

YC Group Australia Limited
ACN 612 836 567

Financial Report
For The Year Ended
30 June 2021

**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

**Financial Report
For The Year Ended 30 June 2021**

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YC Group Australia Limited ACN 612 836 567 and Controlled Entities

Directors Report

Your directors present their report on the YC Group Australia Limited and its controlled entities for the year ended 30 June 2021.

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
Timothy Blanchflower	Director
Belinda Neal	Director (Appointed 01/04/2020) / Chair (Appointed 16/07/2021)
Anthony Carr	Director (Appointed 01/04/2020)
Ali Akbarian	Director (Resigned 01/07/2021)
Kevin Spiteri	Director (Resigned 30/08/2021)
Peter Alward	Director (Resigned 01/10/2021)
Tim Davidson	Director (Re-appointed 29/10/2021)
Leanne Hayter	Director (Appointed 10/12/2021)
Robert Lewis	Director (Appointed 10/12/2021)

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

These services are achieved through the subsidiary entities.

The Group continued to grow Supported Independent Living Services for our Abilities participants with plans to further expand this service 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

The short-term objectives are to

- Deliver beneficial and efficient outcomes through strong team performance
- Ensure financial accountability within the provision of services
- To continue to endorse and support a fully compliant culture

**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

Directors Report

Short-term and Long-term Objectives (cont'd)

Long-term objectives are to

- Increase the range of services we provide to people in the community encompassing disabilities and mental health
- Continue to provide services that positively impact people living with vulnerabilities
- Be an effective provider of services with measurable and transparent outcomes for each program funded

Strategies adopted to meet objectives

The strategy adopted is to continuously review standard of service delivery, invest in people and assets and proactively engage with community to ensure we achieve the needs of community through our short and long term objectives.

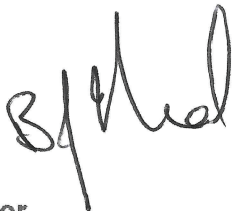
Operating Result

The operating profit for the group amounted to \$617,076 (2020: profit \$420,326). 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.



Director



Director

Dated: 25 February 2022

**Auditor's Independence Declaration
to the Directors of YC Group Australia Limited and Controlled Entities**

As lead auditor for the audit of YC Group Australia Limited and controlled entities for the year ended 30 June 2021, 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



Adrian Thompson
Partner

155 The Entrance Road
ERINA NSW 2250

Dated: 25 February 2022

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Statement of Comprehensive Income
For The Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue	2	5,795,434	6,619,076
Employee benefits expense		(3,790,804)	(3,279,115)
Bad debts expense	3	(134,061)	(23,933)
Depreciation expenses	3	(252,978)	(217,428)
Finance costs	3	(9,165)	(4,814)
Contractor fees		(7,542)	(293,340)
Rental expense		(94,706)	(101,841)
Audit expense		(26,400)	(25,650)
Other expenses		(862,702)	(2,252,629)
Profit before income tax		617,076	420,326
Income tax expense		-	-
Profit after income tax		617,046	420,326
Other comprehensive income		(2,657,000)	-
Total comprehensive income for the year		(2,039,924)	420,326

The accompanying notes form part of these financial statements.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Statement of Financial Position
As At 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents	4	320,365	850,308
Trade and other receivables	5	693,838	563,618
Prepayments	6	61,751	57,161
Total Current Assets		1,075,954	1,471,087
Non-Current Assets			
Property, plant & equipment	7	391,510	2,508,795
Right of use assets	12	694,013	139,718
Total Non-Current Assets		1,085,523	2,648,513
Total Assets		2,161,477	4,119,600
Liabilities			
Current Liabilities			
Trade and other payables	8	545,068	362,989
Employee Benefits	9	114,334	127,035
Borrowings	10	2,910	13,878
Other Liabilities	11	74,958	669,043
Lease Liabilities	12	106,433	44,963
Total Current Liabilities		843,703	1,217,908
Non-Current Liabilities			
Employee Benefits	9	29,043	75,481
Borrowings	10	7,100	20,269
Lease Liabilities	12	620,910	105,297
Total Non-Current Liabilities		657,053	201,047
Total Liabilities		1,500,756	1,418,955
Net Assets		660,721	2,700,645
Members' Funds			
Retained earnings		660,721	43,645
Asset revaluation reserve		-	2,657,000
Total Members' Funds		660,721	2,700,645

The accompanying notes form part of these financial statements.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Statement of Changes in Members' Funds
For The Year Ended 30 June 2021

	Asset Revaluation \$	Retained Earnings \$	Total Reserve \$
Balance at 1 July 2019	2,657,000	(376,681)	2,280,319
Profit for the year	-	420,326	420,326
Balance at 30 June 2020	<u>2,657,000</u>	<u>43,645</u>	<u>2,700,645</u>
Loss for the year	-	617,076	617,076
Other Comprehensive Income	(2,657,000)	-	(2,657,000)
Balance at 30 June 2021	<u>-</u>	<u>660,721</u>	<u>660,721</u>

The accompanying notes form part of these financial statements.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Statement of Cash Flows
For The Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Cash Flow from Operating Activities			
Receipts from customers, grants		4,440,519	5,520,438
Payments to suppliers and employees		(4,663,785)	(4,900,588)
Interest received		573	1,502
Interest paid		(9,165)	(4,071)
Net cash (used in) / provided by operating activities	16(b)	(231,858)	617,281
Cash Flow from Investing Activities			
Proceeds from sale of property, plant and equipment		4,846	2,765
Payment for property, plant and equipment		(244,553)	(169,623)
Net cash used in investing activities		(239,707)	(166,858)
Cash Flow from Financing Activities			
Repayment of borrowings		(24,156)	(44,231)
Principal lease payments		(34,222)	-
Net cash used in financing activities		(58,378)	(44,231)
Net (decrease)/ increase in cash held		(529,943)	406,192
Cash at beginning of year		850,308	444,116
Cash at the End of Financial Year	16(a)	320,365	850,308

The accompanying notes form part of these financial statements.

YC Group Australia Limited ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements For The Year Ended 30 June 2021

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.

Going Concern

The Directors note that the Group has surplus of \$617,076 for the year ended 30 June 2021 and has incurred a reduction of \$529,943 in its available cash reserves as at 30 June 2021 when compared to the same period in 2020. This fall in cash reserves is attributable to cash out flows associated with operating activities (\$231,858), investing activities (\$239,707) and financing activities (\$58,378). The Directors note the Group brought to account during the year a non-cash movement in comprehensive income and adjustment to the asset realisation reserve of \$2,657,000 (refer to Note 3).

The financial performance and position of the Group has been significantly impacted by the challenging trading environment throughout the 2020 / 2021 year. This can be attributable to the impact of COVID-19 on the Group's general operations due to the various restrictions which have impacted on how the Group interacts with its clients.

As you would all be aware, this is the second time the Group has been impacted by Government Health Orders. During, and immediately following the first closure, the Group's Senior Executive team and the Board worked together on formulating and implementing rigorous protocols and financial systems to ensure the ongoing financial stability of the organisation. These included, but not limited to, frequent cash flow analysis and reporting, review of appropriate debt to equity ratios and adjusting where appropriate the short and long-term liability profiles.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

Going Concern (cont'd)

With the NSW Government announcement of the public health orders in the Greater Sydney area effective from 26 June 2021 and Hunter region from the 5 August 2021, the organisation has had a significant impact on its trading operations after year end. Management and the Directors will continue to monitor the economic impacts of this situation on the operations of the organisation and make the necessary adjustments to ensure sustainability for as long as possible.

The Directors acknowledged the range of measures introduced by the Commonwealth and State Government to support businesses and to which the organisation is eligible. However, the impact of the restrictions and its impact on the organisation due to the shutdown and COVID19 restrictions have created a material uncertainty as at the date of signing these financial statements.

Given the controls and adjustments the organisation has put in place, the Directors believe that the Group will be able to continue as a going concern with support from its members, the local community, the Commonwealth, State and Local government.

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

Where the entity receives donation or grant, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB15.

Where both these conditions are satisfied the Group;

- Identifies each performance obligation relating to the grant
- Recognises a contract liability for its obligations under the grant
- Recognises revenue as it satisfies its performance obligations

**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

**Notes To The Financial Statements
For The Year Ended 30 June 2021**

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

(b) Revenue (cont'd)

When the contract is not enforceable or does not have sufficiently specific performance obligations, the Group;

- Recognise the asset received in accordance with the recognition requirements of other applicable accounting standards (AASB9, AASB16 and AASB138)
- Recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liabilities)
- Recognise income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

YC Group Australia Limited and its controlled entities receives / provide in-kind services between group entities. These services are recognised at fair value on the date of transaction in the statement of comprehensive income with a revenue and corresponding expense. Refer to Note 3 for more detail on In-kind transactions.

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).

(c) 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 organisation or a change in relevant legislation.

(d) 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 value. Leasehold improvements carried at fair value are periodically 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

**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

**Notes To The Financial Statements
For The Year Ended 30 June 2021**

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

(d) Property, Plant and Equipment (cont'd)

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(f) 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	2.5% to 40%
Motor vehicle	25%
Plant and equipment	25% to 40%
Furniture and fittings	25% to 40%

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.

**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

**Notes To The Financial Statements
For The Year Ended 30 June 2021**

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

(e) Leases

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

The right-of-use assets are presented separately in the statement of financial position.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option;
- The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated

Right-of-use assets are measured initially at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs;
- Restoration costs.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

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

(f) Leases (cont'd)

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in the Statement of Comprehensive Income. The Company applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

(g) 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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

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

(h) 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.

(i) 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.

(j) 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.

(k) 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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

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

(l) 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.

(m) Comparative Figures

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

(n) 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.

(o) 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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

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

(o) Critical Accounting Estimates and Judgements (cont'd)

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.

(p) 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.

(q) New Standards and Interpretations Adopted

The company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

For the year ended 30 June 2021, there have been no new or amended Accounting Standards and Interpretations which have had a material impact on the financial statements of the company.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 2. Revenue		
Revenue received from government grants	1,804,978	2,968,891
Revenue services, rebates and recoveries	2,676,569	2,330,377
Revenue from services received in-kind	-	851,192
Donations / Sponsorships	1,155	19,529
Other income	816,183	447,585
Interest received	573	1,502
Gain on sale of assets	4,846	-
Gain on write back of amortisation on lease hold assets	491,130	-
	<hr/>	<hr/>
Total Revenue	5,795,434	6,619,076
	<hr/>	<hr/>
Note 3. Profit from Ordinary Activities		
Provision for bad debts	10,029	5,786
Bad Debts Expense	124,032	18,147
	<hr/>	<hr/>
Total bad debts expense	134,061	23,933
	<hr/>	<hr/>
Depreciation and amortisation	195,968	204,726
Amortisation – Right to Use Asset	57,010	12,702
	<hr/>	<hr/>
Total depreciation and amortisation	252,978	217,428
	<hr/>	<hr/>
Finance Costs - Interest	6	2,996
Finance costs – lease liability	9,159	1,075
	<hr/>	<hr/>
Total finance costs	9,165	4,071
	<hr/>	<hr/>
Loss on sale	-	12,461
	<hr/>	<hr/>
Comprehensive Income - impairment of assets	2,657,000	-
Gain on write back of amortisation on lease hold assets	(491,130)	-
	<hr/>	<hr/>
Net leasehold impairment (Note 7)	2,165,867	-
	<hr/>	<hr/>

The above adjustment to comprehensive income is for the impairment of amortised fair value leasehold assets after the Group abandon the leasehold assets built on the Green Central site in past financial periods. The landlord of the Green Central site sold the site to Borg Australia in 2019 and while the company has sought to re-negotiate its lease arrangement, this has been unsuccessful. During the year, the Directors elected to re-locate its office to North Gosford and abandon the leasehold assets at Green Central, hence the asset has been impaired with an adjustment to the asset revaluation reserve has been made.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 3. Profit from Ordinary Activities (cont'd)		
Services Received in-kind		
Services received in-kind - revenue	-	851,192
Services provided in-kind - expenses	-	851,192
<p>Entities within the group provide direct services to other entities with individuals providing services to trainees and apprentice. These in-kind services are recognised and measured in accordance with the hours and market based pay rates.</p>		
Note 4. Cash and Cash Equivalents		
Cash on hand	-	1,153
Cash at bank	320,365	849,155
Total Cash and Cash Equivalents	320,365	850,308
Note 5. Trade and Other Receivables		
Trade debtors	514,295	537,646
Accrued income	124,983	-
Bonds	56,212	24,305
GST receivable	14,163	-
Other debtors	-	7,453
Less: provision for bad debts	(15,815)	(5,786)
	693,838	563,618
Note 6. Prepayments		
Prepayments	61,751	57,161

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

Note 7. Property, Plant & Equipment

Leasehold improvements - at directors' valuation	-	2,657,000
Leasehold improvements – at cost	397,616	249,386
Less accumulated depreciation	(227,130)	(618,094)
	170,486	2,288,292
Plant and equipment – at cost	264,392	749,877
Less accumulated depreciation	(113,372)	(611,830)
	151,020	138,047
Motor vehicle – at cost	353,822	454,261
Less accumulated depreciation	(283,818)	(371,805)
	70,004	82,456
	391,510	2,508,795

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 cost / fair value	Plant & Equipment- at cost	Motor vehicle- at cost	Total
Balance at beginning of year	2,288,292	138,047	82,456	2,508,795
Additions	149,411	81,766	13,376	244,553
Disposals/Transfers-	(2,165,867)	-	-	(2,165,867)
Depreciation expense	(101,347)	(68,793)	(25,828)	(195,698)
Carrying amount at the end of the year	170,489	151,020	70,004	391,510

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 8. Payables		
Trade payables	136,579	80,663
Other payables and accruals	408,489	227,072
GST payable	-	55,254
	545,068	362,989
Note 9. Employee Benefits		
Current:		
Annual leave	97,987	108,282
Long service leave	16,123	14,888
Other entitlements	224	3,865
	114,334	127,035
Non-Current:		
Annual leave	27,435	22,934
Long service leave	1,608	52,547
	29,043	75,481
Note 10. Borrowings		
Current:		
Hire purchase liabilities (a)	2,910	13,878
	2,910	13,878
Non-Current:		
Hire purchase liabilities (a)	7,100	20,269
	7,100	20,269
(a) Finance is secured over the assets		
Note 11. Other Liabilities		
Current:		
Funding received in advance	74,958	669,043
	74,958	669,043

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 12. Leases		
Right-of-use assets		
Right-of-use assets	761,133	152,420
Accumulated amortisation	(67,120)	(12,702)
	694,013	139,718
Lease liabilities		
Current	106,433	44,390
Non-current	620,910	105,870
	727,343	150,260

Note 13. Capital Commitments For Expenditure

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

Note 14. 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 of the Group during the year were:

Timothy Blanchflower	Director
Belinda Neal	Director (Appointed 01/04/2020) / Chair (Appointed 16/07/2021)
Anthony Carr	Director (Appointed 01/04/2020)
Ali Akbarian	Director (Resigned 01/07/2021)
Kevin Spiteri	Director (Resigned 30/08/2021)
Peter Alward	Director (Resigned 01/10/2021)
Tim Davidson	Director (Re-appointed 29/10/2021)
Leanne Hayter	Director (Appointed 10/12/2021)
Robert Lewis	Director (Appointed 10/12/2021)

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

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 15. 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	491,178	475,744
	<hr/>	<hr/>

Note 16. 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	-	1,153
Cash at bank	320,365	849,155
	<hr/>	<hr/>
Balance as per statement of cash flows	320,365	850,308
	<hr/>	<hr/>

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

Operating profit for the year	617,076	420,326
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	252,978	217,428
Net (gain)/loss on sale of non-current assets	(4,846)	12,461
Movement in provision for bad debt	10,029	5,786
Net gain on impairment of lease hold assets	(491,130)	-
Changes in net assets and liabilities		
(Increase)/decrease in trade and other receivables	(140,249)	(405,468)
(Increase)/decrease in prepayments	(4,590)	(2,375)
Increase/(decrease) in trade and other payables	182,098	153,603
Increase/(decrease) in employee benefits	(59,139)	64,210
Increase/(decrease) in other liabilities	(594,085)	151,310
	<hr/>	<hr/>
Net cash used in operating activities	231,858	617,281
	<hr/>	<hr/>

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2021

Note 17. Events Occurring After The Reporting Date

The Group after year end ceased the Department of Education contract for Work Placement services.

New Leases

The company after year end, but prior to signing the financial statements have signed new leases for the purposes of providing additional NDIS accommodation to clients. These new leases are located in 1/24-28 Glennie Street W, Gosford and 2/107 Griffiths Road, Lambton and are now available and occupied by clients and will be capitalised and accounted for in accordance with AASB16 Leases in the next financial period.

The emergence of Coronavirus disease (COVID-19) during the first months of 2020 has had a significant impact on financial markets and assets globally, the broader economic and social disruption now evident and is anticipated to continue in the near to mid-term.

The Group in response to the health emergency has implemented additional practices and safeguards for its clients and staff members to help reduce the likelihood of transmission of the virus which has resulted in the temporary suspension of many of the activities and operations the Group previously usually participated in.

On the 26 June 2021, the government announced another forced closure of prescribed organisations (which includes the Group) in the Greater Sydney Region and with an extension to the Hunter announced on the 5 August 2021. These restrictions remained in place until the 11 October 2021 when the bulk of restrictions were wound back.

While the impact of COVID-19 is yet to be fully determined, we have assessed the impact of the financial position and considered potential impacts to be as follows;

- Restrictions on operations and activity are expected to continue for at least 6 to 12 months from the date of re-opening on the 11 October 2021;
- Financial assistance was received by the Group from the Commonwealth and State Governments to facilitate the public safety for the closure period, however will be withdrawn over time; and
- The business continues to pay its debts as and when they fall due and payable.

Given the nature of the services provided, management will continue to monitor the economic impact of this situation on the assets held and business as a whole.

Other than the items noted above, in the interval between the end of the financial year and the date of this report, no transactions or event of material and unusual nature has arisen to significantly affect the operation of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

**Notes To The Financial Statements
For The Year Ended 30 June 2021**

Note 18. 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 19. Company Details

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

Unit 1, 24-28 Glennie Street W
Gosford NSW 2250

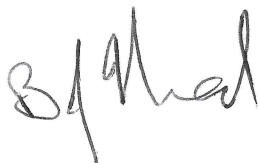
**YC Group Australia Limited
ACN 612 836 567 and Controlled Entities**

Directors' Declaration

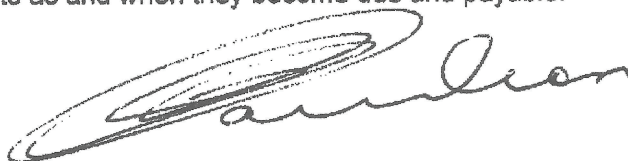
In accordance with a resolution of the directors of YC Group Australia Limited and controlled entities made pursuant to Section 60.15 of the *Australian Charities and Not-for-profits Regulations 2013*, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 26, 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 2021 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: 25 February 2022

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

Report on the Audit of the Financial Report

Opinion

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 2021 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 2021 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 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates the Group has been significantly impacted by COVID-19 which indicates a material uncertainty on the Group's ability to continue as a going concern.

While there is uncertainty regarding the impact of COVID19, as detailed in Note 1, the Group has formulated and implemented rigorous protocols and financial systems to ensure the ongoing financial stability of the organisation. These included, but not limited to, frequent cash flow analysis and reporting, review of appropriate debt to equity ratios and adjusting where appropriate the short and long-term liability profiles. As at 25 February 2022, Management confirm the Group sufficient funds to pay its debts as and when they fall due for the following 12 months. Our opinion is not modified in respect of this matter.

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 2021, 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.

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.

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

Responsibilities of the Directors for the Financial Report (continued)

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.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

FORTUNITY ASSURANCE



Adrian Thompson
Partner

155 The Entrance Road
ERINA NSW

Dated: 25 February 2021