



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

Financial Report
For The Year Ended
30 June 2014

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Financial Report
For The Year Ended
30 June 2014

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Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Director's Report

Your directors present their report on the Youthconnections.com.au and its controlled entities for the year ended 30 June 2014.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Qualifications and period of directorship
Patrick James Lewis	Chair (Appointed November 2008)
Victor Lee	Deputy Chair (Appointed November 2013)
Maj Kong	Secretary (Appointed September 2012)
Ian Carruthers	Director (Appointed September 2012)
Andy Grauner	Director (Appointed September 2012)
Richie Hadfield	Director (Appointed November 2013)
Anne Byrne	Director (Appointed November 2013)
Kevin Armstrong	Director (Appointed November 2013)

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.

Principal Activities

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

There were no significant changes in the nature of these activities during the year.

Short-term and Long-term Objectives

Short-term

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

Long-term

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.

Youthconnections.com.au
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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.

Operating Result

The operating loss for the company amounted to \$8,558 (2013: Loss \$815,750). The company is exempt from income tax.

Proceeds on Behalf of the Company

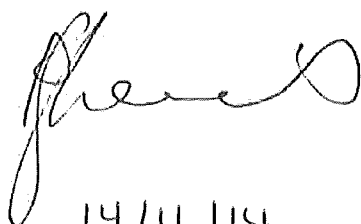
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purposes of taking responsibility on behalf of the entity for all or any part of those proceedings.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in page 5.

The director's report is signed in accordance with a resolution of the directors.

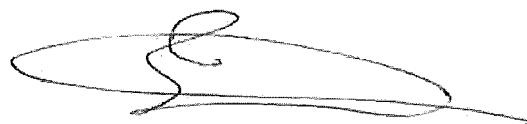
Director



14/11/14

Dated:

Director



14/11/14.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

**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 2014, 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: 14 November 2014

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Comprehensive Income
For The Year Ended 30 June 2014

		Consolidated Group	
	Note	2014	2013
		\$	\$
Revenues	2	7,361,065	5,547,209
Employee benefits expense		(4,832,767)	(4,469,808)
Construction expenses		(588,490)	(657,718)
Depreciation expenses		(192,864)	(132,925)
Finance costs		(16,999)	(28,809)
Other expenses from ordinary activities		(1,738,503)	(1,073,699)
Loss before income tax	3	<u>(8,558)</u>	<u>(815,750)</u>
Income tax expense		-	-
Total comprehensive income for the year		<u>(8,558)</u>	<u>(815,750)</u>

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Financial Position
As At 30 June 2014

		Consolidated Group	
	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	194,940	565,520
Trade and other receivables	5	868,865	241,070
Prepayments		4,031	16,598
Total Current Assets		1,067,836	823,188
Non-Current Assets			
Property, plant & equipment	6	3,274,542	2,994,380
Total Non-Current Assets		3,274,542	2,994,380
Total Assets		4,342,378	3,817,568
LIABILITIES			
Current Liabilities			
Trade and other payables	7	796,449	576,565
Employee benefits	8	302,003	244,852
Borrowings	9	268,045	228,757
Funding in advance		1,160,245	988,388
Total Current Liabilities		2,526,742	2,038,562
Non-Current Liabilities			
Employee benefits	8	30,310	40,604
Borrowings	9	55,482	-
Total Non-Current Liabilities		85,792	40,604
Total Liabilities		2,612,534	2,079,166
Net Assets		1,729,844	1,738,402
Members' Funds			
Retained earnings		(927,156)	(918,598)
Asset revaluation reserve		2,657,000	2,657,000
Total Members' Funds		1,729,844	1,738,402

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Statement of Changes in Members' Fund
For The Year Ended 30 June 2014

	Asset Revaluation Reserve	Retained Earnings	Total
	\$		\$
Balance at 1 July 2012	2,657,000	1,628	2,658,628
Deficit for the year	-	(815,750)	(815,750)
Adjustment related to prior year	-	(104,476)	(104,476)
Revaluation increments	2,567,000	-	2,657,000
Balance at 30 June 2013	<u>2,657,000</u>	<u>(918,598)</u>	<u>1,738,402</u>
Deficit for the year	-	(8,558)	(8,558)
Adjustment related to prior year	-	-	-
Revaluation increments			
Balance at 30 June 2014	<u>2,657,000</u>	<u>(927,156)</u>	<u>1,729,844</u>

The accompanying notes form part of these financial statements.

Youthconnections.com.au
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Statement of Cash Flows
For The Year Ended 30 June 2014

		Consolidated Group	
	Note	2014	2013
		\$	\$
<i>Cash Flow from Operating Activities</i>			
Receipts from customers, grants		7,123,474	6,539,485
Payments to suppliers and employees		(7,100,457)	(5,854,638)
Interest received		558	1,238
Interest Paid		(11,868)	(22,006)
Net cash used in operating activities	10 (b)	11,707	664,079
<i>Cash Flow from Investing Activities</i>			
Proceeds from sale of property, plant and equipment		-	9,000
Payment for property, plant and equipment		(473,026)	(156,110)
Net cash used in investing activities		(473,026)	(147,110)
<i>Cash Flow from Financing Activities</i>			
Borrowings proceeds		91,373	-
Repayment of borrowings		(63,993)	(61,367)
		27,380	(61,367)
Net (decrease)/ increase in cash held		(433,939)	455,602
Cash at beginning of year		392,107	(63,495)
<i>Cash at the End of Financial Year</i>	10(a)	(41,832)	392,107

The accompanying notes form part of these financial statements.

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

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 12 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%

Youthconnections.com.au
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Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

(e) Financial Instruments

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 amount with a consequential recognition of an income or expense item in profit or loss.

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.

(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, 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 amount 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Youthconnections.com.au
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Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

1. Summary of Significant Accounting Policies (cont'd)

(e) Financial Instruments (cont'd)

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(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.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available for sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

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Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

1. Summary of Significant Accounting Policies (cont'd)

(e) Financial Instruments (cont'd)

In the case of financial assets carried at amortised cost, loss events may include: indications in debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that collate with defaults.

For financial assets carried at the amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of the financial assets impaired by credit losses. After having undertaken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off of amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the term financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets taking into the account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity 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 discharged, cancelled or expired. The difference between the carrying amount 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.

(f) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such indication exists, an impairment test is carried out on the asset by comparing the recoverable amount if an asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit and loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment or loss of a re-valued asset is treated as a revaluation decrease in accordance with that other standard.

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Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

1. Summary of Significant Accounting Policies (cont'd)

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(g) 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.

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

(i) Trade and Other Receivables

Trade and other receivables include amounts due from members as well as amounts receivable from customers for goods sold in ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Refer to note 1(f) for further discussion on the determination of impairment losses.

(j) 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 Tax Office (ATO).

(k) Trade and Other Payables

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

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

1. Summary of Significant Accounting Policies (cont'd)

(l) Economic Independence

Youthconnections.com.au and the group are dependent upon the Department of Education, Employment and Workplace Relations for the majority of its revenues to operate the business. At the date of this report the Board of Directors has no reason to believe the Department will not continue to support Youthconnections.com.au.

(m) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(n) Going Concern

As at the date of this report the company is currently dependent upon funding received from the Department of Education and Workplace Relations. The retention of this funding is essential for the company to continue its current operations.

	Consolidated Group	
	2014	2013
	\$	\$
Note 2. Revenue		
Operating activities		
Funding received	4,157,715	3,022,471
Construction income	739,408	815,043
Training revenue	1,432,755	1,105,847
Incentives received	171,161	87,798
Rebates and recoveries	2,706	2,915
Donations	68,455	6,119
Other income	788,411	505,778
	7,360,611	5,545,971
Non-operating activities		
Interest received	454	1,238
Total Revenue	7,361,065	5,547,209

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Financial Year Ended 30 June 2014

	Consolidated Group	
	2014	2013
	\$	\$
Note 3. Profit from Ordinary Activities		
Profit from ordinary activities has been determined after:		
(a) Expenses		
Borrowing costs	16,999	28,809
Depreciation	192,864	166,816
	<hr/>	<hr/>
Note 4. Cash and cash equivalents		
Cash on hand	9,371	4,033
Cash at bank	185,569	561,487
	<hr/>	<hr/>
	194,940	565,520
	<hr/>	<hr/>
Note 5. Trade and other receivables		
Trade debtors	501,123	232,464
Bonds	28,664	7,751
Other debtors	338,224	1
GST receivables	854	854
	<hr/>	<hr/>
	868,865	241,070
	<hr/>	<hr/>

Youthconnections.com.au
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Notes To The Financial Statements
For The Year Ended 30 June 2014

	Consolidated Group	
	2014	2013
	\$	\$
Note 6. Property, Plant & Equipment		
Land	204,056	-
Leasehold improvements - at directors' valuation (a)	2,657,000	2,657,000
	<hr/>	<hr/>
Leasehold improvements – at cost	51,360	51,360
Less accumulated depreciation	(138,722)	(71,009)
	<hr/>	<hr/>
	2,569,638	2,637,351
	<hr/>	<hr/>
Plant and equipment – at cost	774,239	511,457
Less accumulated depreciation	(352,499)	(252,291)
	<hr/>	<hr/>
	421,740	259,166
	<hr/>	<hr/>
Motor vehicle – at cost	238,782	232,594
Less accumulated depreciation	(159,674)	(134,731)
	<hr/>	<hr/>
	79,108	97,863
	<hr/>	<hr/>
	3,274,542	2,994,380
	<hr/>	<hr/>

a) The leasehold improvements at Green Central, Kariong were valued by the directors on 30 June 2013.

Note 7. Trade and other payables

Trade payables	235,050	120,694
Other payables and accruals	402,574	279,580
GST payable	158,825	176,291
	<hr/>	<hr/>
	796,449	576,565
	<hr/>	<hr/>

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2014

	Consolidated Group	
	2014	2013
	\$	\$
Note 8. Employee Benefits		
Current:		
Annual leave	261,102	203,951
Long service leave	40,901	40,901
	302,003	244,852
Non-Current:		
Annual leave	-	40,604
Long service leave	30,310	-
	30,310	40,604
 Note 9. Borrowings		
Current:		
Bank overdraft	236,772	173,413
Hire purchase liabilities	31,273	55,344
	268,045	228,757
Non-Current:		
Hire purchase liabilities	55,482	-
	55,482	-

Youthconnections.com.au
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Notes To The Financial Statements
For The Year Ended 30 June 2014

	Consolidated Group	
	2014	2013
	\$	\$
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	9,371	4,033
Cash at bank	185,569	561,487
Bank overdrafts	(236,772)	(173,413)
	(41,832)	392,107
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.		
Operating (loss) /profit for the year	(8,558)	(815,750)
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	192,864	166,816
Profit on sale of non-current assets	-	(482)
Changes in net assets and liabilities:		
Trade and other receivables	(627,795)	5,126
Prepayments	12,567	(16,598)
Trade and other payables	223,915	334,512
Employee benefits	46,857	2,067
Funding in advance	171,857	988,388
	11,707	664,079

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
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Notes To The Financial Statements
For The Year Ended 30 June 2014

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.

	2014 \$	2013 \$
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	2,112,198	1,876,111
Non-current assets	3,138,556	2,830,534
Total Assets	<u>5,250,754</u>	<u>4,706,645</u>
Liabilities		
Current liabilities	1,895,403	1,647,202
Non-current liabilities	85,792	38,960
Total Liabilities	<u>1,981,195</u>	<u>1,686,162</u>
Members' Funds		
Retained earnings	612,559	363,483
Asset revaluation reserve	2,657,000	2,657,000
Total Members' Funds	<u>3,269,559</u>	<u>3,020,483</u>
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss) for the year	<u>249,076</u>	<u>22,370</u>
Total comprehensive income for the year	<u>249,076</u>	<u>22,370</u>

Youthconnections.com.au
ABN 29 131 297 213 and Controlled Entities

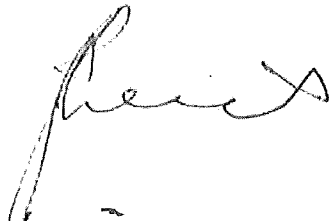
Directors' Declaration

The directors of Youthconnections.com.au declare that:

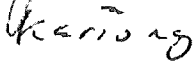
1. The financial statements and notes, as set out on pages 6 to 20 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance 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



Tuggerah



Dated:

18 November 2014



Director

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 2014 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.


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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 2014 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: 14 November, 2014