must first be recommended by the Governance Sub-Committee and receive the approval of the Board of Directors.

In the event that a potential conflict of interest may arise, involved Directors withdraw from all deliberations concerning the matter. A policy and procedure documents how conflicts of interest are so determined. As well as pecuniary interest being specified in this policy, issues relating to service delivery must be treated as conflicts of interest where the Director has a direct stake in the issue. Specific concerns about services can be addressed through the Company's grievance procedure.

COMMITTEES OF THE BOARD

The Board has three committees which have been established to consider issues and strategies, within common areas, in order to advise and guide the Board. Ad hoc committees are also established as the need arises. The three established committees comprise a mixture of service users, Directors and staff as appropriate.

Committee Responsibilities:

Services Committee

Advises the Board on overall planning and development for all service users services based on evidence-based decision-making processes and comprises Board members and service user representatives. In particular, this committee reviews and oversees all Standards Monitoring Reports.

Finance Committee

Advises the Board on financial, business and risk management strategy including overview of regular management reporting results, annual budgets and consolidated financial statements, resourcing requirements, operational plans, commercial activities and audits.

Governance Committee

Advises the Board on general governance issues, capacity building, communication strategies, Board and senior management structure and role definition.

REMUNERATION

Fees paid to Directors are determined each year by the members of the Company in a general meeting. Remuneration of the Chief Executive Officer and General Managers is reviewed and approved from time to time by the Board and includes annual performance evaluation. There were no Directors fees paid in the 2016/17 Financial Year.

AUDIT

The external auditors of the Company are appointed each year by the Members in a general meeting. Periodically the Board calls tenders for the audit of the Company and specifies the scope and quality of the audit. An examination of the tenders by the Board results in the recommendation of a properly qualified auditor to Members for the succeeding year.

ETHICAL STANDARDS AND PERFORMANCE

The Board acknowledges the need for and continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and staff of the Company. A Code of Ethics has been adopted and is available to staff of the Company. The code is operated in conjunction with a number of complementary policies, including the staff code of conduct.

It is the responsibility of both the Directors and staff to practise and promote the key themes of the Code of Ethics and related policies. These policies safeguard the physical, mental and social well-being of service users of the Company and also the integrity of the Company. The duties and responsibilities of Directors are specified in a policy which sets out guidance on conflicts of interest, grievances, confidentiality and powers of the Board.

Justin Scanlan
Director (Chairperson)

Mino Intini
Director (Treasurer)

Dated at Perth this day 26th September 2017

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's Independence Declaration to the Directors of Ability Centre Australasia Limited

In relation to our audit of the financial report of Ability Centre Australasia Limited for the financial year ended 30 June 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
26 September 2017

ABILITY CENTRE AUSTRALASIA LIMITED
(FORMERLY KNOWN AS THE CEREBRAL PALSY ASSOCIATION OF WESTERN AUSTRALIA LIMITED)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000
Sales revenue – product sales	4 (a)	5,029	6,203
Cost of sales	4 (b)	(2,761)	(4,529)
Gross Profit		**2,268**	**1,674**
Service revenue	4 (a)	3,293	3,115
Other income	4 (a)	55,815	50,117
Administrative expense	4 (b)	(54,234)	(51,732)
Other expenses		(7,902)	(10,329)
		(3,028)	**(8,829)**
Operating (loss)/ gain from ordinary activities before capital subsidies, grants and income tax		**(760)**	**(7,155)**
Capital grants and subsidies	4(a)	532	6,568
Operating (loss)/gain from ordinary activities before income tax		**(228)**	**(587)**
Income tax expense		-	-
Loss for the year		**(228)**	**(587)**
Other comprehensive income; net of tax			
Revaluation of land and buildings	15b	-	242
Total comprehensive income for the year		**(228)**	**(345)**
Transfers from/(to) reserves	15a	-	**4,289**
Net movement in retained earnings		**(228)**	**3,944**

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	Consolidated 2017 $'000	Consolidated 2016 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	23,873	23,510
Trade receivables	5	1,817	1,611
Inventories	6	746	602
Other current assets	7	145	370
Total current assets		**26,581**	**26,093**
Non-Current Assets			
Property, plant and equipment	8	44,445	41,198
Intangible assets	9	186	229
Other financial assets	10	41	41
Total non-current assets		**44,672**	**41,468**
TOTAL ASSETS		**71,253**	**67,561**
LIABILITIES			
Current Liabilities			
Trade payables	11	1,831	1,219
Provision for employee benefits	13	8,152	7,345
Other current liabilities	14	9,951	7,400
Total current liabilities		**19,934**	**15,964**
Non-Current Liabilities			
Provision for employee benefits	13	1,695	1,745
Total non-current liabilities		**1,695**	**1,745**
TOTAL LIABILITIES		**21,629**	**17,709**
NET ASSETS		**49,624**	**49,852**
EQUITY			
Retained profits	15(a)	27,416	27,644
Asset revaluation reserve	15(b)	22,208	22,208
TOTAL EQUITY		**49,624**	**49,852**

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

Consolidated	Notes	Asset Revaluation Reserve $'000	Special Purpose Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2015	15	21,966	11,700	16,531	50,197
(Loss)/ Gain for the period		-	-	(587)	(587)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(587)	(587)
Revaluation increment		242	-	-	242
Net transfers to/ (from) reserves		-	(4,289)	4,289	-
Transfer to retained earnings		-	(7,411)	7,411	-
Balance at 30 June 2016	15	**22,208**	-	**27,644**	**49,852**
Balance at 1 July 2016	15	**22,208**	-	**27,644**	**49,852**
(Loss)/ Gain for the period		-	-	(228)	(228)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(228)	(228)
Revaluation increment		-	-	-	-
Balance at 30 June 2017	15	**22,208**	-	**27,416**	**49,624**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	Consolidated 2017 $'000	Consolidated 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(48,611)	(48,270)
Supplies and services		(11,451)	(13,559)
GST payments on purchases		(1,367)	(1,468)
GST payments to taxation authority		(5,205)	(4,774)
Receipts			
User charges and fees		8,557	9,680
Grants and subsidies		55,728	55,781
Fundraising		588	816
Interest received		673	576
GST receipts on sales		6,000	6,529
GST receipts from taxation authority		195	117
Other receipts		645	891
Net cash provided by operating activities		**5,752**	**6,319**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,307)	(2,918)
Proceeds from disposal of property, plant and equipment		(82)	827
Net cash (used in) investing activities		**(5,389)**	**(2,091)**
Net increase/(decrease) in cash and cash equivalents		**363**	**4,228**
Cash and cash equivalents at beginning of the period		23,510	19,282
Cash and cash equivalents at the end of the period	16	**23,873**	**23,510**

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The consolidated financial statements of Ability Centre Australasia Limited (the "Company" or the "Parent") and its subsidiaries (collectively called the Group) for the year ended 30 June 2017 were authorised for issue by the Board of Directors on 26 September 2017.

The Group principally provides accommodation, therapy and health services, respite services, in home support, employment, assistive technology and equipment and support in the community to children and adults with a disability.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial report has been prepared as a general purpose financial report in accordance with the requirements of Australian Accounting Standards – Reduced Disclosure Requirement (and other authoritative pronouncements of the Australian Accounting Standards Board.

Ability Centre Australasia Limited is incorporated under the *Corporations Act 2001*. Ability Centre Australasia Limited is a Company limited by guarantee.

The financial report of Ability Centre Australasia Limited complies with the requirements of the *Australian Charities and Not-for-Profit Commission Act 2012*.

The Group is a Not-for-Profit entity for the purpose of preparing consolidated financial statements.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the parent entity, Ability Centre Australasia Limited, and its controlled entities, The Cerebral Palsy Foundation, The Cerebral Palsy Development Trust, Cerebral Palsy Innovation Institute Pty Ltd and The Trustee for the Cerebral Palsy Innovation Institute.

All inter-company balances and transactions including donations between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

The Board of Directors of Ability Centre Australasia Limited, has resolved that, whilst the issue of control is not entirely clear, The Cerebral Palsy Foundation, The Cerebral Palsy Development Trust, Cerebral Palsy Innovation Institute Pty Ltd, The Trustee for the Cerebral Palsy Innovation Institute and Ability Centre Australasia Limited (Formally known as The Cerebral Palsy Association of Western Australia Limited), share common goals and outcomes. The Board decided that, in the interests of providing full and open information to members, the financial statements would be prepared on a consolidated basis.

(b) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on a current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(b) Current versus non-current classification (continued)

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

(c) Revenue

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and revenue can be reliably measured, regardless of when the payment is received.

The specific recognition criteria described below must also be met before revenue can be recognised.

Sale of Goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery of goods to customers.

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

Rental Income
Rental income from investment properties is recognised on an accrual basis or straight-line basis in accordance with lease agreements.

Rendering of services
Revenue from the rendering of a service is recognised on the delivery of the service to the customers.

Other revenue
Fundraising receipts are recognised as income in the year in which the income is received. Bequests and other donations in kind are recognised as income in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are received and on the basis of their estimated market value.

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

(d) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(e) Taxes (continued)

Income Tax
Under the provisions of the current income tax legislation, the Group is exempt from income tax. The Company is registered for the Goods and Services Tax, is endorsed as an Income Tax Exempt Charity and as a Deductible Gift Recipient.

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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

- When receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net of the amount of GST recoverable from, or payable to the taxation authority is included as part of receivables and payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Foreign currency transactions

The Group's consolidated financial statements are presented in Australian Dollars, which is also the Parent Company's functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

(g) Property, plant and equipment

Property and land

The Group's buildings are carried at fair value less accumulated depreciation and impairment losses recognised at the date of revaluation.

Land is carried at its revalued amount less any accumulated impairment losses. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever carrying amounts are likely to differ materially from their revalued amount. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Valuations for both land and building were last undertaken as at 30 June 2015 by m3 Property Strategists. Fair values were based on recent market transactions and then adjusted for specific conditions relating to land and buildings. Where material movements have been identified a separate valuation has been undertaken.

Increases in the carrying amounts arising from revaluation, are recognised in the assets revaluation reserve, in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase credited to the revaluation reserve.

Decreases in carrying amounts that offset previous increases of the same asset are recognised against the asset revaluation reserve. All other decreases in carrying amounts are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(g) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment is initially recognised at cost and subsequently carried at cost less any accumulated depreciation or impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated entity 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 expected useful life for each class of property, plant and equipment are:

Buildings	40 years
Leasehold improvements	5 years
Plant and equipment	5 to 10 years
Motor vehicles	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

During the current year the Company changed its capitalisation policy from $5,000 to $1,000. The impact of the change on prior year numbers has been assessed and deemed immaterial.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(h) Operating Leases

An operating lease is a lease other than a finance lease where substantially all the risks and benefits remain with the lessor. These are charged as expenses in the periods in which they are incurred.

Operating lease payments are recognised as operating expenses in the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the term of the lease.

(i) Intangible Assets

All acquired intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, the deemed cost is their fair value at date of acquisition. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of Intangible Assets

Amortisation of intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Group have a finite life and zero residual value. The expected useful life for each class of intangible assets are:

Licences up to 10 years

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the Statement of Profit or Loss and Other Comprehensive Income using the straight line method over ten years.

Software 3 to 5 years

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than $1,000 is expensed in the year of acquisition.

Web Site Costs 3 to 5 years

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing cost of maintenance during the planning phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of settling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(j) Financial Instruments (continued)

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(k) Inventories

Inventories are measured at the lower of cost or net realisable value.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, long term investments, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the Statement of Financial Position.

(m) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Long service leave and annual leave

The Group does not expect long service leave or annual leave benefits to be settled in full within twelve months of each reporting date. The Group recognises the liability for long service leave and annual leave measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(n) Reserves

Other components of equity include the following:

Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record the increments and decrements in the value of non-current assets.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(n) Reserves (continued)

Special Purpose Reserve

The Special Purpose Reserve contains amounts of retained profits set aside for the purpose of funding specific projects and specific purpose fundraising where the funds will be expended in future periods.

(o) New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time during the period, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments were first adopted for the year ending 30 June 2017, there has been no material impact on the transactions and balances recognised in the consolidated financial statements.

AASB 2015-1 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify certain requirements in:

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal
- AASB 7 Financial Instruments: Disclosures - servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements
- AASB 119 Employee Benefits - regional market issue regarding discount rate
- AASB 134 Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments were first adopted for the year ending 30 June 2017, there has been no material impact on the transactions and balances recognised in the consolidated financial statements.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

This Standard amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments were first adopted for the year ending 30 June 2017, there has been no material impact on the transactions and balances recognised in the consolidated financial statements.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(o) New and amended standards and interpretations (continued)

AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

This Standard amends AASB 10 Consolidated Financial Statements, AASB 12 Disclosure in Interests in Other Entities and AASB 128 Investments in Associates and Joint Ventures to clarify how investment entities and their subsidiaries apply the consolidation exception.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments were first adopted for the year ending 30 June 2017, there has been no material impact on the transactions and balances recognised in the consolidated financial statements.

(p) Impact of standards issued but not yet applied

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted be the Group for the annual reporting period ended 30 June 2017. The Directors have not yet fully assessed the impact of these new or amended standards and interpretations.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

The amendments to AASB 107 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The effective date is for annual reporting periods beginning on or after 1 January 2017.

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

This Standard amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 Fair Value Measurement [under the revaluation model in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets] no longer need to consider AASB 136.

Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136.

The effective date is for annual reporting periods beginning on or after 1 January 2017.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (continued)

(q) Impact of standards issued but not yet effective

AASB 9, and relevant amending standards - Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.

Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.

Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.
The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.

The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

AASB 15, and relevant amending standards - Revenue from Contracts with Customers

AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied).

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Impact of standards issued but not yet effective (continued)

AASB 2007-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments

The amendments clarify certain requirements in:

- AASB 1 First-time Adoption of Australian Accounting Standards – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AASB 12 Disclosure of Interests in Other Entities – clarification of scope
- AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value
- AASB 140 Investment Property – change in use.

The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The effective date is for annual reporting periods beginning on or after 1 January 2018.

AASB 16 - Leases

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019.

AASB 1058 - Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities

AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.
Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.

The effective date is for annual reporting periods beginning on or after 1 January 2019.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances arising that are beyond the control of the Group, such as changes in circumstances are reflected in the assumptions when they occur.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and information technology and communication technology equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated 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. During the year a standard probability method has been used in calculating the non-current long service leave liability.

	Consolidated 2017 $'000	2016 $'000

4. INCOME AND EXPENSE ITEMS

(a) Income

Operating gain is after crediting the following income:

	2017 $'000	2016 $'000
Sales and service revenues:		
Product sales	5,029	6,203
Service revenue	3,293	3,115
Total sales and service revenue	**8,322**	**9,318**
Other income:		
Operational grants	53,931	47,808
Fundraising	588	816
Other income	645	893
Interest from unrelated parties	651	600
Total other income	**55,815**	**50,117**
Capital grants and subsidies	532	6,568
TOTAL INCOME	**64,669**	**66,003**

(b) Expense

Operating gain is after charging the following expenses:

	2017 $'000	2016 $'000
Administrative Expenses		
Employee entitlements	50,031	49,482
Operating lease rentals	461	418
Other admin and maintenance	3,742	1,832
Total administrative expenses	**54,234**	**51,732**
Depreciation and Amortisation		
Depreciation of buildings	342	452
Depreciation of motor vehicles	1,084	1,138
Depreciation of plant and equipment	632	587
Amortisation of intangible assets	49	11
Total depreciation and amortisation	**2,107**	**2,188**
Bad Debts		
Bad debts written off	2	5
Net balance of provision for doubtful debts	49	71
Total bad and doubtful debts expense	**51**	**76**

	Consolidated 2017 $'000	Consolidated 2016 $'000

4. INCOME AND EXPENSE ITEMS (continued)

(b) Expense (continued)

	2017 $'000	2016 $'000
Cost of sales		
Cost of goods sold	2,761	4,529
Total cost of goods sold	**2,761**	**4,529**
Other Expenses		
(Gain)/Loss on disposal of assets	(48)	491
Other operating expenses	5,792	7,574
Total other expenses	**5,744**	**8,065**
TOTAL EXPENSES	**64,897**	**66,590**

5. TRADE RECEIVABLES

	2017 $'000	2016 $'000
Trade receivables	1,276	1,305
Less provision for doubtful debts	(49)	(110)
	1,227	1,195
GST Taxation receivable	175	136
Interest receivable	49	71
Accrued income	366	209
	590	416
Total trade receivables	**1,817**	**1,611**

6. INVENTORIES

	2017 $'000	2016 $'000
Raw materials and stores at cost	530	415
Work in progress, at cost	20	52
Finished goods, at cost	196	135
Total inventories	**746**	**602**

7. OTHER CURRENT ASSETS

	2017 $'000	2016 $'000
Prepayments	145	370
Total other current assets	**145**	**370**

8. PROPERTY, PLANT AND EQUIPMENT

Cost or Valuation	Freehold Land $000	Buildings $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
As at 1 July 2015	17,729	17,814	7,885	5,167	48,595
Additions	-	916	679	1,613	3,208
Disposals	-	(983)	(47)	(1,554)	(2,584)
Revaluations	2,366	(4,417)	-	-	(2,051)
Work in progress	-	442	-	60	502
As at 30 June 2016	**20,095**	**13,772**	**8,517**	**5,286**	**47,670**

Depreciation and Impairment	Freehold Land $000	Buildings $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
As at 1 July 2015	-	(2,178)	(3,611)	(2,003)	(7,792)
Depreciation charge for the year	-	(452)	(587)	(1,138)	(2,177)
Disposals	-	315	12	877	1,204
Revaluation	-	2,292	-	-	2,292
Balance as at 30 June 2016	-	**(23)**	**(4,186)**	**(2,264)**	**(6,473)**

Cost or Valuation

	Freehold Land $000	Buildings $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
As at 1 July 2016	20,095	13,772	8,517	5,286	47,670
Additions	-	90	43	780	912
Disposals	-	(50)	-	(796)	(846)
Revaluations	-	-	-	-	-
Work in progress	-	5,006	-	25	5,030
As at 30 June 2017	**20,095**	**18,818**	**8,560**	**5,295**	**52,768**

Depreciation and Impairment	Freehold Land $000	Buildings $000	Plant & Equipment $000	Motor Vehicles $000	Total $000
As at 1 July 2016	-	(23)	(4,186)	(2,264)	(6,473)
Depreciation charge for the year	-	(342)	(632)	(1,084)	(2,058)
Disposals	-	-	-	208	208
Revaluations	-	-	-	-	-
Balance as at 30 June 2017	-	**(365)**	**(4,818)**	**(3,140)**	**(8,323)**

All depreciation is included within "depreciation and amortisation".

	Consolidated	
	2017	2016
	$'000	$'000
9. INTANGIBLE ASSETS		
Computer software at cost		
Opening balance	452	327
Additions	6	125
Closing balance	458	452
Accumulated amortisation		
Opening balance	(223)	(212)
Amortisation	(49)	(11)
Closing balance	(272)	(223)
	186	**229**

10. OTHER FINANCIAL ASSETS

	2017 $'000	2016 $'000
Listed Australian Shares	41	41
Total other financial assets	**41**	**41**

11. TRADE PAYABLES

	2017 $'000	2016 $'000
Trade payables	1,602	681
Taxation payable	229	538
Total Trade payables	**1,831**	**1,219**

12. COMMITMENTS

Operating leases

The Group's future minimum operating lease payments are as follows:

	2017 $'000	2016 $'000
Within one year	300	271
After one year but not more than five years	308	529
More than five years	-	8
	608	808

The lease commitments are non-cancellable operating leases with lease terms between two and four years.

13. PROVISIONS FOR EMPLOYEE BENEFITS

	2017 $'000	2016 $'000
Current		
Annual leave	4,804	4,431
Long service leave	3,349	2,914
Total current provisions	8,152	7,345
Non-current		
Long service leave	1,695	1,745
Total non-current provisions	1,695	1,745
Total Provisions	**9,847**	**9,090**

	Consolidated 2017 $'000	Consolidated 2016 $'000
14. OTHER CURRENT LIABILITIES		
Bonds held in trust	1	1
Accrued expenses	2,519	2,161
Restricted cash – Resident Funds Held	454	558
Income received in advance	6,727	4,526
Other liabilities	250	154
Total other current liabilities	**9,951**	**7,400**

15. EQUITY

(a) Retained Profits

	2017 $'000	2016 $'000
Opening balance	27,644	16,531
(Loss)/ Gain for the period	(228)	(587)
Transfer (to)/from reserves	-	4,289
Transfer from special purpose reserves	-	7,411
Closing balance	**27,416**	**27,644**

(b) Asset Revaluation Reserve

The Asset Revaluation Reserve is used to record the increments and decrements in the value of non-current assets.

	2017 $'000	2016 $'000
Opening balance	22,208	21,966
Revaluation increment of land / buildings	-	242
Closing balance	**22,208**	**22,208**

(c) Special Purpose Reserve

The Special Purpose Reserve contains amounts of retained profits set aside for the purpose of funding specific projects and specific purpose fundraising where the funds will be expended in future periods.

	2017 $'000	2016 $'000
Opening balance	-	11,700
Net transfers to/ from Reserves	-	(4,289)
Transfer to retained earnings	-	(7,411)
Closing balance	-	-

For the year ended 30 June 2016, the Special Purpose Reserve of $7.4 million was reclassified to Retained Earnings.

	Consolidated 2017 $'000	Consolidated 2016 $'000
16. CASH AND CASH EQUIVALENTS		
Cash on hand	8	8
Short term deposits	8,568	5,826
Restricted cash	11,643	5,658
Investments	3,653	12,018
	23,873	**23,510**

Restricted cash relates to bank accounts held by the Company on behalf of customers, grant income received in advance and monies held by the Company for the Bradford (previously called Hillroyd) redevelopment project.

Call deposits with banks are paying interest at current bank deposit rates. At year end the average rate was 1.5% (2016: 1.5%).

17. CONTINGENT LIABILITIES

The Company entered into a Workers' Compensation policy from 1 July 2015 which expired on 30 June 2017. This policy was entered into on the basis of improved injury management and preventative risk management practices with the Company resulting in reduced upfront premium costs. It is being managed by the Company's current Workers Compensation Insurance provider and is reviewed and constantly monitored by management.

Under the terms of various Commonwealth Government capital grants provided to the Company, the Commonwealth Government is entitled to a refund of the grant in the event of the asset the grant relates being disposed, or it is entitled to an equity interest in the associated asset, and accordingly would be entitled to its equity in the proceeds in the event of sale of the asset. Therefore, there exists a contingent liability to the Commonwealth Government, which may become an actual liability if any assets in which the Commonwealth Government has an interest were sold.

The Company has three separate 50 year agreements with the Housing Authority in relation to the construction of new accommodation at Scott Street, Wandoo Road and McDonald Street with a total value of $2,224,709. This contingent liability will reduce annually over the 50 year agreement and will only be payable on breaches of the terms of the agreements.

The Company has a $260,000 credit card facility, with credit cards being issued to senior officers.

18. CONTINGENT ASSET

The Company has no known contingent assets as at 30 June 2017 (30 June 2016: $Nil).

19. ECONOMIC DEPENDENCY

The Company receives significant grants from the State and Federal Governments in Australia. If these grants were not received, the Company would find it difficult to maintain the current level of services.

20. CONTROLLED ENTITIES

The consolidated financial statements at the reporting date include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name of controlled entity	Place of incorporation /formation	% of ownership FY 2017	% of ownership FY 2016
The Cerebral Palsy Foundation	Australia	100%	100%
The Cerebral Palsy Development Trust *	Australia	100%	100%
Cerebral Palsy Innovation Institute Pty Ltd	Australia	100%	100%
The Trustee for Cerebral Palsy Innovation Institute	Australia	100%	100%

* On 27 March 2017, the Trustees of The Cerebral Palsy Development Trust agreed to commence the winding up of the Trust in accordance with the Trust Deed. All remaining net assets of the Trust will be transferred to the Ability Centre Australasia Limited (trust beneficiary). As at 30 June 2017 the winding up the Trust had not begun.
Refer to Note 1(a) for basis of consolidation.

21. RELATED PARTIES

(a) Directors

The names of the persons who were Directors of this Company for some part of the past 12 months are:

Mr R McDonald	Mr M Intini
Mr J Scanlan	Ms P Cooper
Mr G Mitchell	Ms K Hasluck
Ms J Marr	Ms M Mansour
Mr G McGrath	Mr D Butler
Mr K Nylander	

(b) Director Transactions

Director related entities conduct transactions with the Company within a normal customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the Company would have adopted if dealing with the Director at arm's length in similar circumstances, with the exception of the below;

These transactions have been quantified below where the transactions are considered likely to be of interest to users of these consolidated financial statements.

Upon request of the Board, Clarity Communications Pty Ltd was appointed to provide public relations services to the Company during the 2017 year. The amount paid to Clarity Communications Pty Ltd for this service was $16,562 (2016: $60,389). Ms K Hasluck is a Director of Clarity Communications Pty Ltd. In accordance with good governance principles Ms K Hasluck did not participate in any decisions surrounding these transactions.

During the year Lavan Legal were also appointed to provide legal advice to the Company. The amount paid to Lavan Legal for this service was $22,242 (2016: $5,500). Mr D Butler is a Senior Associate of Lavan Legal. In accordance with good governance principles Mr D Butler does not participate in any decisions to appoint legal advisors to Group.

(c) Transactions with Related Parties

The Cerebral Palsy Foundation is a Trust Fund established for the benefit of Ability Centre Australasia Limited, and to be used by it in accordance with objects and powers under its Memorandum and Articles of Association for the provision by Ability Centre Australasia of services, aids and appliances for persons with cerebral palsy (Section B of The Cerebral Palsy Foundation Trust Deed).

During the year the Company received $400,000 (2016: $11,687) distribution from the Foundation.

The Cerebral Palsy Development Trust is a Trust Fund established for the benefit of Ability Centre Australasia Limited and to be used by it in accordance with the objects and powers under its Memorandum and Articles of Association for the provision by Ability Centre Australasia Limited of services, equipment and any initiative to benefit people with cerebral palsy (Clause 4.2 of The Cerebral Palsy Development Trust, Trust Deed). During the year the Company received $220,000 distribution from the Trust (2016: $180,748).

During the year the Company donated the proceeds of specific commercial revenue amounting to $Nil (2016 - $15,800) to the Trust. The Company paid $16,762 (2016: $15,238) to the Trust for the rental of trust properties.

(d) Transactions with Key Management Personnel

Key management of the Company are the members of Ability Centre Australasia Limited's Board of Directors, Chief Executive Officer and General Managers. There were no Directors fees paid in the 2016/17 financial year.

Key Management Personnel remuneration includes the following expenses:

	2017	2016
	$	$
Total Key Management Personnel Remuneration	1,404,369	1,550,000

22. PARENT ENTITY INFORMATION

Information relating to Ability Centre Australasia Limited

	2017 $'000	2016 $'000
Statement of financial position		
Current assets	21,370	21,124
Total assets	65,208	60,737
Current liabilities	19,934	15,685
Total liabilities	21,628	17,430
Retained earnings	22,168	21,894
Revaluation reserve	21,412	21,412
	43,580	43,306
Statement of comprehensive income		
Gain/(Loss) for the year	274	(575)
Other comprehensive income	-	-
Total comprehensive (loss)/income	274	(575)

The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

23. POST REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

DIRECTOR'S DECLARATION

For the year ended 30 June 2017

In accordance with a resolution of the Directors of Ability Centre Australasia Limited, I state that in the opinion of the Directors:

(a) the financial statements and notes of the Group are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation* 2013; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Justin Scanlan
Director (Chairperson)

Mino Intini
Director (Treasurer)

Dated at Perth this 26th day of September 2017.

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Independent auditor's report to the members of Ability Centre Australasia Limited

Report on the financial report

Opinion

We have audited the financial report of Ability Centre Australasia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and 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 Group 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 is the directors' report and statement of corporate governance practices, accompanying the financial report.

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 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Ernst & Young

J K Newton

J K Newton
Partner
Perth
26 September 2017