ABILITY OPTIONS LIMITED

(ABN 92 003 175 335)

AND

ITS CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 June 2020

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The Directors of Ability Options Limited and its Controlled Entities are:

Director	Appointed	Resigned
Robert Lang	June 2019	
Patricia Biszewski	February 2017	
David Bamford OAM #	February 2006	
Michael Maxwell	April 2014	
Sue Healy	February 2017	
Heather Scheibenstock	February 2017	
Claire Cavanaugh	April 2019	
Owen Gilbert	July 2019	
Jonathan Isaacs	October 2014	November 2019
Richard Mossie	December 2000	November 2019

As at 30 June David Bamford is currently on a leave of absence approved by the Ability Options Board.

Registered street address and principal place of business

The registered street address of the entity is:

Ability Options Limited

Suite 1.14, The Versatile Building

29 – 31 Lexington Drive, BELLA VISTA NSW 2153

Auditor

Grant Thornton Audit Pty Limited

Level 17,383 Kent Street

Sydney NSW 2000

ABN

92 003 175 335

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Auditor's Independence Declaration

To the Responsible Entities of Ability Options Limited

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Ability Options Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Archer

A J Archer
Partner – Audit & Assurance

Sydney, 24 September 2020

The Directors of Ability Options Limited (the "Company") declare that:

1. The consolidated financial statements and notes of Ability Options Limited, are in accordance with the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
   (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013* ;
   (b) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance, for the year ended on that date; and
2. In the Directors' opinion there are reasonable grounds to believe that the Group is able to pay its debts as and when they become due and payable.

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

SIGNED and DATED at Bella Vista on 24 September 2020

Dr Robert Lang – Chair and Director

Patricia Biszewski – Director

in AUD	NOTE	2020	2019
Revenue and Income			
Revenue from ordinary activities	2	99,628,560	91,335,482
Other income	2	7,667,000	1,603,061
Interest Income		155,632	43,896
Total income		**107,451,192**	**92,982,439**
Costs and Expenses			
Employee benefits		(76,310,154)	(71,731,805)
Depreciation	5,10	(5,098,594)	(2,026,764)
Occupancy and accommodation	10	(230,310)	(3,293,207)
Other expenses	7	(13,932,415)	(13,384,175)
Total expenses		**(95,571,473)**	**(90,435,951)**
Net surplus from ordinary activities		**11,879,719**	**2,546,488**
Actuarial gain on defined benefit superannuation plans	17	224,635	141,869
Net gain on revaluation of property, plant and equipment	5	1,267,834	-
Total other comprehensive income		**1,492,469**	**141,869**
Total comprehensive surplus		**13,372,188**	**2,688,357**

As at 30 June 2020

in AUD	NOTE	2020	2019
Current Assets			
Cash and cash equivalents	11	29,809,425	13,659,399
Trade and other receivables	4	6,219,877	4,320,750
Prepayments and other assets	6	6,710,895	3,388,241
Total current assets		**42,740,197**	**21,368,390**
Non-Current Assets			
Other receivables	6	-	101,431
Property, plant & equipment	5	15,083,458	14,622,010
Right of use assets	10	12,336,051	-
Total non-current assets		**27,419,509**	**14,723,441**
Total Assets		**70,159,706**	**36,091,831**
Current Liabilities			
Trade and other payables	8	19,102,627	15,071,469
Provisions	9	9,250,362	5,342,562
Lease liabilities - current	10	5,919,030	-
Other liabilities		6,917	65,382
Total current liabilities		**34,278,936**	**20,479,413**
Non-Current Liabilities			
Provisions	9	1,284,485	1,117,104
Lease liabilities- non current	10	6,844,679	-
Other liabilities		-	115,896
Total non-current liabilities		**8,129,164**	**1,233,000**
Total Liabilities		**42,408,100**	**21,712,413**
Net Assets		**27,751,606**	**14,379,418**
Accumulated funds	12	23,010,715	11,130,996
Reserves		4,740,891	3,248,422
Total Funds		**27,751,606**	**14,379,418**

For the year ended 30 June 2020

in AUD	NOTE	Accumulated Funds	Reserves	Total
Balance at 30 June 2018	12	**8,584,508**	**3,106,553**	**11,691,061**
Defined benefit superannuation plan reserves		-	141,869	141,869
Net surplus for the year		2,546,488	-	2,546,488
Balance at 30 June 2019	12	**11,130,996**	**3,248,422**	**14,379,418**
Defined benefit superannuation plan reserves		-	224,635	224,635
Net surplus for the year		11,879,719	-	11,879,719
Revaluation of assets		-	1,267,834	1,267,834
Balance at 30 June 2020	12	**23,010,715**	**4,740,891**	**27,751,606**

For the year ended 30 June 2020

in AUD	NOTE	2020	2019
Cash Flows from Operating Activities			
Receipts from operations		113,314,109	91,180,324
Payments to suppliers & employees		(92,601,557)	(86,189,361)
Interest income		155,632	43,896
Net cash from operating activities	11	**20,868,184**	**5,034,859**
Cash Flows from Investing Activities			
Payments for property plant and equipment		(996,323)	(2,473,445)
Proceeds from the sale of assets		-	944,306
Net cash used in by investing activities		**(996,323)**	**(1,529,139)**
Cash Flows from Financing Activities			
Lease payment principal and interest	10	(3,721,835)	-
Net cash provided by financing activities		**(3,721,835)**	**-**
Net increase in cash held		16,150,026	3,505,720
Cash at beginning of the financial year		13,659,399	10,153,679
Cash at end of the financial year	11	**29,809,425**	**13,659,399**

1) Summary of Significant Accounting Policies

Ability Options Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its controlled entities (together referred to as the "Group").

The Company is registered as a charity with the Australian Charities and Not-for-profits Commission.

The financial report of the Company and its controlled entities for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 24 September 2020.

a) Basis of Presentation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, and the *Australian Charities and Not-for-profits Commission Act 2012*.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial statements.

b) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiaries of Ability Options Limited as at 30 June 2020 and the results of the subsidiaries for the year then ended.

Ability Options Limited and its subsidiaries are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income*, *Statement of Financial Position* and *Statement of Changes in Funds* of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

1) Summary of Significant Accounting Policies (continued)

b) Basis of Consolidation (continued)

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Joint Operation

The Group is involved in joint operation of Hunter Valley Disability Services Limited and its wholly owned subsidiary, Hunter Valley Transfer Limited. It is a joint venture in which the Group has joint control and a 33% ownership interest. HVDS is a Not-for-Profit company limited by guarantee.

HVDS is structured as a separate vehicle and the Group has a residual interest in the net assets of HVDS. In accordance with the member's agreement under which HVDS is established, the Group and other members in the joint venture have agreed to make additional contributions in proportions of their interest to make up any losses if required. This unrealized commitment has not been recognized in these consolidated financial statements.

The Group shows its share of income, expenses and net assets in its consolidated financial statements in proportion of its economic interest.

During the year, HVDS began a process of devolving its operations to its members. As at 30 June 2020, all operating activities of HVDS and its subsidiaries were devolved to its member entities. The Board of Directors of HVDS have decided that HVDS will be filing for voluntary deregistration which is expected to be completed before the end of next financial year ending 30 June 2021.

1) Summary of Significant Accounting Policies (continued)

c) Revenue Recognition

Revenue comprises revenue from the government grants, NDIS revenue and other service revenue, Fees, sale of goods, fundraising activities and client contributions.

Revenue recognition for contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration.

Revenue is recognised by applying a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Contract asset and liabilities accounting policy

Contract assets

Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer but the invoicing milestone has not been reached and the rights to the consideration are not unconditional. If the rights to the consideration are unconditional then a receivable is recognised. No impairment losses were recognised in relation to these assets during the year (2019: $nil).

Contract liabilities

Contract liabilities generally represent the fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the fees. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Government grants

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the company at significantly below its fair value. Once the asset has been recognised, the Company recognises any related liability amounts (e.g. provisions, financial liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Grants received by the Group have been accounted under AASB 1058.

1) Summary of Significant Accounting Policies (continued)

c) Revenue Recognition (continued)

Client contributions, NDIS revenue and other service revenue

Fees charged for care or services provided to clients are recognised when the service is provided.

Donations and bequests

Donations collected, including cash and goods for resale, are recognised as income when the Group gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Income from legacies comprising bequest assets is recognised at fair value, being the market value of the asset at the date the Group becomes legally entitled to the asset.

Interest income

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

In-kind donations

No amounts are included in the financial statements for services donated by volunteers or amounts provided to the Group at no cost, unless the fair value of the contributions can be reliably measured.

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

d) Employee Entitlements

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount plus related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions to employee superannuation funds are charged against the *Consolidated Statement of Profit or Loss and Other Comprehensive Income* as an expense when incurred.

e) Financial Instruments

Recognition, initial measurement and derecognition

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

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

1) Summary of Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Classification and subsequent measurement of financial assets

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

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

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)

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

Classifications are determined by both:

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

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long-term deposit that were previously classified as held-to-maturity under AASB 139.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

1) Summary of Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Subsequent measurement of financial assets (continued)

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Impairment of Financial assets

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

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

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

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

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

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

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

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. For non-government debts, the Group allows 50% for amounts that are 60 to 90 days past due and 100% for amounts that are greater than 90 days past due. For government related debtors, Group allows 50% for amount that are 180-365 days past due and 100% that are greater than 365 days past due. All debt write offs are approved by the board or as delegated within the board approved delegation policy.

1) Summary of Significant Accounting Policies (continued)

e) Financial Instruments (continued)

Subsequent measurement of financial assets (continued)

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

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

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

f) Property, Plant & Equipment

Furniture and fittings, equipment and motor vehicles in excess of $1,000 are capitalised at cost and depreciated over their estimated useful life.

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and impairment losses. Plant and equipment is measured on the cost basis less depreciation and impairment losses.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

A formal assessment of recoverable amount is made when impairment indicators are present (refer below) for details of impairment).

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets based on its useful lives are:

Class of Fixed Asset	Useful life
Buildings	50 years
Buildings - Internal Fitout	4-20 years
Plant and equipment	5 years
Motor Vehicles	5 years
Lease improvement	3-10 years
IT Software	3-5 years
Computer equipment	3 years

1) Summary of Significant Accounting Policies (continued)

f) Property, Plant & Equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. Asset classes 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 or losses are included in the *Consolidated Statement of Profit or Loss and Other Comprehensive Income*.

Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount that is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is the amount of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are confirmed by independent valuations that are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. Director valuations are used if an independent valuation does not take place during an annual reporting period.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the revaluation reserve, except where it reverses a revaluation decrement previously recognised in the statement of profit or loss and comprehensive income, in which case it is credited to that statement.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of profit or loss and other comprehensive income, except where a credit balance exists in the revaluation reserve, in which case it is debited to that reserve.

The AASB 116 *Property, Plant and Equipment* requires the review of the residual value and the useful life of an asset at least at each financial year end. There was no change in useful life and residual value of property, plant and equipment during the year.

Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the *Consolidated Statement of Profit or Loss and Other Comprehensive Income*.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

The Group considered the impact of the COVID-19 outbreak and if it has led to impairment of non-financial assets including property, plant and equipment. A significant portion of Group's assets are residential style properties that it currently uses for provision of group accommodation services. As there was no impact on the demand for these services including funding availability to our customers from NDIA, no indicators of impairment were found.

1) Summary of Significant Accounting Policies (continued)

g) Leases

At inception of a contract, the Group assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period in exchange for consideration.

This involves an assessment of whether:

The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset. The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use. The Group has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used. The Group has elected not to separate non-lease components from lease components have accounted for all leases as a single component.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The right-of-use asset is assessed for impairment indicators at each reporting date. The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the exemptions to lease accounting for leases of low-value assets. For these leases, the Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting policy applicable to 2019 comparative figures prior to adoption of AASB 16 Leases

Finance Lease

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the *Consolidated Statement of Financial Position* as fixed assets, other assets and borrowings respectively, at the inception of the lease based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

1) Summary of Significant Accounting Policies (continued)

g) Leases (continued)

Operating Leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Significant estimates and judgements

Lease term – the Directors considered the extension option on the commercial buildings and have determined that due to the market rent reviews and the remaining term of the non-cancellable lease term, it is not reasonably certain that the Group will choose to exercise the option and therefore the lease payments that would arise during the optional extension periods have not been included in the lease liability.

h) Cash

Cash and cash equivalents include cash on-hand and deposits held at-call with banks.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Consolidated *Statement of Financial Position* are shown inclusive of GST.

Cash flows are presented in the Consolidated *Statement of Cash Flows* on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j) Income Tax

The entity is registered with the Australian Charities and Not-for-profits Commission and is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

k) Provisions

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

1) Summary of Significant Accounting Policies (continued)

l) Comparative Figures

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

The Group adopted AASB 16 *Leases,* AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities* for the first time effective 1 July 2019. For AASB 16 *Leases*, the first time adoption has been applied using the modified retrospective approach and as such, comparative information has not been restated.

In 2020, the Group reclassified its 2019 comparative figures in Consolidated Statement of Profit or Loss as follows:

in AUD	Restated	2019	Movement
Revenue	92,938,543	95,613,991	(2,675,448)
Other expenses	13,384,175	16,059,623	(2,675,448)

m) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimate

Provision for impairment of receivables

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. For non-government debts, the Group allows 50% for amounts that are 60 to 90 days past due and 100% for amounts that are greater than 90 days past due. For government related debtors, Group allows 50% for amount that are 180-365 days past due and 100% that are greater than 365 days past due. The allowance percentages are reviewed regularly to ensure these are aligned with our cash collection history.

All debt write offs are approved by the board or as delegated within the board approved delegation policy.

Land and building valuations

The Group considered the impact of the COVID-19 outbreak and if it has led to impairment of non-financial assets including property, plant and equipment. A significant portion of Group's assets are residential style properties that it currently uses for provision of group accommodation services. As there was no impact on the demand for these services including funding availability to our customers from NDIA, no indicators of impairment were found.

Land and Buildings are based on Director's valuations that rely on external expert reports obtained as at 30 June 2020 in regards to the fair value of the properties. The valuations received from external experts contained a caveat on the useful life of the reports to 3 months from the date of valuation with a 'market movement condition' due to COVID19.

The Directors obtain independent property valuations as the basis for determining fair values of land and buildings. As a result of the general economic uncertainty arising from COVID-19, the Valuers have noted that the values assessed may change significantly and unexpectedly over a short period of time, including as a result of general market movements or factors specific to the particular property.

1) Summary of Significant Accounting Policies (continued)

n) New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2019, however none have significantly impacted the Group's financial statements. These include:

- AASB 15 Revenue from Contracts with Customers (effective for the year ending 30 June 2020)
- AASB 16 Leases (effective for the year ending 30 June 2020)
- AASB 1058 Income of Not- for- profit Entities (effective for the year ending 30 June 2020).

2) Revenue and Other Income

in AUD	2020	2019
Revenue from contract with Customers - *AASB 15 Revenue from Contract with Customers*		
Department of Social Services: National Disability Insurance Scheme	65,968,214	60,078,071
Department of Health	4,577,524	4,474,835
Consumer service fees received	4,270,033	3,678,322
Fees for Service - Employment	24,174,801	22,468,625
Other revenue	637,988	635,629
	99,628,560	**91,335,482**

The Group's revenue disaggregated by pattern of revenue recognition is as follows

	2020		2019	
in AUD	**Services transferred at point of time**	**Services transferred over time**	**Services transferred at point of time**	**Services transferred over time**
Department of Social Services: National Disability Insurance Scheme	65,968,214	-	60,078,071	-
Department of Health	-	4,577,524	-	4,474,835
Consumer service fees received	4,270,033	-	3,678,322	-
Fees for Service - Employment	9,223,837	14,950,964	16,833,223	5,635,402
Other revenue	637,988	-	635,629	-
	80,100,072	**19,528,488**	**81,225,245**	**10,110,237**

Income recognised under AASB 1058 *Income of NFP entities*		
Government Grants:	**2020**	**2019**
Grants from Department of Family and Community Services	-	1,603,061
Government subsidies - JobKeeper	7,617,000	-
Other government subsidies and grant	50,000	-
Other Income	**7,667,000**	**1,603,061**

3) Security over Borrowings and other guarantees

At 30 June 2020, one property in The Ponds, NSW was subject to a mortgage to secure a bank guarantee facility. Security extends only to the assets of Ability Options Limited and no Directors or Members have personal guarantees against the Group's borrowings.

Guarantees have been provided in favour of lessors from which the entity leases its properties, for bank guarantees it has provided on behalf of the Group totalling $530,655.

4) Trade and Other Receivables

in AUD	2020	2019
Trade debtors	6,870,790	5,414,993
Less provision for impairment	(650,913)	(1,094,243)
	6,219,877	**4,320,750**

5) Property, Plant and Equipment

in AUD	2020	2019
Land & Buildings	10,934,999	10,279,145
Less Accumulated Depreciation	-	(510,744)
	10,934,999	**9,768,401**
Motor Vehicles At Cost	135,445	135,445
Less Accumulated Depreciation	(96,854)	(89,187)
	38,591	**46,258**
Furniture & Fittings At Cost	12,441,798	11,458,518
Less Accumulated Depreciation	(8,331,930)	(6,651,167)
	4,109,868	**4,807,351**
Total Property, Plant and Equipment	**15,083,458**	**14,622,010**

5) Property, Plant and Equipment (continued)

Movements in carrying amounts

	Land & Bldgs at valuation	Motor Vehicles at cost	Furniture, Fittings & Equipment at cost	Total
Balance on 1 July 2019	**9,768,401**	**46,258**	**4,807,351**	**14,622,010**
Additions during the year	13,043	-	983,280	**996,323**
Revaluation increase during the year	1,267,834	-	-	**1,267,834**
Depreciation expense for the year	(114,279)	(7,667)	(1,680,763)	**(1,802,709)**
Closing balance at 30 June 2020	**10,934,999**	**38,591**	**4,109,868**	**15,083,458**

	Land & Bldgs at valuation	Motor Vehicles at cost	Furniture, Fittings & Equipment at cost	Total
Balance on 1 July 2018	**9,782,738**	**825,204**	**4,418,480**	**15,026,422**
Additions during the year	114,707	86,368	2,272,370	**2,473,445**
Disposals during the year	-	(761,389)	(89,704)	**(851,093)**
Depreciation expense for the year	(129,044)	(103,925)	(1,793,795)	**(2,026,764)**
Closing balance at 30 June 2019	**9,768,401**	**46,258**	**4,807,351**	**14,622,010**

Some of the buildings are tenants in common with NSW state government. Land and Buildings are based on Director's valuations that rely on external expert reports obtained as at 30 June 2020 in regards to the fair value of the properties. The valuations received from external experts contained a caveat on the useful life of the reports to 3 months from the date of valuation with a 'market movement condition' due to COVID19.

6) Prepayments and Other assets

in AUD	2020	2019
Current		
Prepayments	485,432	394,668
Other receivables	6,225,463	2,993,573
	6,710,895	**3,388,241**
Non-current		
Lease incentive	-	101,431
	-	**101,431**

7) Other Expenses

in AUD	2020	2019
Contractors cost	1,453,351	2,199,458
Incidentals & Sundries - Consumables	55,389	85,054
Clients Expenses	1,981,491	1,819,759
IT related cost	2,845,632	2,493,910
Other expenses	6,243,451	5,915,384
MV and equipment lease	1,353,101	870,610
	13,932,415	**13,384,175**

8) Trade and Other Payables

in AUD	2020	2019
Trade payables	483,784	468,882
Sundry payables and accrued expense	11,453,172	9,991,348
Contract liabilities and other revenue received in advance	7,165,671	4,611,239
	19,102,627	**15,071,469**

9) Provisions

in AUD	2020	2019	Movement
Current			
Provision for annual leave	4,190,817	2,372,524	1,818,293
Provision for long service leave	3,544,194	1,446,337	2,097,857
Make good	832,451	1,040,801	(208,350)
Other provision	682,900	482,900	200,000
	9,250,362	**5,342,562**	**3,907,800**
Non-current			
Provision for long service leave	729,684	628,389	101,295
Make good	535,161	266,043	269,118
Net defined benefit liability	19,640	222,672	(203,032)
	1,284,485	**1,117,104**	**167,381**

10) Lease AASB 16

Adoption of AASB 16 Leases

AASB 16 Leases introduces a single lessee accounting model (all leases, finance and operating leases will be accounted for in the same way) and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of 'low value'. As such, a lessee will now be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for the lease. This is a significant change for Company because all operating leases previously treated as operating leases are now recognised on the *Consolidated Statement of Financial Position*.

This also impacts the company's future profit or loss, because rental expenses are replaced with amortisation and interest expense. The Group has applied AASB 16 Leases from 1 July 2019. This has been applied using the modified retrospective approach and as such, comparative information will not be restated.

The impact to the Company balance sheet on transition can be seen as follows:

AASB 16 impact on transitions of lease	**Amount**
Right of use of assets – Property Lease	10,023,666
Right of use of assets – Motor Vehicle Lease	1,309,090
Lease Liability Current	2,676,599
Lease Liability Non-Current	8,795,764

For reporting periods after 1 July 2019, AASB 16 will impact key ratios in Company profit or loss due to the reduction in occupancy expenses and increase in amortisation and interest. AASB 16 also impacts the classification of cash flows in the statement of cashflows, because lease payments are now split between operating and financing activities, but there is no change to net cash flows.

Lease impact in the statement of profit and loss and other comprehensive income

The amounts recognised in the statement of profit and loss and other comprehensive income relating to leases where the company is a lessee are shown below:

in AUD	**2020**	**2019**
Interest on lease liabilities	483,691	-
Depreciation expenses - Property leases	2,682,922	-
Depreciation expenses - Motor vehicles	612,963	
Variable lease payments not included in the measurement of lease liabilities	-	-
Expenses relating to leases of low-value assets	406,797	-
Expenses relating to short term leases	851,246	-
Total	**5,037,619**	**-**

10) Lease AASB 16 (continued)

Lease impact on the Right of use assets

Right of use of assets	**Property**	**Motor Vehicle**	**Total**
Balance as at 1 July 2019	10,023,666	1,309,090	11,332,756
Depreciation charges	(2,682,922)	(612,963)	(3,295,885)
Addition to right-of-use-assets	2,167,461	2,125,697	4,293,158
Reduction in right-of-use-assets due to change in lease liability	-	6,022	6,022
Impairment of right-of-use-assets	-	-	-
Balance at 30 June 2020	**9,508,205**	**2,827,846**	**12,336,051**

At 30 June 2020, the Group was committed to low value leases and the total commitment at that date was $391,157.

The following is a reconciliation of total operating lease commitments at 30 June 2019 (as disclosed in the financial statements to 30 June 2019) to the lease liabilities recognised at 1 July 2019:

in AUD	**Amount**
Total operating lease commitments disclosed at 30 Jun 2019	**8,819,325**
Recognition exemptions:	
Leases of low value assets	(406,797)
Leases with remaining lease term of less than 12 months	(851,246)
	(1,258,043)
Operating lease liability before discounting	**7,561,282**
Discounted using incremental borrowing rate	(415,998)
Operating lease liabilities	**7,145,284**
Reasonably certain extension options	2,764,005
Contracts identified with lease component	1,563,074
Total lease liabilities recognised under AASB 16 at 1 July 2019	**11,472,363**

The Group had $139,607 recognised as lease incentive liability at 30 June 2019 which was offset against the Right of Use Asset value recognised at 1 July 2019.

11) Cash and cash equivalent

Reconciliation of Cash

For the purpose of the Consolidated *Statement of Cash Flows*, cash includes cash on-hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Consolidated *Statement of Cash Flows* is reconciled to the related items in the Consolidated *Statement of Financial Position* as follows:

in AUD	**2020**	**2019**
Cash and cash equivalents	6,707,656	7,290,550
Term Deposits (short term)	23,101,769	6,368,849
	29,809,425	**13,659,399**

Reconciliation of net cash used in operating activities to net surplus from ordinary activities

Reconciliation of Net Cash used in Operating Activities To Net Surplus / (Deficit) from Ordinary Activities

in AUD	**2020**	**2019**
Net surplus from ordinary activities	**11,879,719**	**2,546,488**
Add (deduct) non-cash & other transactions:		
Depreciation	5,098,594	2,026,764
Gain on disposal of assets	-	(266,115)
Provision for impairment of assets	99,159	401,883
Defined benefit expense movement	64,283	-
Interest on lease	483,691	-
Net surplus before changes in working capital and provisions	**17,625,446**	**4,709,020**
Movement in other assets	(1,743,979)	(1,636,700)
Movement in Prepayment and other receivables	(3,322,654)	(2,212,811)
Movement in trade and other payables	4,031,158	3,623,225
Movement in provisions	4,278,213	552,125
Net cash from operating activities	**20,868,184**	**5,034,859**

12) Accumulated Funds

in AUD	**2020**	**2019**
Accumulated funds at the beginning of the year	11,130,996	8,584,508
Net surplus for the year	11,879,719	2,546,488
Accumulated surplus at the end of the year	**23,010,715**	**11,130,996**

13) Related Parties and Key Management Personnel

Related entities

The Group is involved in joint operation of Hunter Valley Disability Services Limited and its wholly owned subsidiary, Hunter Valley Transfer Limited. It is a joint venture in which the Group has joint control and a 33% ownership interest. The remaining interest is held by Connectability Australia Limited and Finding Yellow Limited. HVDS is a Not-for-Profit company limited by guarantee.

HVDS is structured as a separate vehicle and the Group has a residual interest in the net assets of HVDS. In accordance with the member's agreement under which HVDS is established, the Group and other members in the joint venture have agreed to make additional contributions in proportions of their interest to make up any losses if required. This unrealized commitment has not been recognized in these consolidated financial statements.

The Group shows its share of income, expenses and net assets in its consolidated financial statements in proportion of its economic interest.

During the year, HVDS began a process of devolving its operations to its members. As at 30 June 2020, all operating activities of HVDS and its subsidiaries were devolved to its member entities. HVDS is expected to be deregistered before the end of financial year ending 30 June 2021.

The transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

Key management personnel

The Company's related parties included its Directors, key management personnel and inter-company transactions with Group entities.

Key management personnel are the Board of Directors and members of Executive. The Directors of the Company were paid nominal fees during the year and ministerial approval was obtained as required under section 48 of the *Charitable Fundraising Act 1991* for governing body members to be remunerated or receive benefit.

in AUD	**Short-term Benefits**	**Other Long-term Benefits**	**Termination payment**	**Total**
2020				
Executive Member's Remuneration	1,545,949	15,089	214,889	1,775,927
Board of Director's Fees	59,000	-	-	59,000
2019				
Executive Member's Remuneration	1,261,346	-	20,799	1,282,145
Board of Director's Fees	-	-	-	-

13) Related Parties and Key Management Personnel (continued)

In 2020, executive team was made up of 6 members (2019: 6 members). The increase in 2020 executive remuneration is due to full annual tenure of executives in 2020 as compared to 2019 when the Group experienced turnover in 3 executive positions.

14) Members' Guarantee

The Company 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.

15) Interests in Subsidiaries

Information about Principal Subsidiaries

The subsidiaries listed below are wholly or partially owned (as noted in the table below) by the parent entity, Ability Options Limited. As at 30 June 2020, the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Ownership interest held by the Group			
Name of Subsidiary	**Principal place of business**	**2020**	**2019**
		%	**%**
Newcastle Temporary Care Limited	Broadmeadow, New South Wales	100	100
Olympus Solutions Limited	Sydney, New South Wales	100	100
Nambucca Valley Disability Services	Mid North Coast, New South Wales	100	100
Kempsey Respite Services Inc.	Mid North Coast, New South Wales	100	100
Manning Valley Respite Care Services Inc.	Hunter New England, New South Wales	100	100
Northern Beaches Interchange Inc.	Sydney, New South Wales	100	100
MNC Disability Services Limited	Mid North Coast, New South Wales	80	80
Ability Options Clinical Health Pty Ltd	Sydney, New South Wales	100	100
MNC Transfer Limited	Port Macquarie, New South Wales	80	80

During the year, the Group consolidated all its operating activities under the parent company, Ability Options Limited. As a result, all subsidiaries listed in table above, except for Olympus Solutions Limited, were dormant as at 30 June 2020.

All employees and customer contracts and agreements in the subsidiaries were transferred to Ability Options Limited. The Group is in process of deregistering these entities during the 2021 financial year.

16) Parent Entity Financial Information

Summary of Financial Information

The individual *Statement of Financial Position* for the parent entity show the following aggregate amounts:

in AUD	2020	2019
Balance sheet		
Current assets	28,240,284	7,796,495
Non-current assets	25,341,210	12,052,598
Total assets	**53,581,494**	**19,849,093**
Current liabilities	32,138,138	10,489,775
Non-current liabilities	7,409,739	1,203,248
Total liabilities	**39,547,877**	**11,693,023**
Net assets	**14,033,617**	**8,156,070**
Contributed equity		
Reserves	4,555,513	3,327,602
Accumulated profits	9,478,104	4,828,468
Total equity	**14,033,617**	**8,156,070**
Surplus / (defict) for the year	4,649,718	(1,883,684)
Net gain on revaluation of property, plant and equipment	1,227,829	-
Total comprehensive surplus / (deficit) for the year	**5,877,547**	**(1,883,684)**

17) Defined Benefit Plans

One of the Group's subsidiaries, MNC Transfer Limited contributes to a post-employment defined benefit plans established in Australia independently administered by State Super SAS Trustee Corporation, that is legally separated from the Group. The board of the pension fund is required by law to act in the best interest of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. The defined benefit plan is funded by the Group's subsidiary, MNC Transfer Limited. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

As at 30 June 2020, all operating activities of MNCDS and its subsidiaries have been consolidated under the parent entity, Ability Options Limited. Refer Note 15. This included transferring MNCDS employees to Ability Options Limited. However, MNCDS continues to make contributions to post-employment defined benefit plans on behalf of Ability Options Limited until such time when Ability Options has been added as a scheduled provider under *Superannuation Guarantee (Administration) Act 1992.*

18) Information and declarations to Fundraising and Donation

in AUD	**2020**	**2019**
Gross proceeds from fundraising appeals:		
Donations	3,369	11,861
Total proceeds of fundraising appeals	**3,369**	**11,861**
Less: Total costs of fundraising appeals		
Fundraising expenses	-	-
Total costs of fundraising appeals	**-**	**-**
Net surplus obtained from fundraising	**3,369**	**11,861**

During the year, the Company achieved a net surplus of $3,369 (2019: $11,861) from fundraising activities defined under the Charitable Fundraising (NSW) Act 1991.

19) Events Subsequent to the End of Financial Year

In August 2020, Ability Options was successful in tendering for the operations of the specialist disability service at Casuarina Grove from the Department of Communities and Justice. No consideration is payable for the acquisition and the Company will assume certain employee obligations. The new contract is estimated to increase the Group revenue turnover by 5-10%.

No other material matters or circumstances have arisen since the end of the financial year.

20) Pandemic impact

During the year, the Group was impacted by the current health crisis caused by COVID19. This had a significant impact on revenue in both Disability and Employment related services. Direct support and group activity services in Disability division were significantly impacted due to decline in demand at the peak of the crisis in NSW in April 2020. In the following months, our Employment division recorded a significant decline in revenue following lower placement outcomes with fewer employers in the market this was partially offset by higher job seeker numbers from the growth in unemployment.

The Group received Job Keeper subsidy during the year, which enabled it to provide continuing employment to all of its employees during these difficult circumstances.

21) Contingent assets and liabilities

Ability Options Limited has a guarantee to Department of Community and Justice covering any potential shortfall in the HVTL business, refer Note 1(b). Subsequent to that guarantee being issued, the other member entities of Hunter Valley Transfer Limited, have entered into a member's agreement that requires members to contribute towards any loss incurred by the joint venture in proportion to their economic interest.

The Directors are of the opinion that provisions are not required at present in respect of contingencies, as it is not probable that a future sacrifice of economic benefits will be required or that the amount is not capable of reliable measurement.

22) Commitments

At reporting date, the Group had no significant capital expenditure commitments (2019: nil). In July 2020, the Group entered into an agreement with a software vendor for provision of software licenses with annual cost estimated at approximately $370k.

23) Entity Details

The registered street address of the entity is:

Ability Options Limited
Suite 1.14, The Versatile Building
29 – 31 Lexington Drive, BELLA VISTA NSW 2153

Principal Officer's Declaration

I, Julia Squire, Principal Officer of Ability Options Limited declare that in my opinion:

- the Statement of Profit or Loss and Other Comprehensive Income of Ability Options Limited for the year ended 30 June 2020 gives a true and fair view of all income and expenditure of the Company with respect to fundraising appeals;
- the Statement of Financial Position of Ability Options Limited for as at 30 June 2020 gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals conducted by the Company;
- the provisions of the Charitable Fundraising Act 1991, the Regulations under that Act and the conditions attached to the Charitable Fundraising Authority have been complied with by the Company; and
- the internal controls exercised by the Ability Options Limited are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Julia Squire

CEO and Principal Officer

24 September 2020

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Independent Auditor's Report

To the Members of Ability Options Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Ability Options Limited (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds and consolidated 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 Options Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012, the Charitable Fundraising Act 1991 and the Charitable Fundraising Regulation 2015, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity'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 Registered Entity or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity'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 Registered Entity'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 Registered Entity 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 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 those charged with governance 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A J Archer

A J Archer
Partner – Audit & Assurance

Sydney, 24 September 2020

Acknowledgements

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- The Commonwealth Department of the Prime Minister and Cabinet
- NSW Department of Education
- The NSW Department of Premier and Cabinet
- The NSW Department of Communities and Justice
- Department of Social Services National Disability Insurance Agency

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