

LEARNING LINKS

ABN 71 097 577 636

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018**

LEARNING LINKS
Annual Report
For the Financial Year ended 30 June 2018

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DIRECTORS' REPORT

The Directors present this report on Learning Links (the "Company") for the year ended 30 June 2018.

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 (Retired 14 November 2017)
Clive Cuthell (Appointed 7 July 2017)
Sarah Donald
Darryl Easton
Glenn Farrow (Resigned 30 April 2018)
Helen Hu
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 surplus of the Company amounted to \$475,301 (2017: \$335,624).

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

The Company has completed two years of its four year strategic plan and is exceeding its growth targets to deliver quality services across greater Sydney. The next phase of the growth strategy is to provide further services in south west Sydney to meet the growing demand for services in that region. In addition, the Company will continue to expand its reach and impact to children in areas we currently service including increasing service delivery to children eligible for NDIS supports.

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)
Experience	—	Senior Executive – government and telecommunications
Sarah Donald	—	Secretary
Qualifications	—	Master of Laws, Bachelor of Laws, Bachelor of Business (Management), Grad Dip Legal Practice, GAICD
Experience	—	Legal counsel
Michele Adair	—	Director
Qualifications	—	Master of Management, Master of Public Advocacy & Action, GAICD
Experience	—	Senior Executive Community Housing and Support Services
Martyn Berry	—	Director
Qualifications	—	Bachelor of Science with First Class Honours in Mathematical Statistics
Experience	—	Senior Executive – Financial Services
Clive Cuthell	—	Director
Qualifications	—	Bachelor of Arts (Hons.) Accountancy and Finance, CA, GAICD
Experience	—	Senior Executive – multinational organisation in manufacturing, construction materials and property
Darryl Easton	—	Director
Qualifications	—	Master of Engineering Management and Master of Business Administration
Experience	—	Engineering professional - telecommunications
Glen Farrow	—	Director
Qualifications	—	Adjunct Associate Professor, University of Sydney, MBBS(Hons.), MBA, FRACS (General & Paediatric), MRACMA, MAICD
Experience	—	Senior Executive Health and Community Services
Helen Hu	—	Director
Qualifications	—	Bachelor of Arts, Master of Commerce, GAICD, GIA, CA
Experience	—	Senior Executive – member based organisations, service sector and company secretary

DIRECTORS' REPORT (CONT'D)

The number of directors' meetings held in the period each director held office during the financial year and the number of meetings attended by each director are:

Director	Board of Directors		Finance and Audit		Corporate Governance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Michele Adair	7	5	7	5		
Martyn Berry*	2	2	2	1		
Clive Cuthell	7	5	7	5		
Sarah Donald	7	6			2	2
Darryl Easton	7	7			2	2
Glen Farrow*	5	0				
Helen Hu	7	6	7	7		
Gregory Wallace	7	7	7	6	2	2

* Not member for full year

Indemnifying Officers or Auditor

Insurance premiums of \$5,500 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,

DIRECTORS' REPORT (CONT'D)

- Monthly monitoring of client numbers,
- Reporting and monitoring of key performance indicators,
- Dashboard reporting on a monthly basis


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. As at 30 June 2018, there were 352 (2017: 433) members of the Company.


Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 6.

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



Director
Gregory Wallace - Chair



Director
Sarah Donald – Secretary

26 October 2018

Learning Links

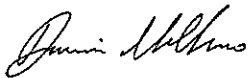
Auditors Independence Declaration Under Section 60-40 of the Australian Charities and Not For Profit Commission Act 2012

I declare that, to the best of my knowledge and belief during the year ended 30 June 2018 there have been:

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



William Buck
Chartered Accountants
ABN 16 021 300 521



Domenic Molluso
Director

Sydney, 26 October 2018

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Learning Links

Independent Auditor's Report to Members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Learning Links (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration. In addition, we have audited the Company's compliance with the specific requirements of the *Charitable Fundraising Act 1991* for the year ended 30 June 2018.

In our opinion the financial report of Learning Links 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 Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b. Complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

In compliance with Section 24 of the *Charitable Fundraising Act 1991* and the Authority Condition, in our opinion:

- a. The financial report of the Company gives a true and fair view of the financial results of fundraising appeals during the year ended 30 June 2018;
- b. The accounting and associated records have been properly kept during the year in accordance with the *Charitable Fundraising Act 1991* and the Regulations;
- c. Money received as a result of fundraising appeals conducted during the year have been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991* and the Regulations; and
- d. At the date of this report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**CHARTERED ACCOUNTANTS
& ADVISORS**

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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 Learning Links in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in Learning Link's directors report for the year ended 30 June 2018, 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.

Other Matter

The financial report of Learning Links for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on the financial report on 31 October 2017.

Responsibilities of the Directors for the Financial Report

The directors of Learning Links are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and 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 the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing Learning Links' 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 Learning Links or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Learning Links' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

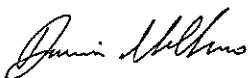
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



William Buck
Chartered Accountants
ABN 16 021 300 521



Domenic Molluso
Director

Sydney 26 October, 2018


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
Sarah Donald – Secretary


26 October 2018

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 2018;
- 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 2018;
- 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 2018:
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

26 October 2018

LEARNING LINKS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
INCOME			
Fee income for services		2,470,162	2,281,002
Government grants	3	1,457,315	1,301,687
Fundraising - non-government grants	2(q)	584,836	623,783
Donations		72,664	19,078
Bingo income		133,164	361,130
Housie income	2(q), 12	10,369,804	9,213,471
Membership fees		8,113	8,613
Other income		31,747	43,090
Total income		15,127,805	13,851,854
EXPENSES			
Human resources costs for services		4,330,372	3,979,784
Human resources costs for Housie & Bingo		1,255,932	1,188,085
Housie and Bingo other costs		7,811,542	7,157,197
Program costs		216,844	236,025
Marketing costs		82,903	77,231
Administration & office costs		619,984	562,520
Finance costs		13,086	17,254
IT costs		321,841	298,134
Total expenses		14,652,504	13,516,230
Net surplus for the year attributable to members		475,301	335,624
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO SURPLUS OR DEFICIT			
Revaluation of property, plant and equipment		-	289,035
Other comprehensive income		-	289,035
Total comprehensive income attributable to members		475,301	624,659

The accompanying notes form part of these financial statements

LEARNING LINKS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
ASSET			
CURRENT ASSETS			
Cash and cash equivalents	10	1,889,100	1,217,556
Trade and other receivables	15	711,670	529,373
Prepayments		91,439	89,538
Inventories		76,850	95,517
Other current assets		48,636	119,919
Total current assets		2,817,695	2,051,903
NON-CURRENT ASSETS			
Property, plant & equipment	4	1,746,830	1,634,718
Intangible assets	5	299,749	334,547
Total non-current assets		2,046,579	1,969,265
Total assets		4,864,274	4,021,168
LIABILITIES			
CURRENT LIABILITIES			
Trade & other payables	16	410,949	657,159
Grants & funding in advance		844,224	289,410
Provisions & employee entitlements	14	387,205	347,929
Housie prize fund		108,006	79,388
Total current liabilities		1,750,384	1,373,886
NON-CURRENT LIABILITIES			
Provisions & employee entitlements	14	23,017	31,710
Total non-current liabilities		23,017	31,710
Total liabilities		1,773,401	1,405,596
Net assets		3,090,873	2,615,572
EQUITY			
Reserves	6	994,035	994,035
Accumulated surplus		2,096,838	1,621,537
Total equity		3,090,873	2,615,572

The accompanying notes form part of these financial statements.

LEARNING LINKS

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained Surplus	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance as at 1 July 2016	1,285,913	705,000	1,990,913
Net surplus for the year	335,624	-	335,624
Other comprehensive income for the year	-	289,035	289,035
Total comprehensive income for the year	335,624	289,035	624,659
Balance at 30 June 2017	1,621,537	994,035	2,615,572
Balance as at 1 July 2017	1,621,537	994,035	2,615,572
Net surplus for the year	475,301	-	475,301
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	475,301	-	475,301
Balance at 30 June 2018	2,096,838	994,035	3,090,873

The accompanying notes form part of these financial statements

LEARNING LINKS
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Receipts from customers		15,787,230	13,455,860
Payments to suppliers & employees		(14,905,637)	(13,007,839)
Interest received		20,515	22,353
Net cash flow from operating activities		902,108	470,374
Cash flow from investing activities			
Payment for property, plant & equipment		(186,715)	(209,605)
Payment for IT software		(45,667)	(120,627)
Proceeds from disposal of property, plant & equipment		1,818	-
Net cash flow from investing activities		(230,564)	(330,232)
Cash flow from financing activities			
Repayment of borrowings		-	(906)
Net cash flow from financing activities		-	(906)
Net increase in cash held		671,544	139,236
Cash and cash equivalents at beginning of the year		1,217,556	1,078,320
Cash and cash equivalents at the end of the year	10	1,889,100	1,217,556

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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.

The financial statements were authorised for issue by the directors on 26 October 2018.

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.

In the current year the Company reclassified certain Income line items within the Statement of profit or loss and other comprehensive income. Items reclassified were government grants and fundraising – non-government grants. From the prior financial year 2017 to the financial year 2018 the grants line item has been disaggregated into government grants and non-government grants. This change achieves improved presentation for users by providing more information about sources of funding. In addition, from the prior financial year 2017 to the financial year 2018 the fundraising line item is aggregated with non-government grants and now described as fundraising – non-government grants. This better reflects the total amount of non-government grants. Comparatives for prior years are also restated accordingly.

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 2017 and 2018 FBT year, the grossed-up taxable value of exempt fringe benefits that a charity may provide to each employee is capped at \$31,177 and \$30,000 respectively. Any amount above the cap will not be exempt and will be subject to normal FBT treatment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**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, Bingo accessories 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	Measurement bases 2018	Depreciation rates 2018	Depreciation basis 2018
Land & Buildings	Fair value	Nil	N/A
Leasehold Improvements	Historical cost	40% or life of the asset	Diminishing Value
Furniture & Fittings	Historical cost	20%	Straight Line
IT Hardware & Equipment	Historical cost	20%	Straight Line
Motor Vehicles	Historical cost	40%	Straight Line

Class of fixed assets	Measurement bases 2017	Depreciation rates 2017	Depreciation basis 2017
Land & Buildings	Fair value	Nil	N/A
Leasehold Improvements	Historical cost	40% or life of the asset	Diminishing Value
Furniture & Fittings	Historical cost	40%	Diminishing Value
IT Hardware & Equipment	Historical cost	40%	Diminishing Value & Straight Line
Motor Vehicles	Historical cost	40%	Diminishing Value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

The assets' 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.

(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 the 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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.

(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 2018

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) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(m) 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.

Employee benefits provision

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

Estimation of useful lives of assets

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

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific communication with debtors.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

(n) 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.

(o) Traders

As a form of fundraising, Learning Links has a contract with one trader. This is Helping Hand Sweet Company. The income from this trader is included in Fundraising and Other Income in the Statement of Comprehensive Income.

(p) Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(q) 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 12.

	\$	Surplus \$	2018 %	2017 %
Total cost of fundraising/gross proceeds from fundraising	8,935,996/10,954,640	2,018,644	82%	86%
Net surplus from fundraising/gross proceeds	2,018,644/10,954,640		18%	14%
Total cost of services/expenditure	5,585,030/14,652,504		38%	38%
Total cost of services/income	5,585,030/15,127,805		37%	37%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

(q) 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

	2018	2017
	\$	\$
Trader – Helping Hand Sweet Company	2,563	3,791
Other fundraising - Non-government grants	582,273	619,992
	<u>584,836</u>	<u>623,783</u>
Charity Housie (Note 12)	10,369,804	9,213,471
	<u>10,954,640</u>	<u>9,837,254</u>

(ii) Total cost of fundraising

Other fundraising	175,995	123,319
Charity Housie (Note 12)	8,760,001	7,898,703
	<u>8,935,996</u>	<u>8,022,022</u>

Net surplus from fundraising	<u>2,018,644</u>	<u>1,815,232</u>
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NOTE 3: GRANTS AND CONTRACTS

Funding body	2018	2017
	\$	\$
Brotherhood of St Laurence	449,295	443,186
Smith Family	150,000	105,562
NSW Government Department of Education & Communities	578,617	450,364
Parenting Research Centre	161,900	194,032
Community Service Grants Program (EIPP)	117,503	108,543
Total government funding revenue	<u>1,457,315</u>	<u>1,301,687</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 4: PROPERTY, PLANT & EQUIPMENT

	Land & Buildings (fair value)	Building & Leasehold Improvements	Furniture & Fittings	IT Hardware & Equipment	Motor Vehicles	Total
At 30 June 2017						
Gross carrying amount	1,450,000	219,722	194,480	276,928	53,625	2,194,755
Accumulated depreciation and impairment		(147,461)	(146,935)	(214,277)	(51,364)	(560,037)
Net carrying amount	1,450,000	72,261	47,545	62,651	2,261	1,634,718
At 30 June 2018						
Gross carrying amount	1,450,000	251,901	217,438	385,779	57,352	2,362,470
Accumulated depreciation and impairment	-	(160,082)	(165,716)	(246,151)	(43,691)	(615,640)
Net carrying amount	1,450,000	91,819	51,722	139,628	13,661	1,746,830

Reconciliation

A reconciliation of carrying amount of each class of property, plant & equipment at the beginning and end of the reporting period is set out below:

	Land & Buildings (fair value)	Building & Leasehold Improvements	Furniture & Fittings	IT Hardware & Equipment	Motor Vehicles	Total
Year ended 30 June 2018						
Net carrying amount at beginning of year	1,450,000	72,261	47,545	62,651	2,261	1,634,718
Additions		32,179	22,958	108,851	22,727	186,715
Less: Disposals		-	-	-	(2,165)	(2,165)
Depreciation Expense		(12,621)	(18,781)	(31,874)	(9,162)	(72,438)
Net carrying amount at end of year	1,450,000	91,819	51,722	139,628	13,661	1,746,830

The Peakhurst property was last valued as at 25 October 2016 by independent valuer, MJ Davies Valuations. The directors are of the opinion that the carrying value of the property as at 30 June 2018 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 5: INTANGIBLE ASSETS

	Intangible Assets	Total
	\$	\$
At 30 June 2017 - at cost		
Gross carrying amount	1,072,275	1,072,275
Accumulated amortisation and impairment	<u>(737,728)</u>	<u>(737,728)</u>
Net carrying amount	<u>334,547</u>	<u>334,547</u>

At 30 June 2018 - at cost		
Gross carrying amount	1,117,942	1,117,942
Accumulated amortisation and impairment	<u>(818,193)</u>	<u>(818,193)</u>
Net carrying amount	<u>299,749</u>	<u>299,749</u>

Reconciliation

A reconciliation of carrying amount of intangible assets at the beginning and end of the reporting period is set out below:

	Intangible Assets	Total
	\$	\$
Year ended 30 June 2018		
Net carrying amount at beginning of year	334,547	334,547
Additions	45,667	45,667
Amortisation expense	<u>(80,465)</u>	<u>(80,465)</u>
Net carrying amount at end of year	<u>299,749</u>	<u>299,749</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: RESERVES

	2018	2017
	\$	\$
Asset Revaluation Reserve	994,035	994,035
Movements during the year		
Opening balance	994,035	705,000
Revaluation of property, plant and equipment	-	289,035
Closing balance	994,035	994,035

NOTE 7: REMUNERATION AND RETIREMENT BENEFITS

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

NOTE 8: 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. As at 30 June 2018, there were 352 (2017: 433) members of the Company.

NOTE 9: 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.

NOTE 10: CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash flow from operating activities		
Cash on hand and at bank	746,475	646,931
Term deposit	1,142,625	570,625
Cash and cash equivalent at the end of the year	1,889,100	1,217,556

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: SEGMENT REPORTING

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

NOTE 12: HOUSIE OPERATIONS (EXCLUDING BINGO)

	2018 \$	2017 \$
Income		
Housie ticket sales	9,571,244	8,700,262
Other sales	798,560	513,209
Club donation	-	-
Total Income	<u>10,369,804</u>	<u>9,213,471</u>
Expenditure		
Housie prizes	7,080,028	6,412,602
Wages, superannuation and workers insurance	1,236,533	1,115,547
Profit sharing arrangements	31,801	24,936
Housie tickets	324,951	286,779
Miscellaneous	86,688	58,839
Total Expenditure	<u>8,760,001</u>	<u>7,898,703</u>
Gross Surplus on Housie Games	<u>1,609,803</u>	<u>1,314,768</u>
Gross Surplus/Total Housie Income	15.5%	14.3%

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.

NOTE 13: REMUNERATION OF AUDITOR

	2018 \$	2017 \$
Audit of the financial report and grant acquittals	31,500	37,543
	<u>31,500</u>	<u>37,543</u>

The auditor of Learning Links is William Buck, appointed on 30 April 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 14: PROVISIONS

	2018 \$	2017 \$
Employee entitlements	410,222	379,639
	<u>410,222</u>	<u>379,639</u>
Current	387,205	347,929
Non-current	23,017	31,710
	<u>410,222</u>	<u>379,639</u>

NOTE 15: TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Trade receivables	726,170	545,959
Less: Allowance for impairment	(14,500)	(16,586)
	<u>711,670</u>	<u>529,373</u>

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.

Provisional Psychologists attending the psychology development program pay for the service by way of equal instalments over the duration of the program, or for casual services invoiced monthly.

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 16: TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Trade payables	112,976	305,311
Other payables	262,747	333,029
Goods & Services Tax payable	35,226	18,819
	<u>410,949</u>	<u>657,159</u>

Other payables include Superannuation and PAYG payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17: KEY MANAGEMENT PERSONNEL REMUNERATION

	2018	2017
	\$	\$
Short term employee benefits	731,861	706,862
Post-employment benefits	63,558	57,268
Termination benefits	179,004	130,264
	<u>974,423</u>	<u>894,394</u>

NOTE 18: 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.