

LEARNING LINKS

ABN 71 097 577 636

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

LEARNING LINKS

Annual Report
For the Financial Year ended 30 June 2016

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DIRECTORS' REPORT

The Directors present this report on Learning Links (the "Company") for the year ended 30 June 2016. In order to comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012, the Directors report as follows.

Directors

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

Michele Adair
Martyn Berry
Jeanette Brooks (Resigned on 17 November 2015)
Sarah Donald
Darryl Easton
Michael Touma (Resigned on 16 August 2016)
Gregory Wallace

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

Principal Activity

The principal activity of the Company during the financial year was:

To help children who have disabilities, learning difficulties, and developmental delays to realise their full potential.

Review of operations

The profit of the Company amounted to \$17,478 (2015: \$47,014).

A review of the operations of the Company during the financial year and the results of those operations found that during the year, the Company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Dividends

The Company operates on a not-for-profit basis and in accordance with the terms of its Constitution, no portion of its assets or income shall be distributed directly or indirectly to members of the Company. As such no dividends were paid or declared since the start of the financial year and no recommendation for payment of dividends has been made.

Significant Changes in State of Affairs

There were no significant changes in the affairs of the Company that occurred during the financial year other than as reported therein.

Subsequent Events

There has not been any matter or circumstances that have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

DIRECTORS' REPORT (CONT'D)

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Information on Directors

Gregory Wallace	—	Chair
Qualifications	—	Bachelor of Business (Business Management), AAICD
Experience	—	Senior Executive – government and telecommunications
Michele Adair	—	Secretary
Qualifications	—	Master Management, Master Public Advocacy & Action, GAICD
Experience	—	Senior Executive Health and Community Services
Martyn Berry	—	Director
Qualifications		Bachelor of Science with First Class Honours in Mathematical Statistics
Experience	—	Senior Executive – Financial Services
Jeanette Brooks	—	Former Chair
Qualifications	—	Bachelor of Business (Management and Information Systems), Company Directors Diploma (GAICD)
Experience	—	Senior Executive - Healthcare
Darryl Easton	—	Director
Qualifications	—	Master of Engineering Management and Master of Business Administration
Experience	—	Engineering professional - telecommunications
Sarah Donald	—	Director
Qualifications	—	Bachelor of Laws, Bachelor of Business, Grad Dip Legal Practice, Master of Law, GAICD
Experience	—	Legal counsel
Michael Touma	—	Director
Qualifications	—	Master of Commerce, MBA, CPA, GAICD
Experience	—	Senior Executive – B2B Distribution and FMCG

DIRECTORS' REPORT (CONT'D)

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

	Number eligible to attend	Number attended
Michele Adair	11	10
Martyn Berry	11	10
Jeanette Brooks	1	1
Sarah Donald	11	11
Darryl Easton	11	9
Michael Touma	11	10
Gregory Wallace	11	11

Indemnifying Officers or Auditor

Insurance premiums of \$4,812 were paid during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of the Company

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

The Company was not a party to any such proceedings during the year.

Objectives of the Company

The Company assists children and young people who have difficulties learning by providing them with the skills, services and family support that enable them to reach their full potential. This includes:

- Establishing and operating programs which directly assist children who have learning difficulties, disabilities or developmental delays and their families.
- Establishing and operating early childhood programs which provide inclusion of children with special needs into early childhood settings.
- Increasing public awareness, understanding and interest in the special needs of children who have learning difficulties, disabilities or developmental delays.

Assessment of Performance

The Company assesses its performance using the following methodologies in order to ensure that the objectives of the Company are being met:

- Monthly financial reporting and analysis,
- Accountability reporting to all major funding partners,
- Wide-ranging policies and procedures reviewed at least triennially,
- Regular client and staff surveys,
- Monthly monitoring of client numbers,
- Reporting and monitoring of key performance indicators,
- Dashboard reporting on a monthly basis.

Member's guarantee


Learning Links is a Company limited by guarantee without share capital. In the event of the Company being wound up, each member undertakes to contribute an amount not exceeding any outstanding membership fees to cover costs, charges and expenses of winding up. As at 30 June 2016, there were 365 members of the Company.

DIRECTORS' REPORT (CONT'D)

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 7.

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



Director
Gregory Wallace - Chair



Director
Michele Adair – Secretary

11 October 2016

The Board of Directors
Learning Links
12-14 Pindari Rd
Peakhurst NSW 2210

11 October 2016

Dear Board Members

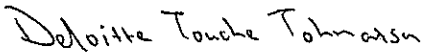
Learning Links

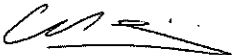
In accordance with Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the directors of Learning Links.

As lead audit partner for the audit of the financial statements of Learning Links for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


Carlo Pasqualini
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Learning Links

We have audited the accompanying financial report of Learning Links ("the company"), which comprises the statement of financial position as at 30 June 2016, , the statement of profit or loss and other comprehensive income , the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible persons declaration and declaration under the Charitable Fundraising Act as set out on pages 10 to 31. In addition, we have audited Learning Links compliance with specific requirements of the Charitable Fundraising Act 1991 for the year ended 30 June 2016.

Directors' Responsibility for the Financial Report and for Compliance with the Charitable Fundraising Act 1991

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 (Cth)* (the ACNC Act) and for compliance with the *Charitable Fundraising Act 1991*. The directors are also responsible for such internal control as the directors determine is necessary to enable compliance with requirements of the *Charitable Fundraising Act 1991* and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's compliance with specific requirements of the *Charitable Fundraising Act 1991* and the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the entity has complied with specific requirements of the *Charitable Fundraising Act 1991* and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the company's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's compliance with the *Charitable Fundraising Act 1991* and preparation of the financial report that gives a true and fair view, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in Learning Links compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

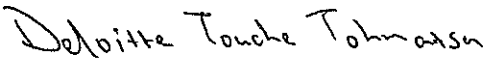
Auditor's Independence Declaration

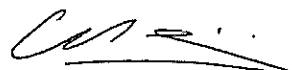
In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Opinion

In our opinion:

- (a) the financial report of Learning Links is in accordance with Division 60 of the ACNC Act, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*;
- (b) the financial report agrees to the underlying financial records of Learning Links, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2016; and
- (c) monies received by Learning Links, as a result of fundraising appeals conducted during the year ended 30 June 2016, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.


DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 13 October 2016

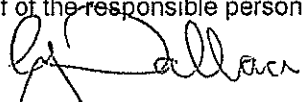
RESPONSIBLE PERSONS

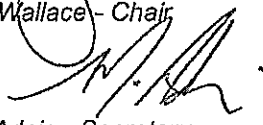
The responsible persons declare that:

- (a) in the responsible persons opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the responsible persons opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the board members made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

On behalf of the responsible persons:


Director
Gregory Wallace - Chair


Director
Michele Adair - Secretary

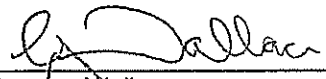
11 October 2016

DECLARATION UNDER THE CHARITABLE FUNDRAISING ACT

I, Gregory Wallace, Chair of Learning Links, declare that in my opinion:

- a. The financial statements give a true and fair view of all income and expenditure for Learning Links with respect to fundraising appeal activities for the year ended 30 June 2016;
- b. The statement of financial position gives a true and fair view of affairs for Learning Links with respect to fundraising appeal activities for the year ended 30 June 2016;
- c. The provisions of the *NSW Charitable Fundraising Act 1991* and Regulations under the Act and the conditions attached to the authority have been complied with during the year ended 30 June 2016:
and
- d. The internal controls exercised by Learning Links are appropriate and effective in accounting for all income received and applied by Learning Links from any of its fundraising appeals.

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


Gregory Wallace
Chair

11 October 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
INCOME			
Fee income for Services		1,938,381	2,056,238
Grants	3	1,564,052	4,884,114
Donations		19,804	19,506
Fundraising	2(r)	132,759	133,353
Bingo Income		400,963	530,266
Housie Income	2(r), 11	8,797,758	7,404,665
Membership Fees		7,785	17,270
Other Income		26,097	20,131
Total Income		12,887,599	15,065,543
EXPENDITURE			
Human Resources Costs for Services		3,989,840	6,597,032
Human Resources Costs for Housie & Bingo		944,582	848,595
Housie and Bingo Other Costs		6,904,856	5,906,013
Program Costs		259,277	353,788
Marketing Costs		54,587	84,434
Administration & Office Costs		415,910	891,318
Finance Costs		54,893	111,289
IT Costs		246,176	322,372
Total Expenses		12,870,121	15,114,841
Net profit/(loss) for the year before impairments and discontinued operations		17,478	(49,298)
Profit for the year from discontinued operations	20.2	-	96,312
Net profit for the year		17,478	47,014
Other Comprehensive Income			
Items that will not subsequently be reclassified to profit or loss:			
Asset Revaluation reserve written off		-	(7,012)
Revaluation of property, plant and equipment		-	367,005
Other comprehensive Income		-	359,993
Total comprehensive income for the year		17,478	407,007

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSET			
CURRENT ASSETS			
Cash and cash equivalents	14	1,078,320	1,446,594
Trade and other receivables	17	365,118	406,287
Prepayments		20,358	26,163
Inventories		126,333	65,452
Other current assets		30,258	6,108
Total Current Assets		1,620,387	1,950,604
NON-CURRENT ASSETS			
Goodwill	12	-	-
Land & Building	4	1,147,386	1,161,267
Furniture & Fittings	4	37,197	52,399
IT & other equipment	4	306,566	362,424
Motor Vehicle	4	3,768	17,774
Total Non-current Assets	4	1,494,917	1,593,864
Total Assets		3,115,304	3,544,468
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	13	906	2,571
Trade & other payables	18	401,467	815,823
Income received in advance		37	31,806
Grants & Funding in advance		262,492	277,891
Provisions & Employee entitlements	16	372,026	247,147
Housie Prize Fund		64,446	64,367
Total Current Liabilities		1,101,374	1,439,605
NON-CURRENT LIABILITIES			
Provisions & Employee entitlements	16	23,017	131,428
Total Non-current Liabilities		23,017	131,428
Total Liabilities		1,124,391	1,571,033
Net Assets		1,990,913	1,973,435
EQUITY			
Reserves	5	705,000	705,000
Retained surplus		1,285,913	1,268,435
Total Equity		1,990,913	1,973,435

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Retained Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2014	776,068	762,674	1,538,742
Net profit for the year	47,014	-	47,014
Other comprehensive income for the year	-	359,993	359,993
Total comprehensive income for the year	47,014	359,993	407,007
Gain on disposal of business combination	27,686	-	27,686
Transfer	417,667	(417,667)	-
Balance at 30 June 2015	1,268,435	705,000	1,973,435
Balance at 1 July 2015	1,268,435	705,000	1,973,435
Net profit for the year	17,478	-	17,478
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	17,478	-	17,478
Balance at 30 June 2016	1,285,913	705,000	1,990,913

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Cash flow from operating activities			
Receipts from customers		13,139,670	16,051,612
Payments to suppliers & employees		(13,513,486)	(16,193,638)
Interest paid		(3,229)	(26,864)
Interest received		20,041	26,713
Net cash flow used in operating activities	14	(357,004)	(142,177)
Cash flow from investing activities			
Payment for property, plant & equipment		(32,332)	-
Proceeds from disposal of property, plant & equipment		22,727	8,146
Proceeds from disposal of Peshurst property		-	1,267,005
Proceeds from disposal of Early Education and Care		-	908,339
Net cash flow (used in)/generated from investing activities		(9,605)	2,183,490
Cash flow from financing activities			
Repayment of borrowings		(1,665)	(1,180,573)
Net cash flow used in financing activities		(1,665)	(1,180,573)
Net (decrease)/increase in cash held		(368,274)	860,740
Cash and cash equivalents at beginning of the year		1,446,594	585,854
Cash and cash equivalents at the end of the year	14	1,078,320	1,446,594

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: REPORTING COMPANY

The financial report is a general purpose financial report which has been prepared in accordance with Division 60 of the *Australian Charities and Not for Profits Commission Act 2012* and Australian Accounting Standards – Reduced Disclosure Requirements and complies with both other requirements of law and the *Charitable Fundraising Act 1991 (NSW)*. Learning Links is a not-for-profit public Company limited by guarantee, incorporated and domiciled in Australia.

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

12-14 Pindari Rd
Peakhurst NSW 2210

The Company's principal activity during the year was to help children who have disabilities, learning difficulties, developmental delays and those at risk of not achieving learning or developmental milestones realise their individual potential.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS') except for the specific requirements relating to not-for-profits entities contained in AASB116 'Property, plant and equipment', AASB1004 'Contributions' and AASB8 'Operating Segments'.

The financial statements were authorised for issue by the directors on 11 October 2016.

The following is a summary of the material accounting policies adopted by Learning Links in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs except for certain non-current assets that are measured at revalued amounts or fair values as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The revised Standards and Interpretations adopted did not have an impact on the financial statements.

Accounting Policies

(a) Income Tax

The Company received endorsement from the Australian Taxation Office as an income tax exempt charitable Company effective from 1 January 2002. The Company is exempt from income tax under Division 50 section 50-5 of the Income Tax Assessment Act 1997. It is also exempt from State payroll taxes.

Fringe Benefits Tax

For 2016 and 2017 FBT year, the grossed-up taxable value of exempt fringe benefits that a charity may provide to each employee is capped at \$31,177. Any amount above the \$31,177 cap will not be exempt and will be subject to normal FBT treatment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Inventories

Inventories of goods purchased for fundraising are valued at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and only include direct costs. Inventories on hand consist of Bingo prizes, Bingo and Housie tickets, raffle prizes, Christmas cards and Reading for Life kits.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, net of any accumulated depreciation and any impairment losses.

Property

Properties are measured on the fair value basis, with changes in the fair value recognised in Asset Revaluation Reserve in the period that they arise. It is a policy of Learning Links to have an independent valuation every three years, with annual appraisals being made by the Directors.

Plant and Equipment

Plant and equipment are measured on a cost basis less depreciation and impairment losses.

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

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets and capitalised lease assets are depreciated over their useful lives using the straight line or diminishing value method as considered appropriate. New assets are depreciated from the time the asset is held ready for use. Plant and equipment under lease are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of assets in the current and comparative year are as follows.

Class of fixed assets	Depreciation rates	Depreciation basis
Improvements	40% or life of the asset	Diminishing Value & Straight Line
Office Furniture & Equipment	40%	Diminishing Value
Computer Equipment	40%	Diminishing Value
System Applications	10%	Straight Line
Motor Vehicles	40%	Diminishing Value

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Financial Instruments

Recognition and Initial Measurements

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets

At each reporting date, the Company 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 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 income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Employee Benefits

Provisions are made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits 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 the amounts expected to be paid when the liability is settled, plus related costs. Other employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

(h) 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.

(i) Revenue

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

If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the contributions, the recognition of the grant as revenue will be deferred until those conditions are satisfied and control of the funds is obtained.

Bingo and Housie revenue is recognised on sale of the game ticket.

Donations and bequests are recognised as revenue when received.

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

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

Other revenue, including fundraising is recognised when the right to receive the revenue has been established.

(j) Borrowing Costs

Borrowing costs are recognised in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the 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.

(l) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Adoption of new and revised accounting standards

New accounting Standards and Interpretations

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current annual reporting period.

(n) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective Date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15'	1 January 2018	30 June 2019
• AASB 16 'Leases'	1 January 2019	30 June 2020
• AASB 1057 'Application of Australian Accounting Standards' and AASB 2015-9 'Amendments to Australian Accounting Standards – Scope and Application Paragraphs'	1 January 2016	30 June 2017
• AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
• AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
• AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
• AASB 2015-6 'Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Non-for-Profit Public Sector Entities'	1 July 2016	30 June 2017
• AASB 2015-7 'Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities'	1 July 2016	30 June 2017
• AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
• AASB 2016-4 'Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities'	1 January 2017	30 June 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Critical accounting estimates and judgments

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

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating the conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(p) Accounts and Other Receivables

Accounts receivables which generally have 14-90 day terms, are recognised and carried at original invoice amount less an allowance for uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. The accounts receivable amount in the Statement of Financial Position is net of doubtful debts. Bad debts are written off when identified.

(q) Traders

As a form of fundraising, Learning Links has contracts with two traders. They are King Cotton Australia and Helping Hand Sweet Company. The income from these traders is included in Fundraising and Other Income in the Statement of Comprehensive Income. The contract with King Cotton Australia has been terminated on 11 August 2016.

(r) Fundraising activities

The Company has an authority to fundraise under the *Charitable Fundraising Act 1991 (NSW)*. The Authority number is CFN 13232 which expires on 15/02/2021. Additional notes and information have been provided in the financial report to assist the authority holder with its disclosure requirements. A detailed list of fundraising permits has not been provided in this report but is available upon request

All proceeds from fundraising activities were used in the costs of providing services to children who have difficulty learning and their families. Charity Housie financial information is contained in Note 11.

	\$	Surplus \$	2016 %	2015 %
Total cost of fundraising/gross proceeds from fundraising	7,518,062/8,930,517	1,412,455	84%	82%
Net surplus from fundraising/gross proceeds	1,412,455/8,930,517		16%	18%
Total cost of services/expenditure	5,020,185/12,870,121		39%	61%
Total cost of services/income	5,020,185/12,887,599		39%	61%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Fundraising activities (cont'd)

Fundraising

The following table comprises items from Charity Housie, Fundraising and Other Income in the Statement of Comprehensive Income. It covers arrangements with traders and small fundraising activities.

(i) Gross Proceeds from fundraising

	2016	2015
	\$	\$
Trader – Recycled Clothing	45,000	100,064
Trader – Helping Hand Sweet Company	2,897	3,575
Other Fundraising	84,862	29,714
	<u>132,759</u>	<u>133,353</u>
Charity Housie (Note 11)	8,797,758	7,404,665
	<u>8,930,517</u>	<u>7,538,018</u>

(ii) Total cost of fundraising

Other Fundraising	73,004	-
Charity Housie (Note 11)	7,445,058	6,191,716
	<u>7,518,062</u>	<u>6,191,716</u>
Net surplus from fundraising	<u>1,412,455</u>	<u>1,346,302</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: GRANTS AND CONTRACTS

Grants and contracts are received by Learning Links from government and non-government sources.

Funding Body	2016	2015
	\$	\$
Department of Family & Community Services- Ageing, Disability and Home Care	35,994	3,189,784
Brotherhood of St Laurence	424,895	344,461
Smith Family	120,048	148,522
NSW Government Department of Education & Communities	337,557	384,328
SON Scan South East Region	-	49,515
Parenting Research Centre	123,243	170,966
Community Service Grants Program (EIPP)	106,895	103,354
Department of Prime Minister & Cabinet	-	42,224
Non-government sources	415,420	450,960
Total Funding Revenue	1,564,052	4,884,114

NOTE 4: PROPERTY, PLANT & EQUIPMENT

	2016	2015
	\$	\$
Land & Buildings at:		
- Land & Building (Peakhurst) - at Fair Value (i)	1,100,000	1,100,000
- Building & Leasehold Improvements at cost	266,847	265,366
Less accumulated depreciation	(219,461)	(204,099)
	<u>1,147,386</u>	<u>1,161,267</u>
Office furniture & fittings - at cost	148,335	144,544
Less accumulated depreciation	(111,138)	(92,145)
	<u>37,197</u>	<u>52,399</u>
Computer & office equipment - at cost	1,162,324	1,135,265
Less accumulated depreciation	(855,758)	(772,841)
	<u>306,566</u>	<u>362,424</u>
Motor vehicles - at cost	53,625	82,897
Less accumulated depreciation	(49,857)	(65,123)
	<u>3,768</u>	<u>17,774</u>
Total Property, Plant & Equipment	1,494,917	1,593,864

- (i) The Peakhurst property was last valued as at 3 September 2013 by independent valuer, MJ Davies Valuations.

The directors are of the opinion that the fair value of the property as at 30 June 2016 is not materially different to the current market value of the property, based on management's assessment of external market data relating to the properties in the surrounding area.

An independent valuation will be performed during the 2017 financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 5: RESERVES

	2016	2015
	\$	\$
Asset Revaluation Reserve	705,000	705,000
Movements during the year		
Opening Balance	705,000	762,674
Transfer to retained earnings	-	(417,667)
Written off	-	(7,012)
Revaluation of property, plant and equipment	-	367,005
	<u>705,000</u>	<u>705,000</u>

On 17 December 2014, the Peshurst property was sold for \$1,267,005. The proceeds from the sale were used to discharge the following:

- Bank loan secured by Peshurst property
- Bank loan secured by Peakhurst property
- Bank overdraft secured by Peakhurst property

As part of the fair value accounting, the Peshurst property was revalued to reflect the sale price achieved. An amount of \$367,005 was taken to the reserves to reflect the increase in fair value.

NOTE 6: REMUNERATION AND RETIREMENT BENEFITS

No income was paid or is payable to the Directors of the Company.

NOTE 7: MEMBERS' GUARANTEE

Learning Links is a Company limited by guarantee without share capital. In the event of the Company being wound up, each member undertakes to contribute an amount not exceeding any outstanding membership fees to cover costs, charges and expenses of winding up. As at 30 June 2016, there were 365 (2015: 525) members of the Company.

NOTE 8: RELATED PARTY TRANSACTIONS

Learning Links was incorporated as a Company limited by guarantee on 23 July 2001 and commenced operation on 1 January 2002. All assets, liabilities and reserves were transferred from the Association for Children with Learning Disabilities (ACLD) Inc trading as Learning Links.

Members are generally also clients of Learning Links. Clients who become members pay a membership fee of \$20 which also entitles the member to a 10% discount on services provided by Learning Links.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of cash and cash equivalents and retained earnings.

Operating cash flows are used to maintain the Company's charitable activities.

(b) Interest rate risk management

The Company's exposures to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or any other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to and forming part of the financial statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the economic Company.

(d) Net Fair Values

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: FINANCIAL INSTRUMENTS (CONT'D)

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors. Given the nature of its operations, the Company has no need for a liquidity risk management framework.

The following tables detail the Company's expected maturity for its derivative and non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The monies held in Term Deposits are encumbered, as they have corresponding bank guarantees issued against them to third parties.

	Average interest rate %	Variable Interest \$	Fixed interest Rate		Non- interest bearing \$	TOTAL \$
			Less than 1 year \$	More than 1 year \$		
2016						
Financial Asset						
Cash at Bank and Term Deposit	2.08%	444,865	632,793	-	662	1,078,320
Trade and Other Receivables	-	-	-	-	365,118	365,118
		444,865	632,793	-	365,780	1,443,438
Financial Liability						
Trade and Other Payables	-	-	-	-	401,467	401,467
2015						
Financial Asset						
Cash at Bank and Term Deposit	2.58%	932,400	512,460	-	1,734	1,446,594
Trade and Other Receivables	-	-	-	-	406,287	406,287
		932,400	512,460	-	408,021	1,852,881
Financial Liability						
Trade and Other Payables	-	-	-	-	815,823	815,823

In the previous financial year, the Company had repaid all borrowings with Westpac Banking Corporation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10: SEGMENT REPORTING

Learning Links operates in the Community Services Sector providing assistance within Australia to children who have difficulty learning and their families.

NOTE 11: HOUSIE OPERATIONS (EXCLUDING BINGO)

	2016	2015
	\$	\$
Income		
Housie Ticket Sales	8,274,026	6,988,146
Other Sales	523,731	415,753
Others	-	100
Club Donation	-	666
Total Income	8,797,757	7,404,665
Expenditure		
Housie Prizes	6,222,774	5,090,578
Wages, Superannuation and Workers Insurance	851,869	769,045
Profit sharing arrangements	33,620	38,402
Housie Tickets	281,140	212,551
Miscellaneous	55,655	81,140
Total Expenditure	7,445,058	6,191,716
Gross Profit on Housie Games	1,352,699	1,212,949
Gross Profit/Total Housie Income	15.4%	16.4%

Charity Housie is a gaming program with cash prizes run for charitable purposes while Club Bingo is a gaming program with non-cash prizes usually run as a social activity in clubs. Both are required to comply with government legislation.

The disclosure above relates only to Charity Housie, in accordance with the *Charitable Fundraising Act 1991 (NSW)* requirement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: GOODWILL

On 5 September 2011, Learning Links acquired the net assets of a long day care centre located at 201 Elizabeth Street Sydney for a total consideration transferred of \$1,503,617. The day care centre was formerly the Kids Company (George Street) Pty Limited and was in receivership at the time of the acquisition. This acquisition gave Learning Links the opportunity to expand its' revenue base and add diversity to its range of products and services for children and their families. The goodwill of \$632,967 represented the residual value of the purchase price over the fair value of identifiable tangible and intangible assets shown below.

	2016	2015
	\$	\$
Opening Balance 1 July	-	197,074
Derecognised on disposal (Note 20)	-	(197,074)
Closing Balance at 30 June	<u>-</u>	<u>-</u>

During the previous financial year, the goodwill was derecognised based on the sale of the long day care centre.

NOTE 13: BORROWINGS

	2016	2015
	\$	\$
Current		
Secured at amortised cost:		
Equipment Finance	<u>906</u>	<u>2,571</u>
	<u>906</u>	<u>2,571</u>

NOTE 14: NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and investments in money market instruments.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2016	2015
	\$	\$
Cash flow from operating activities		
Cash on hand and at bank	445,527	934,134
Term deposit	<u>632,793</u>	<u>512,460</u>
Cash and cash equivalent at the end of the year	<u>1,078,320</u>	<u>1,446,594</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: NOTE TO THE STATEMENT OF CASH FLOWS (CONT'D)

Reconciliation of Cash (cont'd)

	2016	2015
	\$	\$
Reconciliation of net cash provided by operating activities to net profit		
Operating profit	17,478	47,014
Gain on sale of property, plant and equipment	(11,232)	(8,146)
Depreciation & amortisation	119,784	185,876
Provision for doubtful debts	4,709	-
Changes in assets and liabilities:		
Increase/(Decrease) in provisions	16,548	(168,435)
Decrease in Creditors	(414,356)	(261,321)
Decrease in Funds & Grants in advance	(47,169)	(131,554)
Decrease in prepaid expenses	5,805	10,389
Decrease in accounts receivable	36,460	115,163
(Increase)/Decrease in inventories	(60,881)	70,928
Increase in other receivables	(24,150)	(2,091)
Net cash used in operating activities	(357,004)	(142,177)

NOTE 15: REMUNERATION OF AUDITOR

	2016	2015
	\$	\$
Audit of the financial report and grant acquittals	33,337	32,960
	33,337	32,960

The auditor of Learning Links is Deloitte Touche Tohmatsu.

NOTE 16: PROVISIONS

	2016	2015
	\$	\$
Employee entitlements	395,043	378,575
	395,043	378,575
Current	372,026	247,147
Non-current	23,017	131,428
	395,043	378,575

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: TRADE AND OTHER RECEIVABLES

Trade terms vary. Parent fees for services are due within 14 days of service delivery. Learning Links raises money to subsidise fees for parents who cannot afford to pay, either because of their financial circumstances at the time the service is agreed to or changed circumstances while the service is being received. Fee subsidies assist in paying for services when parents cannot.

Housie and Bingo consists of two sources of income, first being session income and second being club reimbursement. All session income is cash at the time of service and club reimbursements are 30 days trade terms (the terms with clubs may vary based on contractual agreements).

Trade terms for selected government departments falls within 90 days from the date of service.

No interest is charged on receivables. Past experience is that debt can be recoverable even when outstanding beyond payment terms.

NOTE 18: TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	119,835	231,611
Other payables	258,726	427,696
Goods & Services Tax payable	22,906	156,516
	<u>401,467</u>	<u>815,823</u>

Other payables include Superannuation and PAYG payable.

NOTE 19: KEY MANAGEMENT PERSONNEL REMUNERATION

	2016	2015
	\$	\$
Short term employee benefits	827,420	1,099,886
Post-employment benefits	47,355	53,766
Termination benefits	92,842	56,720
	<u>967,617</u>	<u>1,210,372</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 20: DISCONTINUED OPERATIONS

On 3 December 2014, Learning Links had disposed the long day care centre, Early Education Centre located at 201 Elizabeth Street Sydney, including all assets and liabilities.

NOTE 20.1: GAIN ON DISPOSAL OF BUSINESS COMBINATION

The disposal resulted in a gain of \$27,686 as follows:

	2015
	\$
Purchase consideration	861,859
Less: Cost of disposal	<u>(38,277)</u>
	823,582
Less: Net assets disposed	(598,822)
Less: Goodwill (Note 12)	<u>(197,074)</u>
Total	<u>27,686</u>

NOTE 20.2: ANALYSIS OF PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The profit of \$96,312 has been included in the profit and loss statement which is related to the discontinued operations of Early Education Centre, which is as set out below.

	2015
	\$
Fee income for services	884,280
Other income	<u>2,907</u>
	887,187
Human resources cost of Long Day Care Centre	(477,671)
Long Day Care Centre - other costs	<u>(313,204)</u>
Total expenses	<u>(790,875)</u>
Profit for the year	<u>96,312</u>

NOTE 21: SUBSEQUENT EVENTS

There has not been any matter or circumstances that have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

