



Youthconnections.com.au
ABN 29 131 297 213 AND CONTROLLED ENTITIES

Financial Report
For The Year Ended
30 June 2012

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Director's Report

Your directors present this report on the company and its controlled entities for the financial year ended 30 June 2012.

Directors

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

David Ella
Patrick James Lewis
Niels Richard Jacobsen
David Hope
Sharryn Browlee

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

Company Secretary

Niels Richard Jacobsen was appointed company secretary in March 2012.

Principal Activities

The principal activities of the consolidated group during the financial year were:-

- to provide pathways to secondary education and facilitate job placement programmes on the Central Coast through various Government subsidised projects.
- to provide group training for the residents of the Central Coast.
- to provide training and employment opportunities for 'at risk' youth through social enterprise activities such as construction, hospitality, horticulture and mechanical engineering.
- to regenerate the land and buildings at Mt Penang Parkland, and to establish social enterprise such as a wholesale nursery and facilities to accommodate training programs in the community.

Operating Result

The consolidated operating loss for the company amounted to \$431,811 (2011: Profit \$219,879). The consolidated group is exempt from income tax.

Short-term Objectives

The short-term objectives are to relocate our disability program to Green Central, establish our social enterprise and implement our production school.

Long-term objectives

Long-term objective is to own our own property and to be self sufficient through our social enterprises to ensure continuity of our programs in view of government funding not continuing.

Director's Report

Strategies adopted to meet objectives

The strategy adopted to meet objectives is establishing partnerships with key stakeholders to ensure we achieve our long term and short term objectives.

Dividends

Under the company's constitution no dividend can be paid.

Review of Operations

During the financial year the consolidated group continued its activities.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of the operations, or the state of affairs of the consolidated group in future financial years.

Future Developments

The consolidated group expects to significantly reduce expenditure whilst maintaining its current level of service.

Environmental Issues

The consolidated group'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

- | | |
|------------------|---|
| David Ella | Deputy Chair, appointed to the board in November 2008. Attended 3 of the 4 meetings held. |
| Patrick J Lewis | Chair, appointed to the board in May 1999. Attended 4 of the 4 meetings held. |
| Niels R Jacobsen | Secretary, appointed to the board in February 2005. Attended 4 of the 4 meetings held. |
| David Hope | Director, appointed to the board in 23 September 2011. Attended 4 of the 4 meetings held. |
| Sharryn Brownlee | Director, appointed to the board in 23 September 2011. Attended 3 of the 4 meetings held. |

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 member is required to contribute a maximum of \$5.00 each towards meeting any outstanding obligations of the company.

Director's Report

Indemnifying Officers or Auditor

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

Proceedings on Behalf of the Company

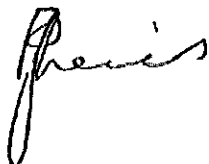
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

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

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2012 has been received and can be found on page 6 of the financial report.

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



Director



Director

Tuggerah, 29 August 2012

**Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001
to the Directors of Youthconnections.com.au and Controlled Entities**

I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: 29 August 2012

Statement of Comprehensive Income
For The Year Ended 30 June 2012

		Consolidated	
	Note	2012 \$	2011 \$
Revenues	2	6,549,390	4,527,895
Employee benefits expense		(3,927,135)	(2,726,340)
Construction expenses		(1,420,305)	(151,563)
Depreciation expenses		(99,701)	(36,982)
Finance costs		(18,797)	(7,370)
Other expenses from ordinary activities		(1,515,263)	(1,385,761)
(Deficit) /Surplus for the year	3	<u>(431,811)</u>	<u>219,879</u>
Other comprehensive income:			
Net gain on revaluation of property		2,657,000	-
Total comprehensive income for the year		<u>2,225,189</u>	<u>219,879</u>

The accompanying notes form part of these financial statements.

**Statement of Financial Position
 as at 30 June 2012**

		Consolidated	
	Note	2012	2011
		\$	\$
Current Assets			
Cash and cash equivalents	4	93,488	251,150
Trade and other receivables	5	246,196	629,608
Prepayments		-	10,401
Total Current Assets		339,684	891,159
Non-Current Assets			
Property, plant & equipment	6	3,118,080	409,833
Total Non-Current Assets		3,118,080	409,833
Total Assets		3,457,764	1,300,992
Current Liabilities			
Trade and other payables	7	242,053	352,349
Employee benefits	8	226,821	148,628
Borrowings	9	207,786	60,972
Funding in advance		-	9,800
Total Current Liabilities		676,660	571,749
Non-Current Liabilities			
Employee benefits	8	56,568	59,639
Borrowings	9	65,908	104,590
Funding in advance		-	78,964
Total Non-Current Liabilities		122,476	243,193
Total Liabilities		799,136	814,942
Net Assets		2,658,628	486,050
Members' Funds			
Retained earnings		1,628	486,050
Asset revaluation reserve		2,657,000	-
Total Members' Funds		2,658,628	486,050

The accompanying notes form part of these financial statements.

**Statement of Changes in Members' Fund
For The Year Ended 30 June 2012**

	Asset Revaluation Reserve	Retained Earnings	Total
		\$	\$
Balance at 31 December 2010	-	266,171	266,171
Surplus for year	-	219,879	219,879
Balance at 30 June 2011	<u>-</u>	<u>486,050</u>	<u>486,050</u>
Deficit for the year	-	(431,811)	(431,811)
Adjustment related to prior year	-	(52,611)	(52,611)
Revaluation increments	2,657,000	-	2,657,000
Balance at 30 June 2012	<u>2,657,000</u>	<u>1,628</u>	<u>2,658,628</u>

The accompanying notes form part of these financial statements.

**Statement of Cash Flows
 for the Year Ended 30 June 2012**

		Consolidated	
	Note	2012 \$	2011 \$
<i>Cash Flow from Operating Activities</i>			
Receipts from customers, grants		6,458,873	4,052,739
Payments to suppliers and employees		(6,583,491)	(4,077,971)
Interest received		9,772	7,509
Net cash used in operating activities	10 (b)	(114,846)	(17,723)
<i>Cash Flow from Investing Activities</i>			
Proceeds from sale of property, plant and equipment		-	6,500
Payment for property, plant and equipment		(150,948)	(46,595)
Net cash used in investing activities		(150,948)	(40,095)
<i>Cash Flow from Financing Activities</i>			
Borrowings proceeds		19,834	41,100
Repayment of borrowings		(68,685)	(28,107)
		(48,851)	12,993
Net (decrease)/ increase in cash held		(314,645)	(44,825)
Cash at beginning of year		251,150	295,975
<i>Cash at the End of Financial Year</i>	10(a)	(63,495)	251,150

The accompanying notes form part of these financial statements.

**Notes To The Financial Statements
For The Financial Year Ended 30 June 2012**

Note 1. Statement of Significant Accounting Policies

The consolidated financial statements and notes represent those of Youthconnections.com.au and controlled entities (the 'consolidated group' or 'group'). Youthconnections.com.au is incorporated and domiciled in New South Wales, Australia. Youthconnections.com.au is a company limited by guarantee.

The separate financial statements of the parent entity, Youthconnections.com.au have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

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.

(a) Principles of Consolidation

The consolidated financial statements incorporated the assets, liabilities and results of entities controlled by Youthconnections.com.au at the end of the reporting period. A controlled entity is any entity over which Youthconnections.com.au has power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the consolidated financial statements, all intra-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. A list of controlled entities is contained in Note 13 to the financial statements.

(b) Income Tax

The consolidated group is exempt from income tax.

(c) Property, Plant and Equipment

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

(d) Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

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

Class of Asset	Depreciation Rate
Leasehold improvements	20%
Motor Vehicle	20-40%
Plant and Equipment	30%
Furniture and fittings	20%

**Notes To The Financial Statements
 For The Financial Year Ended 30 June 2012**

(e) Employee Entitlements

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. 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, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for their benefits.

(f) Comparative Figures

Due to a restructure that was required to align the balance date of the group companies the comparative figures for the group companies, YG Enterprise Pty Ltd and YC Industry Link Pty Ltd are for a 12 month period and Youthconnections.com.au and BISEE Pty Ltd are for a 6 month period only.

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

	Consolidated	
	2012	2011
	\$	\$
Note 2. Revenue		
Operating activities		
Funding received	3,627,174	2,246,776
Construction income	1,249,082	474,902
Training revenue	1,066,861	1,363,798
Incentives received	111,757	198,678
Rebates and recoveries	4,040	24,153
Donations	74,927	2,700
Other income	405,777	213,654
	6,539,618	4,524,661
Non-operating activities		
Interest received	9,772	3,234
Total Revenue	6,549,390	4,527,895

Note 3. Profit from Ordinary Activities

Profit from ordinary activities
 has been determined after:

(a) Expenses

Borrowing costs	18,797	7,370
Depreciation	99,701	36,982
Remuneration of auditor - audit services	20,971	22,000

**Notes To The Financial Statements
 For The Year Ended 30 June 2012**

	Consolidated	
	2012	2011
	\$	\$
Note 4. Cash and cash equivalents		
Cash on hand	3,450	930
Cash at bank	90,038	250,220
	93,488	251,150
	93,488	251,150
Note 5. Trade and other receivables		
Trade debtors	237,661	529,289
Bonds	7,751	13,251
Other debtors	1	86,283
GST receivables	783	785
	246,196	629,608
	246,196	629,608
Note 6. Property, Plant & Equipment		
Leasehold improvements - at directors' valuation (a)	2,657,000	-
	2,657,000	-
Leasehold improvements – at cost	38,298	38,298
Less accumulated depreciation	(3,295)	(2,011)
	35,003	36,287
	35,003	36,287
Plant and equipment – at cost	494,887	343,939
Less accumulated depreciation	(186,754)	(126,918)
	308,133	217,021
	308,133	217,021
Motor vehicle – at cost	232,894	232,894
Less accumulated depreciation	(114,950)	(76,369)
	117,944	156,525
	117,944	156,525
	3,118,080	409,833
	3,118,080	409,833

a) The leasehold improvements at Green Central, Kariang were valued by the directors on 30 June 2012.

**Notes To The Financial Statements
For The Year Ended 30 June 2012**

	Consolidated	
	2012	2011
	\$	\$
Note 7. Trade and other payables		
Trade payables	3,097	85,173
Other payables and accruals	158,781	145,798
GST payable	80,175	121,378
	242,053	352,349
	242,053	352,349
Note 8. Employee Benefits		
Current:		
Annual leave	210,885	137,752
Long service leave	15,936	10,876
	226,821	148,628
	226,821	148,628
Non-Current:		
Annual leave	31,603	10,045
Long service leave	24,965	49,594
	56,568	59,639
	56,568	59,639
Note 9. Borrowings		
Current:		
Borrowings	156,983	-
Hire purchase liabilities	50,803	60,972
	207,786	60,972
	207,786	60,972
Non-Current:		
Hire purchase liabilities	65,908	104,590
	65,908	104,590
	65,908	104,590

**Notes To The Financial Statements
 For The Year Ended 30 June 2012**

	Consolidated	
	2012	2011
	\$	\$
Note 10. Cash Flow Statement		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statements of financial position as follows.		
Cash on hand	3,450	930
Cash at bank	90,038	250,220
Bank overdrafts	(156,983)	-
Balance as per statement of cash flows	(63,495)	251,150
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.		
Operating (loss) /profit for the year	(431,811)	219,879
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	99,701	36,982
Changes in net assets and liabilities:		
(Increase) in trade and other receivables	(2,382)	(334,052)
Decrease in prepayments	10,401	(508)
Increase in Trade and other payables	222,887	58,846
Increase in employee benefits	75,122	1,130
(Decrease) in funding in advance	(88,764)	-
Net cash used in operating activities	(114,846)	(17,723)

Note 11. Controlled Entities

Controlled Entities Consolidated

Subsidiaries of Youthconnections.com.au:
 - YC Industry Link Pty Ltd
 - YG Enterprises Pty Ltd
 - BISEE Pty Ltd

Youthconnections.com.au
 ABN 29 131 297 213 AND CONTROLLED ENTITIES

**Notes To The Financial Statements
 For The Year Ended 30 June 2012**

Note 12. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2012 \$	2011 \$
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	730,773	559,773
Non-current assets	2,932,760	319,373
Total Assets	3,663,533	879,146
Liabilities		
Current liabilities	439,252	423,098
Non-current liabilities	121,692	164,229
Total Liabilities	560,944	587,327
Members' Funds		
Retained earnings	445,589	291,819
Asset revaluation reserve	2,657,000	-
Total Members' Funds	3,102,589	291,819
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss) for the year	188,682	(84,524)
Total comprehensive income for the year	2,845,682	(84,524)

Directors' Declaration

The directors of Youthconnections.com.au declare that:

1. The financial statements and notes, as set out on pages 7 to 16 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the consolidated group will be able to pay its debts as and when they become due and payable.

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



Director



Director

Tuggerah

Dated: 29 August 2012

**Independent Audit Report To The Members
Of Youthconnections.com.au AND CONTROLLED ENTITIES**

Report on the Financial Report

We have audited the accompanying financial report of Youthconnections.com.au and its controlled entities, which comprises the statement of financial position as at 30 June 2012 and the statement of comprehensive income, statement of changes in members funds and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the controlled entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates, that are reasonable in the circumstances.

Auditors 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the 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 company's preparation and fair presentation of the financial report 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 controlled entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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 Corporations Act 2001 and Australian professional ethical pronouncements.

**Independent Audit Report To The Members
Of Youthconnections.com.au AND CONTROLLED ENTITIES**

Audit Opinion

In our opinion, the financial report of Youthconnections.com.au is in accordance with, the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian accounting Interpretations) and the Corporations Regulations 2001.

FORTUNITY ASSURANCE



T R Davidson
Partner

155 The Entrance Road
Erina NSW 2250

Dated: 29 August 2012