ACS

Financial statements presented by the directors of Access Innovation Holdings Limited in respect of Alternative Communication Services LLC

For the year ended 30 June 2019

Alternative Communication Services LLC.

For the year ended 30 June 2019

Contents

Alternative Communication Services LLC.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	2019 $AUD	2018 $AUD
Revenue	4	12,965,065	10,429,183
Other Income	5	32,711	53,332
Expenses			
Cost of sales		(9,686,184)	(7,779,317)
Employee benefits expense		(1,965,870)	(1,571,647)
Consultancy costs		(158,698)	(41,155)
Finance costs	6	(68,573)	(55,698)
Depreciation and amortisation expense	6	(130,965)	(102,901)
Other expenses		(681,780)	(441,768)
Profit before income tax		305,706	490,029
Income tax expense	7	-	-
Profit for the year		**305,706**	**490,029**
Foreign exchange differences		(13,123)	12,104
Other comprehensive income for the year		**(13,123)**	**12,104**
Total comprehensive income for the year		**292,583**	**502,133**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Alternative Communication Services LLC.
Statement of financial position
As at 30 June 2019

	Notes	2019 $AUD	2018 $AUD
Current assets			
Cash and cash equivalents	8	169,203	288,562
Trade and other receivables	9	1,065,099	953,882
Total current assets		1,234,302	1,242,444
Non-current assets			
Property, plant and equipment	10	14,272	16,179
Intangible assets	11	454,106	398,942
Right of use asset	12	18,925	32,324
Total non-current assets		487,303	447,445
Total assets		1,721,605	1,689,889
Current liabilities			
Trade and other payables	13	690,390	671,497
Lease liabilities	14	13,719	13,017
Borrowings	15	232,222	208,398
Total current liabilities		936,331	892,912
Non-current liabilities			
Lease liabilities	14	2,758	14,301
Borrowings	15	676,280	778,017
Total non-current liabilities		679,038	792,318
Total liabilities		1,615,369	1,685,230
Net assets		106,236	4,659
Equity			
Member's capital	17	106,236	4,659

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

Alternative Communication Services LLC.
Statement of Changes in Equity
For the year ended 30 June 2019

	Notes	Member's (deficit)/ equity $AUD	Foreign currency reserve $AUD	Accumulated profits / (losses) $AUD	Total $AUD
Balance at 1 July 2017		(343,072)	(23,704)	-	(366,776)
Profit for the year		-	-	490,029	490,029
Other comprehensive income for the year		-	12,104	-	12,104
Total comprehensive income for the year		-	12,104	490,029	502,133
Transactions with owners					
Merger contribution	22	30,838	-	-	30,838
Distributions paid	17	(161,536)	-	-	(161,536)
Transfer to member's equity		490,029	-	(490,029)	-
Balance at 30 June 2018		16,259	(11,600)	-	4,659
Balance at 1 July 2018		16,259	(11,600)	-	4,659
Profit for the year		-	-	305,706	305,706
Other comprehensive income for the year		-	(13,130)	-	(13,130)
Total comprehensive income for the year		-	(13,130)	305,706	292,576
Transactions with owners					
Distributions paid	17	(190,999)	-	-	(190,999)
Transfer to member's equity		305,706	-	(305,706)	-
Balance at 30 June 2019		130,966	(24,730)	-	106,236

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

Alternative Communication Services LLC.
Statement of Cash-flows
For the year ended 30 June 2019

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	Notes	2019 $AUD	2018 $AUD
Cash flows from operating activities			
Profit for the year		305,706	490,029
Adjustments for:			
Depreciation and amortisation	6	130,965	102,901
Finance costs		67,197	54,269
Operating cash flows before movements in working capital		503,868	647,199
Decrease / (increase) in trade and other receivables		(80,211)	(268,469)
Increase / (decrease) in trade and other payables		(4,093)	217,962
Net cash generated by operating activities		419,564	(50,507)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	22	(13,501)	-
Payment for purchase of property, plant and equipment	10	-	(10,319)
Payment for purchase of intangible assets	11	-	(96,400)
Net cash used in investing activities		(13,501)	(106,718)
Cash flows from financing activities			
Distributions paid to members	17	(190,999)	(161,536)
Finance costs		(60,032)	(54,269)
Repayment of borrowings to related parties	23	(176,916)	(105,336)
Repayment of borrowings to others	23	(96,544)	(75,547)
Repayment of lease liabilities	23	(13,444)	(16,589)
Net cash used in financing activities		(537,935)	(413,277)
Net (decrease)/increase in cash and cash equivalents		(131,872)	76,697
Cash at the beginning of financial year		288,562	200,403
Effect of foreign exchange rate changes		12,513	11,462
Cash at the end of financial year	8	169,203	288,562

The above statement of changes in cash flow should be read in conjunction with the accompanying notes.

1. General information

Alternative Communication Services LLC is a limited liability company (the Company), incorporated and domiciled in the United States. The functional and presentational currency of the Company is US Dollar and Australian dollar respectively.

The address of its registered office and its principal place of business are as follows:
219 E Prairie Avenue,
Lombard, Illinois - 60148

The principal activity of the company is captioning, translation, and interpreting services. The Company offers voice-to-text services including sign language interpreting, post-production closed captioning, transcriptions, and translation services.

The financial report was authorised for issue by the directors on 27 July 2020.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board ('AASB') as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

In accordance with AASB 1, there is a requirement to disclose the statement of financial position as at 30 June 2017. However, as there were no adjustments made as at 1 July 2017 between local GAAP and AAS, the Company has not presented the 1 July 2017 statement of financial position.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

AASB 15 Revenue from Contracts with Customers

The Company has early adopted AASB 15 'Revenue from Contracts with Customers' with effect from 1 July 2017. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The adoption of AASB 15 did not result in any change to the opening net assets or the opening retained earnings as at 1 July 2017.

2. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted (continued)

AASB 9 Financial Instruments (applying transitional rules)

The Company has adopted *AASB 9 Financial Instruments (AASB 9)* during the current financial year with effect from 1 July 2018 using the modified retrospective approach. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The adoption of AASB 9 did not result in any change to the opening net assets or the opening retained earnings as at 1 July 2018.

AASB 16 Leases (early adopted with full retrospective approach)

The Company has early adopted *AASB 16 Leases* during the current financial year with effect from 1 July 2017 using the fully retrospective approach. The standard replaces *AASB 117 Leases (AASB 117)* and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of AASB 16 on a fully retrospective basis has resulted in the recognition of right of use assets and lease liabilities for the statement of financial position as at 30 June 2018 and 30 June 2019. There was no impact on adoption as at 1 July 2017. No additional disclosures have been made by the Company as the impact on adoption is not material.

2. Significant accounting policies (continued)

Foreign currency translation

The functional and presentational currency of the Company is US and Australian dollars respectively. All amounts are presented in Australian dollars ($AUD) unless narrated as 'US $' which represents US dollars.

Foreign currency transactions

Foreign currency transactions are translated into US dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

For presentational purposes, the assets and liabilities of the Company are then translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Revenue from services

Revenue from a contract to provide services is recognised over time for all live captioning, as customers simultaneously receive and consume captioning services as live captioned events occur. All recorded captioning is recognised at a point in time, at such time that the customers gains control of and derives the benefits from the completed captioned medium(s) produced and incurs the obligation to pay for completed captioning.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2. Significant accounting policies (continued)

Income tax

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company has been made in the accompanying financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

In accordance with the operating agreement of Alternative Communication Services LLC, to the extent possible without impairing the Company's ability to continue to conduct its business and activities, and in order to permit its member to pay taxes on the taxable income of the Company, the Company would be required to make distributions to the member in the amount equal to the estimated tax liability of the member computed as if the member paid income tax in the event that taxable income is generated for the member.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

2. Significant accounting policies (continued)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

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

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 7 years.

Capitalised development fees

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Impairment of non-financial assets

At each reporting date the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

2. Significant accounting policies (continued)

Borrowings

Bank loans, related party borrowings and other loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to reporting date.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

2. Significant accounting policies (continued)

Member's capital

The Company is a limited liability company. The member of the Company has his own capital account. Periodically, when the company incurs profits or losses, the member's capital account increases or decreases proportionally. Any taxes, discrepancies, or changes in the capital structure of the Company will affect a member's capital account.

The capital account reflects how much money the member would receive if the LLC dissolved, liquidated its assets, paid its debts and distributed remaining proceeds to each member in proportion to his ownership percentages.

Making profit distributions

The members of a profitable limited liability company are entitled to receive periodic distributions from the business's earnings. LLC members are free to stipulate the terms and eligibility requirements for distributions that do not inherently violate state regulations.

Business combinations

Acquisition method

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree' s identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Company remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Predecessor value method

A business combination is a common control combination if the combining entities are ultimately controlled by the same party both before and after the combination and common control is not transitory. Such transactions are accounted for under the predecessor value method. Under this method, assets and liabilities are recorded at previous carrying value and no fair value adjustments made. Intangible assets are recognised only to the extent that they were recognised by the acquiree in accordance with AASB 138. No goodwill is recognised under this method as no new goodwill is recorded. Instead, the difference between the acquirer's cost of investment and net assets acquired is recognised in member's capital. The Company has not elected to restate comparatives to the later of the beginning of the earliest comparative period, instead it has recognised the results from the date on which the combining entities first came under common control.

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2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the year ended 30 June 2019 except for AASB 16.

New Conceptual Framework for Financial Reporting

A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Company has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Company may need to revisit such policies. The Company will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Going concern

The member has prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Member's have concluded that it is appropriate to prepare the financial statements on the going concern basis, as they are confident that the Company will be able to pay its debts as and when they become due and payable from positive cash flows from operations and available finance facilities for at least 12 months from the date of signing the financial statements.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

<u>Estimation of useful life of intangible assets</u>

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The basis for determining the useful life for the categories of intangible assets is as follows:

Customer relationships

The estimated useful life principally reflects management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge. Historically there have been no change to the adopted estimated useful live of 7 years.

Capitalised development fees

The useful life is determined by management at the time the capitalised development fees are capitalised and brought into use and is regularly reviewed for appropriateness. Management continue to monitor the commercial and technical feasibility as technology changes. Historically, there have been no change to the adopted estimated useful live of 4 years.

Business combinations

When accounting for business combinations, management assess whether the acquisition is an acquisition of a business or the acquisition of an asset. To be a business combination, the Company must acquire both inputs and processes applied to those inputs which contribute to the creation of outputs. This decision can be judgemental.

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4. Revenue

	2019 $AUD	2018 $AUD
Revenue from contracts with customers	12,965,065	10,429,183

The disaggregation of revenue is as follows:

	2019 $AUD	2018 $AUD
Major product lines		
Broadcast revenue	592,815	971,756
Non-broadcast revenue	12,372,250	9,457,427
	12,965,065	10,429,183
Geographical regions		
Canada	127,150	136,130
United States	12,837,915	10,293,053
	12,965,065	10,429,183

5. Other income

	2019 $AUD	2018 $AUD
Short term equipment rental	24,240	36,657
Other income	8,471	16,675
	32,711	53,332

6. Expenses

	2019 $AUD	2018 $AUD
Depreciation		
Property, plant and equipment	2,285	1,000
Right of use assets	13,448	10,341
Total depreciation	15,733	11,341
Amortisation		
Development fees	21,700	16,589
Customer relationships	93,532	74,971
Total amortisation	115,232	91,560
Total depreciation and amortisation	130,965	102,901

6. Expenses (continued)

	2019 $AUD	2018 $AUD
Finance costs		
Interest and finance charges paid/payable	67,197	54,269
Interest and finance charges paid/payable on lease liabilities	1,376	1,429
Total finance costs expensed	68,573	55,698
Rental expense relating to operating leases exempt from AASB 16	5,472	14,529

7. Income tax

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company has been made in the accompanying financial statements.

8. Cash and cash equivalents

	2019 $AUD	2018 $AUD
Cash at bank	169,203	288,562

9. Current assets – trade and other receivables

	2019 $AUD	2018 $AUD
Trade receivables	1,045,755	952,261
Other receivables	19,344	1,621
	1,065,099	953,882

Allowance for expected credit losses

The average credit period on trade sales is 30 days. No interest is charged on the trade receivables from the date of invoice or when past due. Based on expected credit losses, the Company believes no credit loss allowance is necessary in respect of trade receivables not past due or past due but not impaired as it's not material. These receivables are mainly arising by customers that have a good credit record with the Company. The Company has recognised a loss of $AUD 8,021 in profit or loss in respect of impairment of receivables for the year ended 30 June 2019 (2018: $AUD 13,337).

9. Current assets – trade and other receivables (continued)

The aging of trade receivables are as follows:	2019 $AUD	2018 $AUD
Not past due	832,966	771,711
Past due 0 – 30 days	123,080	136,927
Past due 30 days plus	89,709	43,623
	1,045,755	952,261

10. Non-current assets - property, plant and equipment

	2019 $AUD	2018 $AUD
Property, plant & equipment - cost	62,462	61,903
Property, plant & equipment – accumulated depreciation	(48,190)	(45,724)
	14,272	16,179

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	$AUD
Balance at 1 July 2017	6,775
Additions	10,319
Depreciation expense	(1,000)
Movement in foreign currency	85
Balance at 30 June 2018	16,179

	$AUD
Balance at 1 July 2018	16,179
Depreciation expense	(2,285)
Movement in foreign currency	378
Balance at 30 June 2019	14,272

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11. Non-current assets – intangible assets

	2019 $AUD	2018 $AUD
Customer relationships		
Customer relationship - cost	626,337	594,304
Customer relationship - accumulated amortisation	(238,536)	(279,248)
	387,801	315,056
Development		
Development - cost	105,891	100,475
Development - accumulated amortisation	(39,586)	(16,589)
	66,305	83,886
	454,106	398,942

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Customer relationship $AUD	Development $AUD	Total $AUD
Balance at 1 July 2017	215,192	-	215,192
Additions through common control (note 22)	160,188	-	160,188
Additions	-	96,400	96,400
Amortisation expense	(74,971)	(16,589)	(91,560)
Movement in foreign currency	14,647	4,075	18,722
Balance at 30 June 2018	315,056	83,886	398,942
Balance at 1 July 2018	315,056	83,886	398,942
Additions through business combinations (note 22)	148,508	-	148,508
Amortisation expense	(93,532)	(21,700)	(115,232)
Movement in foreign currency	17,769	4,119	21,888
Balance at 30 June 2019	387,801	66,305	454,106

12. Non-current assets – right-of-use assets

	2019 $AUD	2018 $AUD
Right of use asset - cost	45,421	43,098
Right of use asset – accumulated depreciation	(26,496)	(10,774)
	18,925	32,324

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	$AUD
Balance at 1 July 2017	-
Additions	41,503
Depreciation expense	(10,341)
Movement in foreign currency	1,162
Balance at 30 June 2018	32,324

	$AUD
Balance at 1 July 2018	32,324
Depreciation expense	(13,448)
Movement in foreign currency	49
Balance at 30 June 2019	18,925

13. Current liabilities – trade and other payables

	2019 $AUD	2018 $AUD
Trade payables	599,743	593,680
Other payables and accruals	90,647	77,817
	690,390	671,497

Refer to note 18 for further information on financial instruments.

14. Lease liabilities

	2019 $AUD	2018 $AUD
Current liabilities		
Lease liabilities	13,719	13,017
Non- current liabilities		
Lease liabilities	2,758	14,301

Refer to note 18 for further information on financial instruments.

15. Borrowings

	2019 $AUD	2018 $AUD
Current liabilities		
Unsecured borrowings from member	121,297	108,329
Other loans	110,925	100,069
Bank loans	-	-
	232,222	208,398
Non-current liabilities		
Unsecured borrowings from member	472,977	622,005
Other loans	203,303	156,012
Bank loans	-	-
	676,280	778,017

Refer to note 18 for further information on financial instruments.

Unsecured borrowings from member

On the 1 May 2017, the Company received a loan from the controlling member amounting to US $681,855. The loan is repayable in the form of principal and interest (4.5% per annum) over 10 years (120 consecutive monthly payments). The current weighted average interest rate is 4.5% (2018: 4.5%).

Other loans

Other loans relate to amounts payable to former owners of entities acquired either directly by the company (under an acquisition method), or by entities owned separately by the controlling member and subsequently merged at a later date with the Company (common control transaction).

On the 27 May 2016, the Company acquired Home Team Captions ("HTC") an Illinois limited liability company. As part of the acquisition the Company borrowed US $140,000 from the selling shareholder to acquire HTC. The loan is repayable in the form of principal and interest (5.0% per annum commencing on July 2017) over 4 years (16 consecutive quarterly payments) ending July 2021.

15. Borrowings (continued)

Other loans (continued)

As set out in Note 22 on the 31 December 2017, the Company acquired Closed Caption Productions LLC ("CCP"), an Illinois limited liability company controlled by the controlling member of the Company. This business combination was accounted for under the predecessor value method, whereby loans of US $100,893 were recorded at previous carrying value and no fair value adjustments made. As at 31 December 2017 onwards, the loan is repayable in the form of principal and interest (5.0% per annum) over 10 consecutive quarterly payments ending in June 2020.

As set out in Note 22 on the 19 July 2018 the Company acquired ACS Interpreting & Training Services ("JGITS") an Illinois limited liability company. As part of the acquisition the Company borrowed US $100,000 from the selling shareholder to acquire JGITS. Interest (6.0% per annum) will accrue only between 1 August 2018 and 31 July 2021 and thereafter 16 quarterly repayments of interest and principal will become due ending July 2024.

The current weighted average interest rate of other loans is 5.3% (2018: 5.3%).

Bank loans

The bank loan represents a Line of Credit (LOC) held with West Suburban Bank (WSB). The Company uses the facility to manage seasonal cash-flow requirements. The Company has access to a total facility limit (borrower base) which equates to the lesser of US $650,000 or 80% of the aggregate amount of eligible trade receivables. Any trade receivables which have not been paid within 90 days from invoice date are not eligible. The current weighted average interest rate is 4.5% (2018: 4.5%).

The LOC arrangement, in addition to the Guarantor arrangement held by the Company are subject to annual covenant testing falling due on the 31 December. Subsequent to the year end, On the 31 December 2019, the Company breached its debt service coverage ratio. The Company received a formal waiver letter dated 31 March 2020 (see note 16 & 24), stating WSB waives the breach and does not plan to enforce any penalties. The Company is satisfied that is has the continued support of WSB which it relies upon for seasonality cash-flow management.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2019 $AUD	2018 $AUD
Total facilities		
Bank loans	828,463	762,417
Other loans	314,228	256,081
Unsecured borrowings from member	594,274	730,334
	1,736,965	1,748,832
Unused at the reporting date		
Bank loans	828,463	762,417
Other loans	-	-
Unsecured borrowings from member	-	-
	828,463	762,417

The bank loan facility limit was capped at 80% of eligible trade receivables in each financial year.

16. Contingent liabilities

On the 1 May 2017 the Company has entered into a cross collateral and pledge agreement with the controlling member (individually and outside of the Company) and West Suburban Bank (Lender). The controlling member individually is indebted to the lender as Guarantor for an amount equalling $AUD594,274 as at 30 June 2019 (2018: $AUD730,334). No loss allowance has been recognised in respect of this guarantee for the year ended 30 June 2019 (2018 – same).

17. Member's equity

	2019 $AUD	2018 $AUD
Member's equity	106,236	4,659

Alternative Communication Services LLC is structured as a flow through limited liability company. The Company's operating agreement governs the activities of the capital accounts, such as the authority of the member keeping the accounts, which activities trigger a change in the capital accounts, and how the accounts are affected by such changes. Each contribution to the capital account is itemized in terms of a dollar amount, reflecting the amount of cash or assets contributed from common control transactions.

The capital account reflects how much money the member would receive if the LLC dissolved, liquidated its assets, paid its debts and distributed remaining proceeds to each member in proportion to his ownership percentages.

The member is entitled to receive periodic distributions from the business's earnings. The company may not provide a distribution in an amount that leaves the company unable to pay debts as they come due in the ordinary course of business. However, the member need not prohibit a distribution for a speculative liability that is uncertain or contingent on the occurrence of a future event. A distribution that creates an excess of liabilities over assets immediately upon its payment is also prohibited.

Mr Phil Hyssong held 100% of the member's (deficit) / capital for the year ended 30 June 2019 (2018: same).

	Notes	Member's (deficit)/ equity $AUD	Foreign currency reserve $AUD	Accumulated profits / (losses) $AUD	Total $AUD
Balance at 1 July 2017		(343,072)	(23,704)	-	(366,776)
Profit for the year		-	-	490,029	490,029
Other comprehensive income for the year		-	12,104	-	12,104
Total comprehensive income for the year		-	12,104	490,029	502,133
Transactions with owners					
Merger contribution	22	30,838	-	-	30,838
Distributions paid	17	(161,536)	-	-	(161,536)
Transfer to member's equity		490,029	-	(490,029)	-
Balance at 30 June 2018		16,259	(11,600)	-	4,659

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17. Member's equity (continued)

	Notes	Member's (deficit)/ equity $AUD	Foreign currency reserve $AUD	Accumulated profits / (losses) $AUD	Total $AUD
Balance at 1 July 2018		16,259	(11,600)	-	4,659
Profit for the year		-	-	305,706	305,706
Other comprehensive income for the year		-	(13,130)	-	(13,130)
Total comprehensive income for the year		-	(13,130)	305,706	292,576
Transactions with owners					
Distributions paid	17	(190,999)	-	-	(190,999)
Transfer to member's equity		305,706	-	(305,706)	-
Balance at 30 June 2019		130,966	(24,730)	-	106,236

18. Financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

The controlling member has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company does not enter into or trade in derivative financial instruments.

Market risk

Foreign currency risk

Whilst there are foreign exchange losses recognised for the year ended 30 June 2019, this arises purely for presentational purposes only.

At a functional level, the Company is not exposed to any significant foreign currency risk. Except for an immaterial amount of transactions with the UK and Canada, transactions are in US Dollars.

Interest rate risk

The Company has minimised its exposure to variability in interest rate movements as unsecured loans with members and other loans held are at fixed interest rates, between 4.5 – 6.0%.

In respect of bank borrowings held with WSB, whilst there is a variable component of 0.5%, margin, interest rate risk is managed by only requiring access to the Line of Credit during certain months of the financial year impacted by seasonality; most notably when educational customers are on term vacation periods. An official increase / decrease in interest rates of 50 basis points would not have a material adverse impact / favorable effect on profit before tax.

18. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

To minimise credit risk, the company trades with recognised, creditworthy third parties. Receivables balances are monitored on an ongoing basis with the result being that the Company's exposure to bad debts is not significant.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company has collateralised its trade receivables as security for borrowings. For receivable balances over 90 days old these are not eligible, thus reducing the Company's access to additional borrowings. This reinforces managements pro-active steps in collecting trade receivables as and when they fall due to maximize available borrowings.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses on trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through regularly monitoring the budget, forecasts and monthly financial statements to ensure adequate funds are maintained. Emphasis is placed on ensuring there is sufficient funding in place to meet the ongoing requirements of the Company's growth and expansion activities.

In relation to the Company's seasonal working capital requirements, it also closely monitors eligible receivables as it has access to a Line of Credit (LOC) facility which is capped at the lower of US $650,000 or 80% of eligible trade receivables.

As outlined in Note 2, the financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business and assumes the Company will have sufficient cash resources to pay its debts as and when they become due and payable for at least 12 months from the date of signing the financial report.

18. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	1 year or less $AUD	Between 1 and 2 years $AUD	Between 2 and 5 years $AUD	Over 5 years $AUD	Total $AUD
Non-derivatives					
Non-interest bearing					
Trade payables	599,743	-	-	-	599,743
Interest bearing - fixed					
Unsecured loans from member	121,297	121,297	363,892	359,548	966,034
Other loans	116,950	55,374	180,406	-	352,730
Lease liabilities	13,719	3,429	-	-	17,148
Total non - derivatives for 30 June 2019	851,709	180,101	544,297	359,548	1,935,655

	1 year or less $AUD	Between 1 and 2 years $AUD	Between 2 and 5 years $AUD	Over 5 years $AUD	Total $AUD
Non-derivatives					
Non-interest bearing					
Trade payables	593,680	-	-	-	593,680
Interest bearing - fixed					
Unsecured loans from member	115,094	115,094	345,281	456,887	1,032,356
Other loans	110,969	110,969	52,542	-	274,480
Lease liabilities	13,017	13,017	3,254	-	29,288
Total non - derivatives for 30 June 2018	832,760	239,080	401,077	456,887	1,929,804

19. Key management personnel disclosures

Compensation:
The aggregate compensation made to members and other key management personnel of the Company is set out below:

	2019 $AUD	2018 $AUD
Employment benefits	217,639	190,519
Insurance benefits	46,250	46,061
	263,889	236,580

20. Remuneration of auditors

During the financial year and preceding financial year, there were no fees which were paid or payable for services provided by Deloitte Touche Tohmatsu by the Company. The fees become payable by the ultimate parent company, Access Innovation Holdings Limited in respect of services to the Company as follows:

	2019 $AUD	2018 $AUD
Audit services	40,000	30,000

21. Related party transactions

	2019 $AUD	2018 $AUD

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

Transactions with related parties

Phil Hyssong is a related party by virtue of being the sole owner of the Company's capital.
Post Cap Productions LLC (PC) is a related party entity by virtue of Phil Hyssong's controlling ownership.

The following transactions occurred with related parties:

	2019 $AUD	2018 $AUD
Revenue		
Revenue received from Post Cap Productions LLC	145,431	164,513
Expenses		
Expenses paid to Post Cap Productions LLC	137,636	169,855

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21. Related party transactions (continued)

	2019 $AUD	2018 $AUD
Transactions with related parties (continued)		
Receivables from and payable to related parties		
Payable to Post Cap Productions LLC	15,477	5,394
Payable to Phil Hyssong	1,045	1,416
Loans from related parties		
Loans payable to Phil Hyssong		
	594,274	730,344

22. Business Combinations

Acquisition method

On 1 August 2018, the Company acquired certain assets of JG Interpreting and Training Services ('JGITS' or "Vendor'), an Illinois limited liability company. Management determined this acquisition to be the acquisition of a business, being a business providing American Sign Language Interpreting (ASL), Coordination of ASL Interpreting, Mentoring of ASL students, provision of workshops and training subjects related to ASL, hearing loss and the disability community, and Deaf child advocacy (collectively the "Business"). The total consideration transferred amounted to US $110,000, representing in entirety the acquisition of customer relationships. The business combination is final as at the reporting date.

	2019 fair value $AUD
Details of the acquisition are as follows:	
Customer relationships	148,508
Net assets acquired	148,508
Goodwill	-
Acquisition-date fair value of the total consideration transferred	148,508
Representing	
Cash paid to the vendor at acquisition date	13,501
Loans payable to the vendor at acquisition date	135,007
Acquisition-date fair value of the total consideration transferred	148,508
Acquisition costs expenses to profit and loss	2,500

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22. Business Combinations (continued)

Common control transaction

On the 31 December 2017, under the direction of its controlling member the Company acquired the business of Closed Caption Productions LLC ("CCP"), an Illinois limited liability company fully controlled by the controlling member of the Company. Management determined this acquisition to be the acquisition of a business, being a business providing broadcast captioning services and CART services (ie. "Communication Access Real-time Translation") including on-site CART, remote CART, real-time captioning, broadcast captioning and post production captioning (collectively the "Business"). This acquisition was a business combination under common control and in accordance with the Company's accounting policies for business combinations under common control was accounted for under the predecessor value method, whereby assets and liabilities were recorded at previous carrying value and no fair value adjustments made.

Details of the common control transaction are as follows:	2019 Book value $AUD
Other loans	(129,350)
Customer relationships	160,188
Net assets acquired at book value	30,838
Members capital reserve	(30,838)
Acquisition-date book value of the total consideration transferred	-

The Company has not elected to re-state comparatives as at 1 July 2017, instead it has accounted for the common control transaction from acquisition date of 31 December 2017.

23. Cashflow information

Changes in liabilities arising from financing activities:

	Unsecured borrowings from member $AUD	Other loans $AUD	Lease liabilities $AUD	Total $AUD
Balance at 1 July 2017	815,422	182,410	-	997,832
Foreign currency movements	20,248	19,868	809	40,925
Net cash from / (used in) financing activities	(105,336)	(75,547)	(16,589)	(197,472)
New financing liabilities	-	129,350	43,098	172,448
Balance at 30 June 2018	730,334	256,081	27,318	1,013,733
Foreign currency movements	40,856	19,684	2,602	63,142
Net cash from / (used in) financing activities	(176,916)	(96,544)	(13,444)	(286,904)
New financing liabilities	-	135,007	-	135,007
Balance at 30 June 2019	594,274	314,228	16,477	924,979

24. Events after the reporting period

Novel Coronavirus (COVID-19)
The Novel Coronavirus (COVID-19) was declared a pandemic in March 2020 by the World Health Organisation (WHO). Subsequent to the end of calendar 2019 year, there have been considerable economic impacts in United States and globally arising from the outbreak of COVID-19 and Government action to reduce the spread of the virus. The outbreak of COVID- 19 and the subsequent quarantine measures imposed by the United States and other governments as well as the travel and trade restrictions imposed by the United States and other countries in early 2020 have caused disruption to businesses and economic activity. The Company considers this to be a non-adjusting post balance date event. Thus far, COVID-19 has had little impact on the operations of the Company and its core operations located in United States. Some work has been impacted due to sporting and event cancellations, but this has been compensated for by an upturn in new opportunities across enterprise, corporate and government. At present, the Company continues to operate effectively with business as usual.

As the operations of the Company's customers, suppliers and associates are located primarily in United States, the outbreak of COVID-19 is expected to have a negative impact on these entities. This may in turn negatively affect the recoverability of financial assets such as debtors that are subject to impairment or expected credit loss (ECL) assessments as appropriate. The Company's' primary sales channels are educational institutions, broadcasters and Enterprise clients. So far, there has been little disruption to the sales channels. This could change if COVID-19 is not brought under control in the medium term.

The Company has manageable external debt used for seasonality management and as at 31 May 2020 had in excess of $250,000 of cash available to the Company. Management of Access innovation Holdings Limited believe the Company has sufficient cash to ride out the effects of COVID-19 even if the related restrictions remain in force for an extended period of time. As the situation remains fluid (due to continuing changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of Access innovation Holdings Limited consider that the financial effects of COVID-19 on the Company's operations and therefore operating results cannot be reasonably estimated.

The directors of Access innovation Holdings Limited do not consider the impact to likely compromise the ability of the Company to continue operating for the foreseeable future. No economic impacts resulting from COVID-19 have been included in the financial results for the years ended 30 June 2018 and 30 June 2019.

Breach and waiver of West Suburban Bank (WSB) covenants
The Company breached its debt service coverage ratio on the 31 December 2019. The Company received a formal waiver letter dated 31 March 2020, stating WSB waives the breach and does not plan to enforce any penalties. The Company is satisfied that is has the continued support of WSB which it relies upon for seasonality cash-flow management.

Sale of business
On 1 May 2020, the member sold 100% of the capital to Access Innovation Holdings Limited (AI Media) as a going concern. The sale of the Company was settled by a combination of cash, equity and deferred consideration.

No other matter or circumstance has arisen since 30 June 2019 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.

Alternative Communication Services LLC.
Director's Declaration
For the year ended 30 June 2019

The directors declare that:

(a)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; and

(b)in the directors' opinion, the attached financial statements and notes thereto are in accordance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed by the directors of Access innovation Holdings Limited of behalf of the Company.

Tony Abrahams
Tony Abrahams (Jul 27, 2020 10:25 GMT+10)

Director Anthony Abrahams

Jul 27, 2020

Sydney

Deloitte.

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Independent Auditor's Report to the Directors of Access Innovation Holdings Limited in respect of Alternative Communication Services LLC

Opinion

We have audited the financial statements of Alternative Communication Services LLC (the "Entity") which comprises:

- the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and
- the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the declaration by the directors.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the Entity's financial position as at 30 June 2018 and 30 June 2019 and of its financial performance and its cash flows for the years then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial statements* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the use of the financial statements solely for the purposes of assisting the directors of Access Innovation Holdings Limited with their reporting requirements. As a result, the financial statements may not be suitable for another purpose.

Responsibilities of Management and the Directors for the Financial statements

Management of Access Innovation Holdings Limited is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors of Access Innovation Holdings Limited are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial statements

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the Directors of Access Innovation Holdings Limited regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Joshua Tanchel
Partner
Chartered Accountants
Sydney, 28 July 2020