YC GROUP
YOU CAN

FINANCIAL REPORT 2019

DIRECTORS REPORT

Your directors present their report on the YC Group Australia Limited and its controlled entities for the year ended 30 June 2019.

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
Ali Akbarian	Chair
Patrick Lewis	Secretary (Resigned 30 November 2018)
Elizabeth Spooner	Director (Resigned 22 July 2018)
Karen Ridge	Director (Resigned 3 July 2019)
Thomas Michael	Director
Blanchflower Peter Alward	Director
Kevin Spiteri	Director
Belinda Neal	Director (Appointed 25 October 2019)

YC Group Australia Limited 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 principal activities of the company during the year were to achieve the vision for the people we serve as well as deliver the strategic plan. Its main service groupings are:

Education
Training
Employment
Disability services
Social enterprise

These services are achieved through the subsidiary entities.

The Group after year end commenced offering Supported Independent Living services for our Abilities participants. The Group will be expanding this service to our Abilities participants over the next twelve months and into the future.

Other than the new service disclosed above there were no significant changes in the nature of these activities during the year.

Short-term and Long-term Objectives

Short-term objectives are to:

- Work with our project partners in developing better project performance and evidence based outcomes
- Ensure that all funded programs deliver their goals within the contracted period of time
- Commit to continually improving our service delivery

Long-term objectives are to:

- Have less dependence on government funding
- Have a strong asset portfolio including ownership of land
- Be an effective provider of services to government with measurable and transparent
- Outcomes for each program funded
- Be a voice for the youth of the regions we operate in, in order to positively impact
- Future generations of people facing vulnerabilities

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 group amounted to $236,815 (2018:Profit $21,542). The company is exempt from income tax.

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.

Auditors Independence Declaration

To the Directors of YC Group Australia Limited and Controlled Entities

As lead auditor for the audit of YC Group Australia Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(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

Statement of Comprehensive Income

Statement of Comprehensive Income For The Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	5,665,973	6,919,041
Employee benefits expense		(3,337,779)	(4,570,361)
Bad debts expense	3	(64,017)	(74,566)
Depreciation expenses	3	(137,917)	(264,095)
Finance costs	3	(7,469)	(5,177)
Contractor fees		(387,195)	(29,937)
Rental expense		(31,156)	(89,227)
Audit expense		(21,137)	(10,820)
Impairment of Goodwill	3	(32,500)	-
Other expenses		(1,883,618)	(1,853,316)
(Loss) / Profit before income tax		(236,815)	21,542
Income tax expense		-	-
(Loss) / Profit after income tax		(236,815)	21,542
Other comprehensive income		-	-
Total comprehensive income for the year		(236,815)	21,542

Statement of Financial Position

Statement of Financial Position As At 30 June 2019

	Note	2019 $	2018 $
Assets			
Current Assets			
Cash and cash equivalents	4	448,812	63,513
Trade and other receivables	5	163,936	968,134
Inventory		15,949	-
Prepayments		38,837	120,612
Total Current Assets		667,534	1,152,259
Non-Current Assets			
Goodwill	6	-	32,500
Property, plant & equipment	7	2,559,124	2,712,272
Total Non-Current Assets		2,559,124	2,744,772
Total Assets		3,226,658	3,897,031
Liabilities			
Current Liabilities			
Trade and other payables	8	209,386	557,702
Employee Benefits	9	101,133	172,269
Borrowings	10	41,881	29,238
Other Liabilities	11	515,573	457,562
Total Current Liabilities		867,973	1,216,771
Non-Current Liabilities			
Employee Benefits	9	37,173	80,733
Borrowings	10	41,193	82,393
Total Non-Current Liabilities		78,366	163,126
Total Liabilities		946,339	1,379,897
Net Assets		2,280,319	2,517,134
Members' Funds			
Retained earnings/(deficit)		(376,681)	(139,866)
Asset revaluation reserve		2,657,000	2,657,000
Total Members' Funds		2,280,319	2,517,134

Statement of Changes In Members Funds

Statement of Changes in Members' Funds For The Year Ended 30 June 2019

	Asset Revaluation $	Retained Earnings $	Total Reserve $
Balance at 1 July 2017	2,657,000	(161,408)	2,495,592
Profit for the year	-	21,542	21,542
Other comprehensive income	-	-	-
Balance at 30 June 2018	2,657,000	(139,866)	2,517,14
Loss for the year	-	(236,815)	(236,815)
Other comprehensive income	-	-	-
Balance at 30 June 2019	2,657,000	(376,681)	2,280,319

Statement of Cash Flows

Statement of Financial Position As At 30 June 2019

	Note	2019 $	2018 $
Cash Flow from Operating Activities			
Receipts from customers, grants		5,820,450	6,755,493
Payments to suppliers and employees		(5,276,461)	(6,453,372)
Interest received		124 (7,470)	822 (5,177)
Interest paid			
Net cash used in operating activities	15(b)	536,643	297,826
Cash Flow from Investing Activities			
Proceeds from sale of property, plant and equipment		11,000	7,554
Payment for property, plant and equipment		(63,558)	(162,335)
Payments for intangibles			(32,500)
Net cash used in investing activities		(52,558)	(187,281)
Cash Flow from Financing Activities			
Repayment of borrowings		(103,243)	(199,969)
Proceeds from borrowings		-	36,800
Net cash used in financing activities		(103,243)	(163,169)
Net (decrease)/ increase in cash held		380,842	(52,624)
Cash at beginning of year		63,274	115,898
Cash at the End of Financial Year	15(a)	444,116	63,274

Notes to the Financial Statements

Notes To The Financial Statements For The Financial Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

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

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Non-for-profits Act 2012 and associated regulations and the Australian Charities and Not-for-profit Commission Act 2012, as appropriate for non-for-profit oriented entities.
The financial statements, except for the cash flow information 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. The amounts presented in the financial statements have been rounded to the nearest dollar.
Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Accounting Policies

(a) Principals of Consolidation
The consolidated financial statements incorporated the assets, liabilities and results of entities controlled by YC Group Australia Limited at the end of the reporting period. A controlled entity is any entity over which YC Group Australia Limited 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 17 to the financial statements.

(b) Revenue
Non-reciprocal grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.
If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.
When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Notes to the Financial Statements Continued

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

(a) Revenue (cont'd)

YC Group Australia Limited and its controlled entities receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.
Donations and bequests are recognised as revenue when received.
Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.
Revenue from rendering a service is recognised upon delivery of that service to the customers.
All revenue is stated net of the amount of goods and services tax (GST).

(b) Income Tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended it is exempt from paying income tax.
The company is endorsed as a Public Benevolent Institution and has been granted FBT exemption and GST concession. These will remain in force until there is a change in the objective of the organization or a change in relevant legislation.

(c) Property, Plant and Equipment

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

Leasehold Improvements

Leasehold improvements are shown at cost or fair vale. Leasehold improvements carried at fair value are periodic reviewed by the directors annually, less subsequent depreciation and impairment of the buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when the impairment indicators are present (refer to note 1(e) for details of impairment..Plant and equipment that have been contributed at no cost are recognised at the fair value of the asset at the date it is acquired.

Increases in the carrying amount arising on revaluation of property are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit and loss

As the revalued property are depreciated the difference between depreciation recognised in the Statement of Comprehensive Income, which is based on the revalued carrying amount of the asset, and the depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Motor vehicle	20%
Plant and equipment	30%
Furniture and fittings	20%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) that are transferred to the entity, are classified as finance leases. Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

(f) Leases

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.
Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(d) Financial Instruments

Recognition

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

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

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.

Notes to the Financial Statements Continued

(e) 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.

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.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) 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.

(i) 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).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(j) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(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.

(l) 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.

Economic dependence

The Group receives a substantial contribution of revenue from the government departments and agencies to operate the company. As the date of this report, the directors have no reason to believe the government will not continue to support clients of Group.

Estimation of useful lives of assets

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

Employee benefits provision

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

(m) Commitments and Contingencies

In the ordinary course of business, the company provides guarantee and committed to continue to repay liabilities of its subsidiaries including, but not limited to, the interest on bank overdraft facilities.

Notes to the Financial Statements Continued

	2019 $	2018 $
Note 2. Revenue		
Revenue received from government grants	3,818,267	5,751,310
Incentives received	-	18,000
Revenue services, rebates and recoveries	870,327	29,634
Revenue from services received in-kind	782,848	851,659
Donations	-	19,482
Other income	194,407	248,074
Interest received	124	882
Total Revenue	5,665,973	6,919,041

	2019 $	2018 $
Note 3. Profit from Ordinary Activities		
Depreciation and amortisation	137,917	264,098
Loss on sale	67,788	-
Impairment of Goodwill	32,500	-
Finance Costs		
-Interest	7,469	5,177
Services received in-kind	782,848	851,659
Provision for bad debts	(75,000)	75,000
Bad Debts Expense	64,017	74,566

	2019 $	2018 $
Note 4. Cash and Cash Equivalents		
Cash on hand	2,541	2,916
Cash at bank	446,271	60,567
	448,812	63,513

Notes To The Financial Statements

Notes To The Financial Statements For The Year Ended 30 June 2019

	2019 $	2018 $
Note 5. Trade and Other Receivables		
Trade debtors	1,44,630	808,247
Bonds	17,568	17,119
Other debtors	1,738	217,768
Less: provision for bad debts	-	(75,000)
	163,936	968,134
Note 6. Goodwill		
Goodwill	-	32,500
	-	32,500
Note 7. Property, Plant & Equipment		
Leasehold improvements - at directors'	2,657,000	2,657,000
valuation Leasehold improvements – at cost	320,858	337,886
Less accumulated depreciation	(635,621)	(559,744)
	2,342,237	2,435,143
Plant and equipment – at cost	605,572	618,342
Less accumulated depreciation	(489,249)	(484,563)
	116,323	133,779
Motor vehicle – at cost	424,687	435,380
Less accumulated depreciation	(324,123)	(292,030)
	100,564	143,350
	2,559,124	2,712,272

Notes to the Financial Statements Continued

Note 7. Property, Plant & Equipment (cont'd)

The leasehold improvements at Green Central, Kariong were valued by the directors on 30 June 2016.

Movements in Carrying Amounts

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

	Leasehold Improvement- at directors valuation	Plant & Equipment- at cost	Motor vehicle- at cost	Total
Balance at beginning of year	2,435,143	133,779	143,350	2,712,272
Additions	1,451	48,045	14,062	63,558
Disposals/ Transfers-	(16,289)	(21,290)	(41,210)	(78,789)
Depreciation expense	(78,068)	(44,211)	(15,638)	(137,917)
Carrying amount at the end of the year	2,342,237	116,323	100,564	2,559,124

	2019 $	2018 $
Note 8. Payables		
Trade payables	46,538	287,506
Other payables and accruals	107,005	138,433
GST payable	55,843	62,273
Loan – Ngaruki Gulgul Limited	-	69,490
	209,386	557,702
Note 9. Employee Benefits		
Current:		
Annual leave	77,675	145,017
Long service leave	23,458	27,252
	101,133	172,269
Non-Current:		
Annual leave	20,626	37,946
Long service leave	16,547	42,787
	37,173	80,733

	2019 $	2018 $
Note 10. Borrowings		
Current:		
Credit Cards	4,696	239
Hire purchase liabilities (a)	37,185	28,999
	41,881	29,238
Non-Current:		
Hire purchase liabilities (a)	41,193	82,393
	41,193	82,393
(a) Finance is secured over the assets		
Note 11. Other Liabilities		
Current:		
Funding received in advance	515,573	457,562
	515,573	457,562

Note 12. Capital Commitments For Expenditure

At the date of this report the Group had not entered into any contracts for capital expenditure.

Note 13. Related Party Disclosures

The directors have not acquired any goods or services from the Group during the year and if they were to do so, any goods or services received would be on the same terms and conditions available to the Group's customers and clients.

The directors if Group during the year were

Ali Akbaria	Chair
Patrick Lewis	Secretary (Resigned 30 November
Elizabeth Spooner	2018) Director (Resigned 22 July 2018)
Karen Ridge	Director (Resigned 3 July 2019)
Thomas Michael Blanchflower	Director
Peter Alward	Director
Kevin Spiteri	Director
Belinda Neal	Director (Appointed 25 October 2019)

	2019 $	2018 $
Aggregate income received or due and receivable by the directors of the Group from the Group	Nil	Nil

Notes to the Financial Statements Continued

	2019 $	2018 $

Note 14. Key Management Personnel Disclosures

The aggregate compensation made to responsible persons and other members of key management personnel is set out below;

Key Management Personnel remuneration	448.933	371,342

Note 15. Cash Flow Information

(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	.2,541	2,916
Cash at bank	446,271	60,597
Credit cards	(4,696)	(239)
Balance as per statement of cash flows	444,116	63,274

(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.

Operating profit/(loss) for the year	(236,815)	21,542
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	137,917	264,098
Loss on sale of non-current assets	67,788	-
Movement in provision for bad debt	(75,000)	75,000
Impairment of Goodwill	32,500	-
Changes in net assets and liabilities		
(Increase)/decrease in trade and other receivables	879,185	(162,666)
(Increase)/decrease in prepayments and inventory	66,341	10,866
Increase/(decrease) in trade and other payables	(278,826)	92,494
Increase/(decrease) in employee benefits	(114,696)	7,607
Increase/(decrease) in other liabilities	58,012	(11,115)
Net cash used in operating activities	536,404	297,826

Aggregate income received or due and receivable by the directors of the Group from the Group	Nil	Nil

Note 16. Events Occurring After The Reporting Date

The Group after year end commenced offering Supported Independent Living services for our Abilities participants. The Group will be expanding this service to our Abilities participants over the next twelve months and into the future.

Other than the new service mentioned above, the Directors are not aware of any significant events since the end of the reporting period.

Note 17 Controlled Entities

Controlled Entities Consolidated

Subsidiaries of YC Group Australia Limited - YC Industry Link Pty Ltd
- YG Enterprises Pty Ltd
- Youthconnections.com.au
- BISEE Pty Ltd
- All Things Finance Pty Ltd
- The Skills Generator Limited
- Australian Landscapes Pty Ltd

Note 18 Company Details

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

Green Central Gate 1 Kangoo Road
Kariong NSW 2250

Directors Declaration

In accordance with a resolution of the directors of YC Group Australia Limited and controlled entities made pursuant to Section 60.15 of the Australian Charities and Not-for-profits Regulations 2013, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 21, are in accordance with the ***Australian Charities and Not-for-profits Commission Act 2012***:

   (a) comply with Australian Accounting Standards- Reduced Disclosure Requirements; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of its 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.

Director **Director**

Dated:

Independent Audit Report

Independent Audit Report to The Members
Of YC Group Australia Limited and Controlled Entities

Report on the Audit of the Financial Report

We have audited the financial report of YC Group Australia Limited and controlled entities, which comprises the statement of financial position as at 30 June 2019 and the statement of profit or loss and comprehensive income, statement of changes in members funds and cash flows statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of YC Group Australia Limited has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission act 2012,including:

(i) giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered 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 report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Those directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Audit Report Continued

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud, or error.

In preparing the financial report, the directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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 report, 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 one 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 registered entity's internal control.

- Evaluate the effectiveness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 registered 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 report 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 registered entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

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