United Synergies Ltd
ABN 58 114 781 065

DIRECTORS' REPORT

Your directors present this report on the company for the financial year ended 30 June 2016.

Directors

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

Ian Montague
Kathleen Colclough
Greg Livingstone
Libby Wherrett (resigned 23/11/15)
Scott Wallace (resigned 18/1/16)
Paula Holden (commenced 18/1/16)
Anthony Ferro (commenced 23/11/15)
Geoff Argus (commenced 20/6/16)

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

Principal Activities

The principal activity of the company during the financial year was to support communities, with an emphasis on young people and families, to assist them in achieving stability and security in their lives and enable them to reach their full potential.

The company's strategic themes, which are the high-level strategies that form the basis of the organisation's operating model are:

Personalised Pathways: our services are underpinned by a philosophy of personalised pathways targeting an individual's needs and desired outcomes.

Co-Designed Services: we develop and refine our services and supporting processes with clients and stakeholders to empower and guide better service solutions.

Complementary Funding and Resources: while we are predominantly a government funded organisation, we actively seek complementary sources of funding and alternative resources to enhance the delivery of Our Vision.

Organisational Excellence: through discipline, planning and action we continually pursue excellence in our organisation.

These strategic themes are the cornerstones of our planning and cascade through all levels of our operating and activities, in order that we achieve our purpose – building better lives.

Information on Directors

Ian Montague	–	Director, appointed chairman 19 January 2015.
Qualifications and Experience	–	Master of Business Administration (Marketing), Graduate Diploma Management, AICD.
		Principal of Montague Consulting specialising in enterprise training advisory services.
Kathleen Colclough	-	Director
Qualifications and Experience	-	Arts degree (Chinese language & politics), post-graduate qualifications in Banking and Finance and a Certificate IV in Training and Assessment.
	-	Kathleen has extensive finance, academic, small business and not-for-profit sector experience. Kathleen operates her own business - writing and presenting training courses in Finance and Customer Service for the Not-for-Profit sector. Prior she held senior positions in the banking sector and lectured in Financial Risk Management at Monash University.
Greg Livingstone	-	Director
Qualifications and Experience	-	Masters of Commerce
	-	Greg has extensive experience in general management, strategy, finance and HR in a large Australian agribusiness and consumer products company.
	-	Greg has been engaged in areas of particular interest including sustainability in its broadest sense and has worked with the Noosa Biosphere, University of the Sunshine Coast (USC) Sustainability Advisory Committee and chaired the Sunshine Coast Economic Development Advisory Board.
Libby Wherrett	-	Director
Qualifications and Experience	-	Post Graduate Diploma in Public Sector Management and Bachelor of Social Work and certificate IV in Training and Assessment.
	-	Libby has experience in senior management roles in the public sector in both Tasmania and Queensland, including work in mental health, and then as the first Executive Director of Disability Services Queensland.
Scott Wallace	-	Director
Qualifications and Experience	-	Dip. Teaching – Maths, Science.
	-	Scott has recently retired Student Services Head of Department at Sunshine Beach State High School, leading the Student Services and Learning Enhancement team which encompasses the school chaplain, health nurse, and learning enhancement staff. He has worked as a teacher and in the education sector for 35 years.

DIRECTORS' REPORT

Paula Holden	Director
Qualifications and Experience	Paula is currently employed in the community health sector as a People, Learning and Culture executive, and has acquired over 15 years' experience as a professional Human Resource generalist. With a strong people and change background across sectors including mining, not for profit, commercial consulting and government, Paula embraces strategies which enable a whole of business approach. Her expertise is in developing and implementing business strategy, risk and workplace health and safety, and human resource strategies, ultimately aligning business and human capability. Paula holds a Bachelor of Management, Graduate Certificate in Business Administration and is currently completing a Masters of Business Administration.
Anthony Ferro	Director
Qualifications and Experience	Anthony Ferro is the Director of 'Present Professionally' which delivers business training, employment writing services, as well as contract writing for small business. Prior, Anthony was the principal and director of a major financial services business. Anthony served on the board of the Toowoomba Youth Service prior to amalgamation with United Synergies, and also has experience as a director on two other boards in the not for profit sector. Anthony holds tertiary qualifications in business, financial services, training, public safety and justice.
Geoff Argus	Director
Qualifications and Experience	Geoff has a broad range of experience in the private, public and community sectors where he has held senior clinical and management roles in mental health and social services. With a background in psychology, he has successfully led organisations through change management processes with a strong focus on clinical governance and positive client outcomes. Geoff is an adjunct lecturer with the University of Southern Queensland (USQ) and is the Chair of the Industry Advisory Group for the USQ School of Psychology, Counselling and Community.

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Ian Montague	11	11
Kathleen Colclough	11	7
Greg Livingstone	11	11
Libby Wherrett	5	1
Scott Wallace	5	5
Paula Holden	6	6
Anthony Ferro	7	5
Geoff Argus	1	1

DIRECTORS' REPORT

Events During the Reporting Period

On 1st July 2015 under a Deed of Amalgamation between United Synergies Limited (US) and Toowoomba & District Youth Service Incorporated (TYS) , TYS agreed to transfer and US has agreed to assume all TYS's assets, debts and liabilities after which TYS will effect dissolution.

There were no other events during the reporting period that have had a material impact on the business.

Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each ordinary member is required to contribute a maximum of $200 each towards meeting any outstanding obligations of the entity. At 30 June 2016, the total amount that members of the company are liable to contribute if the company is wound up is $1 per associate and honorary life member and $200 per ordinary member.

Membership Classes

(a) Ordinary members
(b) Associate members
(c) Honorary life members

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Director

Dated this 26th day of September 2016

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DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE DIRECTORS OF UNITED SYNERGIES LTD

As lead auditor of United Synergies Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

C J Skelton
Director

BDO Audit Pty Ltd

Brisbane: 26 September 2016

United Synergies Ltd

ABN 58 114 781 065

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Revenue – excluding capital grant	2	17,978,665	14,420,929
Revenue – capital grant	2(d)	580,000	450,000
Total Revenue		18,558,665	14,870,929
Staff Costs		(9,287,200)	(7,298,714)
Contracted Expenses		(4,008,964)	(3,380,222)
Occupancy Expenses		(718,669)	(551,914)
Client Support Costs		(1,254,459)	(707,823)
Motor Vehicle Expenses		(463,997)	(415,237)
Consultancy Expenses		(191,377)	(195,654)
Administrative Expenses		(584,782)	(393,068)
Staff Travel and Training Expenses		(439,797)	(408,338)
Information Technology Expenses		(298,078)	(209,371)
Depreciation and Amortisation Expenses	2	(327,674)	(190,572)
Repairs and Maintenance Expenses		(78,014)	(71,387)
Other Expenses		(505,413)	(411,286)
Surplus / (Loss) before income tax		400,241	637,343
Income tax expense	1(i)	-	-
Surplus / (Loss) for the year		400,241	637,343
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		400,241	637,343

The above statement should be read in conjunction with the accompanying notes.

United Synergies Ltd
ABN 58 114 781 065

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016	2015
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	4,829,186	3,415,959
Trade and other receivables	4	466,629	249,222
Other assets	5	230,853	278,928
TOTAL CURRENT ASSETS		5,526,668	3,944,109
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,279,463	1,160,983
Intangible assets	7	1,448	2,552
TOTAL NON-CURRENT ASSETS		2,280,911	1,163,535
TOTAL ASSETS		7,807,579	5,107,644
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	1,200,488	1,001,976
Income in advance	9	2,400,956	1,347,037
Provisions	10	93,961	69,146
TOTAL CURRENT LIABILITIES		3,695,405	2,418,159
NON-CURRENT LIABILITIES			
Provisions	10	164,568	134,761
TOTAL NON-CURRENT LIABILITIES		164,568	134,761
TOTAL LIABILITIES		3,859,973	2,552,920
NET ASSETS		3,947,606	2,554,724
EQUITY			
Reserves		1,897,863	905,222
Accumulated Surplus		2,049,743	1,649,502
TOTAL EQUITY		3,947,606	2,554,724

The above statement should be read in conjunction with the accompanying notes.

United Synergies Ltd

ABN 58 114 781 065

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

	Note	Accumulated Surplus $	Business Combination Reserve	Assets Reserve $	Total $
Balance at 1 July 2014		1,012,159		905,222	1,917,381
Comprehensive income					
Surplus for the year		637,343		-	637,343
Other comprehensive income		-		-	-
Total comprehensive income		637,343		-	637,343
Balance at 30 June 2015		1,649,502		905,222	2,554,724
Comprehensive income					
Surplus for the year		400,241	-	-	400,241
TYS Amalgamation Reserve	17	-	992,641	-	992,641
Other comprehensive income		-		-	-
Total comprehensive income		400,241	992,641	905,222	1,392,882
Balance at 30 June 2016		2,049,743	992,641	905,222	3,947,606

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from funding bodies and clients		19,320,240	14,057,324
Payments to suppliers and employees		(17,612,531)	(13,988,834)
Interest received		74,938	99,621
Interest and other finance costs paid		-	-
Net cash (used in) / generated from operating activities	11	1,782,647	168,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(562,808)	(441,871)
Payments for investments		-	-
Property, plant and equipment transferred		-	-
Net cash used in investing activities		(562,808)	(441,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
TYS Amalgamation		193,388	-
Net cash used in financing activities		193,388	-
Net increase / (decrease) in cash held		1,413,227	(273,760)
Cash at the beginning of the financial year		3,415,959	3,689,719
Cash at the end of the financial year	3	4,829,186	3,415,959

The above statement should be read in conjunction with the accompanying notes.

CORPORATE INFORMATION

The financial statements are for United Synergies Ltd as an individual company, incorporated and domiciled in Australia. United Synergies Ltd is a company limited by guarantee. United Synergies Limited is a not for profit entity for the purpose of preparing these financial statements. The financial statements are in Australian dollars and were authorised for issue in accordance with a resolution of directors dated 26 September 2016.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authorative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for Profits Commission Act 2012*.

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

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

Accounting Policies

a. **Revenue**

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the company obtains control of the grant and it is probable that the economic benefits gained from the grant 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 it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the state of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

United Synergies Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

b. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

Plant and Equipment

Plant and equipment are measured on the 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 amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	4%
Plant and equipment	15 – 20%
Computers	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

c. **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

Amortised cost is calculated as:

i. the amount at which the financial asset or financial liability is measured at initial recognition;

ii. less principal repayments;

iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investment would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 the end of each reporting period, 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 statement of comprehensive income.

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 significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is 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.

e. **Impairment of Assets**

At the end of each reporting period, 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 the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

Where it is not possible to estimate the recoverable amount of an assets' class, the company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

f. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cash flows. Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

g. **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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h. **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.

i. **Income Tax**

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

j. **Intangibles**

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years. It is assessed annually for impairment.

k. **Provisions**

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

l. **Comparative Figures**

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

When a company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

m. **Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT

o. **New Accounting Standards**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any amounts recognised in the current period or any prior period financial statements and are not likely to affect future period financial statements.

p. **New Accounting Standards Issued Not Yet Effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the company. The company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments (effective from 1 January 2017)

AASB 9 aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard is being issued in phases. To date, the parts dealing with recognition, classification, measurement and derecognition of financial assets and liabilities, as well as hedging, have been issued. These parts are effective for annual periods beginning 1 January 2017. Further parts dealing with impairment and amendments to the classification requirements are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements. However, they do not expect to implement the amendments until all parts of AASB 9 have been released and they can comprehensively assess the impact of all changes.

(ii) AASB 15 Revenue

The new revenue recognition standard, AASB 15 Revenue from Contracts with Customers is a result of a joint project of the International Accounting Standards Board (IASB) and the US Financial Accounting Standards Board (FASB). The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue. The company is still determining the effect on the financial statements on implementation of the Standard.

(iii) AASB 16 Leases

This standard and its consequential amendments are currently applicable to annual reporting periods beginning on or after 1 January 2019. When effective, this standard will replace the current accounting requirements applicable to leases in AASB117 Leases and related interpretations. AASB16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. This means that for all leases, a right-to-use asset and a liability will be recognised, with the right-to-use asset being depreciated and the liability being unwound in principal and interest components over the life of the lease. Although the directors anticipate that the adoption of AASB16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: SURPLUS BEFORE INCOME TAX

		2016	2015
		$	**$**
a.	**Expenses**		
	Depreciation and amortisation:		
	– Leasehold improvements	255,044	131,087
	– Furniture and equipment	20,462	16,468
	– Computer equipment	32,510	34,958
	– Patents & trademarks	1,104	1,104
	– Motor Vehicles	18,554	6,955
	Total depreciation and amortisation	327,674	190,572
	Significant Expenses		
	– Rental expenses on operating leases	718,669	530,705
b.	**Remuneration of auditor:**		
	– Audit services	44,507	26,877
c.	**Revenue**		
	Grant Revenue – operating	15,168,998	12,699,102
	Rental Income	137,745	108,627
	Medical Billing System Revenue	757,060	516,423
	Donations	33,941	15,530
	Interest Income	74,938	99,620
	Other Income	1,805,983	981,627
		17,978,665	14,420,929
	Grant Revenue – capital	580,000	450,000
	Total Revenue	18,558,665	14,870,929

d. **Significant Revenue – Capital Grant**

During the year the company received a capital grant for $580,000 for the establishment of the facilities for Headspace Caboolture. All work required to complete the construction obligations under the Grant Agreement were completed during the financial year. The costs of the capital works are included in additions for Property Plant & Equipment (refer separate note below) As the company's capital works obligations were completed, Australian Accounting Standards require the capital grant to be included as Revenue.

NOTE 3: CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	3,422,831	2,066,010
Cash on hand	6,955	7,949
Cash on deposit	1,315,700	1,287,000
Rental Bond Guarantee	83,700	55,000
	4,829,186	3,415,959

NOTE 4: TRADE AND OTHER RECEIVABLES

	2016 $	2015 $
CURRENT		
Trade receivables	466,629	249,222
Provision for impairment	-	-
Total current trade and other receivables	466,629	249,222

The majority of receivables are from government and other agencies. No material amounts are past due. The company does not have any material credit risk expenses.

NOTE 5: OTHER ASSETS

	2016 $	2015 $
CURRENT		
Other receivables and Prepayments	230,853	278,928

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Buildings		
At cost	2,972,612	1,594,801
Less accumulated amortisation	(834,171)	(555,757)
Total Buildings	2,138,441	1,039,044
Furniture and equipment:		
At cost	248,453	239,745
Less accumulated depreciation	(208,020)	(187,558)
Total furniture and equipment	40,433	52,187
Computer equipment:		
At cost	351,266	321,609
Less accumulated depreciation	(292,847)	(260,337)
Computer equipment	58,419	61,272

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

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	$	$
Motor vehicles:		
At cost	77,373	20,864
Less accumulated depreciation	(35,203)	(12,384)
Motor vehicles	42,170	8,480
Total property, plant and equipment	2,279,463	1,160,983

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Furniture and equipment	Computer equipment	Motor vehicles	Total
2016					
Balance at the beginning of the year	1,039,044	52,187	61,272	8,480	1,160,983
Additions at cost	1,354,443	8,708	29,657	56,509	1,449,317
Disposals	-	-	-	(4,265)	(4,265)
Depreciation expense	(255,046)	(20,462)	(32,510)	(18,554)	(326,572)
Carrying amount at end of year	2,138,441	40,433	58,419	42,170	2,279,463

NOTE 7: INTANGIBLE ASSETS

	2016	2015
	$	$
Patents & Trademarks		
Cost	11,040	11,040
Accumulated Amortisation	(9,592)	(8,488)
Net Carrying Value	1,448	2,552

NOTE 8: TRADE AND OTHER PAYABLES

	2016	2015
CURRENT	$	$
Unsecured Trade Payables	141,286	276,342
Accrued Expenditure	232,660	127,115
GST Liability	225,767	111,759
Employee Benefits	600,775	486,760
	1,200,488	1,001,976

NOTE 9: INCOME IN ADVANCE

	2016	2015
	$	$
Income in advance	1,868,490	647,247
Unexpended Grants	532,466	699,790
	2,400,956	1,347,037

NOTE 10: PROVISIONS

	2016	2015
	$	$
CURRENT		
Long Service Leave Provision	93,961	69,146
NON-CURRENT		
Long Service Leave Provision	164,568	134,761

NOTE 11: CASH FLOW INFORMATION

	2016	2015
	$	$
Reconciliation of cash flows from operations with surplus after income tax:		
(Deficit)/Surplus after income tax	400,241	637,343
Non-cash flows in profit:		
– depreciation and amortisation	327,675	190,572
– investment income reinvested		
Changes in assets and liabilities:		
– (increase)/decrease in receivables	(217,407)	(18,474)
– (increase)/decrease in prepayments and other receivables	48,075	(115,320)
– increase/(decrease) in trade and other payables	135,733	61,269
– (decrease)/increase in income in advance	1,053,920	(695,510)
– increase in employee provisions	34,410	108,231
Cash flows (used in)/provided by operating activities	1,782,647	168,111

NOTE 12: CONTINGENT LIABILITIES

The company had no contingent liabilities as of 30 June 2016 aside from bank guarantees for property rental commitments provided in the ordinary course of business.

NOTE 13: CAPITAL AND LEASING COMMITMENTS

	2016 $	2015 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
— not later than 12 months	702,471	808,350
— later than 12 months but not later than 5 years	444,771	566,899
	1,147,242	1,375,249

NOTE 14: KEY MANAGEMENT PERSONNEL COMPENSATION

	2016 $	2015 $
Total compensation	541,753	628,169

NOTE 15: RELATED PARTY TRANSACTIONS

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

NOTE 16: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	4,829,186	3,415,959
Trade and other receivables	466,629	249,222
Total Financial Assets	5,295,815	3,665,181
Financial Liabilities		
Financial liabilities at amortised cost		
– Trade payables	141,286	276,342
Total Financial Liabilities	141,286	276,342

NOTE 16: FINANCIAL RISK MANAGEMENT (CONT)

Financial Risk Management Policies

The United Synergies Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and equity price risk.

(a) Market Risk

The entity is not exposed to any significant market risk with the exception of interest rate risk. The Board monitors interest rate movements to determine the most appropriate term deposits to invest in. A 0.5% movement in interest rates would not have a material effect.

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

There are no material amounts of collateral held as security at 30 June 2016.

Credit risk is managed by the company and reviewed regularly by senior executives. It arises from exposure to customers as well as through deposits with financial institutions.

(c) Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are maintained. Also an appropriate proportion of investments are maintained in term deposits.

(d)Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial liabilities due for payment								
Trade and other payables (excluding estimated annual leave and deferred income)	599,713	515,216	-	-	-	-	599,713	515,216
Total expected outflows	599,713	515,216	-	-	-	-	599,713	515,216

NOTE 17: TOOWOOMBA YOUTH SERVICES BUSINESS COMBINATION RESERVE

Effective 1 July 2015, Toowoomba Youth Services combined with the company with net assets acquired being reflected in the business combination reserve.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

NOTE 19: ENTITY DETAILS

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

United Synergies Ltd
12-14 Ernest Street
Tewantin
Qld 4565

DIRECTORS' DECLARATION

In the directors' opinion:

1. The financial statements and notes, as set out on pages 6 to 22, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:

(a) comply with Accounting Standards as described in Note 1 to the financial statements and the ACNC Regulation 2013; and

(b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the Directors' 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.

This declaration is made in accordance with the Australian Charities and Not-for-profits Regulation 2013 on behalf of the Board of Directors.

Ian Montague

Director

Dated this 26th day of September 2016

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of United Synergies Limited

Report on the Financial Report

We have audited the accompanying financial report of United Synergies Limited, which comprises the statement of financial position as at 30 June 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the responsible entities declaration.

Responsible Entities' Responsibility for the Financial Report

The responsible entities of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the responsible entities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of 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 responsible entities' 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 registered entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the responsible entities, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Professional Accounting Bodies. We confirm that the independence declaration which has been given to the Directors of United Synergies Ltd, would be in the same terms if given to the Directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of United Synergies Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the registered entity's financial position as at 30 June 2016 and of its financial performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

BDO Audit Pty Ltd

BDO

Chris Skelton

C J Skelton
Director

Brisbane, 26 September 2016