

YC Group Australia Limited
ACN 612 836 567

Financial Report
For The Year Ended
30 June 2022

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

**Financial Report
For The Year Ended 30 June 2022**

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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 2022.

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	Chair
Anthony Carr	Director
Ali Akbarian	Director (Resigned 01/07/2021)
Kevin Spiteri	Director (Resigned 30/08/2021)
Peter Alward	Director (Resigned 01/10/2021)
Tim Davidson	Director (Appointed 29/10/2021)
Leanne Hayter	Director (Appointed 10/12/2021; resigned 17/03/2022)
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.

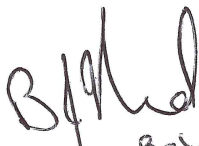
Operating Result

The operating profit for the group amounted to \$255,347 (2021: profit \$617,076). 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.


Belinda Neal
Director Chair

Dated: 16/4/22


Tim Davidson
Director

15/4/22

**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 2022, 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: 16 November 2022

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Statement of Comprehensive Income
For The Year Ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue	2	6,101,443	5,795,434
Employee benefits expense		(4,164,624)	(3,790,804)
Bad debts expense	3	(94,422)	(134,061)
Depreciation expenses	3	(282,349)	(252,978)
Finance costs	3	(25,045)	(9,165)
Contractor fees		(180,340)	(7,542)
Rental expense		(170,581)	(94,706)
Audit expense		(32,696)	(26,400)
Other expenses		(896,039)	(862,702)
Profit before income tax		255,347	617,076
Income tax expense		-	-
Profit after income tax		255,347	617,046
Other comprehensive income		-	(2,657,000)
Total comprehensive income for the year		255,347	(2,039,924)

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 2022

	Note	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	4	8,188	320,365
Trade and other receivables	5	983,622	693,838
Prepayments	6	72,480	61,751
Total Current Assets		1,064,290	1,075,954
Non-Current Assets			
Property, plant & equipment	7	395,746	391,510
Right of use assets	12	281,625	694,013
Total Non-Current Assets		677,371	1,085,523
Total Assets		1,741,661	2,161,477
Liabilities			
Current Liabilities			
Trade and other payables	8	362,277	545,068
Employee Benefits	9	108,220	114,334
Borrowings	10	11,749	2,910
Other Liabilities	11	-	74,958
Lease Liabilities	12	76,608	106,433
Total Current Liabilities		558,854	843,703
Non-Current Liabilities			
Employee Benefits	9	26,772	29,043
Borrowings	10	-	7,100
Lease Liabilities	12	239,967	620,910
Total Non-Current Liabilities		266,739	657,053
Total Liabilities		825,593	1,500,756
Net Assets		916,068	660,721
Members' Funds			
Retained earnings		916,068	660,721
Asset revaluation reserve		-	-
Total Members' Funds		916,068	660,721

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 2022**

	Asset Revaluation \$	Retained Earnings \$	Total Reserve \$
Balance at 1 July 2020	2,657,000	43,645	2,700,645
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>
Loss for the year	-	255,347	255,347
Other Comprehensive Income	-	-	-
Balance at 30 June 2022	<u>-</u>	<u>916,068</u>	<u>916,068</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 2022

	Note	2022 \$	2021 \$
Cash Flow from Operating Activities			
Receipts from customers, grants		6,136,106	4,440,519
Payments to suppliers and employees		(6,149,392)	(4,663,785)
Interest received		37	573
Interest paid		(25,045)	(9,165)
Net cash used in operating activities	16(b)	(38,294)	(231,858)
Cash Flow from Investing Activities			
Proceeds from sale of property, plant and equipment		5,924	4,846
Payment for property, plant and equipment		(164,475)	(244,553)
Net cash used in investing activities		(158,551)	(239,707)
Cash Flow from Financing Activities			
Repayment of borrowings		(10,010)	(24,156)
Principal lease payments		(117,071)	(34,222)
Net cash used in financing activities		(127,081)	(58,378)
Net decrease in cash held		(323,926)	(529,943)
Cash at beginning of year		320,365	850,308
Cash at the End of Financial Year	16(a)	(3,561)	320,365

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 2022

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 – Simplified 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 \$255,347 for the year ended 30 June 2022 and has incurred a reduction of \$323,926 in its available cash reserves as at 30 June 2022 when compared to the same period in 2021. This fall in cash reserves is attributable to cash out flows associated with operating activities (\$38,294), investing activities (\$158,551) and financing activities (\$127,081).

The Directors also note that due the cessation of the Work for the Dole Scheme, a significant balance of invoices had not been collected as at 30 June 2022 however, subsequent to year end, the available cash of the Group increased significantly as the cash was collected. At the date of this report the available cash reserves totalled \$689,958.

Furthermore, the financial performance and position of the Group has been significantly impacted by the challenging trading environment throughout the 2021/2022 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.

The impact of the above mentioned 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, and the change in business strategy to grow and focus on NDIS, 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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

Note 1. Summary of Significant Accounting Policies

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

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).

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

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

(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 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(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.

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

**Notes To The Financial Statements
For The Year Ended 30 June 2022**

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

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

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.

(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;

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

**Notes To The Financial Statements
For The Year Ended 30 June 2022**

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

(e) Leases (cont'd)

- 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.

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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

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

(f) 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.

(g) 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.

(h) 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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

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

(i) 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.

(j) 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.

(k) 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.

(l) Comparative Figures

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

(m) 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.

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

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

(n) 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 expected 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.

(o) 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.

(p) 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 2022, 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 2022

	2022	2021
	\$	\$
Note 2. Revenue		
Revenue received from government grants	1,172,298	1,804,978
Revenue services, rebates and recoveries	4,270,710	2,676,569
Donations / Sponsorships	4,298	1,155
Other income	651,174	816,183
Interest received	37	573
Gain on sale of assets	2,926	4,846
Gain on write back of amortisation on lease hold assets	-	491,130
Total Revenue	6,101,443	5,795,434
Note 3. Profit from Ordinary Activities		
Provision for bad debts	15,065	10,029
Bad Debts Expense	79,357	124,032
Total bad debts expense	94,422	134,061
Depreciation and amortisation	157,241	195,968
Amortisation – Right to Use Asset	125,108	57,010
Total depreciation and amortisation	282,349	252,978
Finance Costs - Interest	22	6
Finance costs – lease liability	25,023	9,159
Total finance costs	25,045	9,165
Comprehensive Income - impairment of assets	-	2,657,000
Gain on write back of amortisation on lease hold assets	-	(491,130)
Net leasehold impairment	-	2,165,870

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 2022

	2022	2021
	\$	\$
Note 4. Cash and Cash Equivalents		
Cash at bank	8,188	320,365
Total Cash and Cash Equivalents	8,188	320,365
Note 5. Trade and Other Receivables		
Trade debtors	939,955	514,295
Less: provision for bad debts	(30,880)	(15,815)
	909,075	498,480
Accrued income	-	124,983
Bonds	74,547	56,212
GST receivable	-	14,163
	983,622	693,838
Note 6. Prepayments		
Prepayments	72,480	61,751
	72,480	61,751
Note 7. Property, Plant & Equipment		
Leasehold improvements – at cost	269,295	397,616
Less accumulated depreciation	(84,671)	(227,130)
	184,624	170,486
Plant and equipment – at cost	299,156	264,392
Less accumulated depreciation	(183,171)	(113,372)
	115,985	151,020
Motor vehicle – at cost	411,994	353,822
Less accumulated depreciation	(316,857)	(283,818)
	95,137	70,004
	395,746	391,510

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

2022 2021
 \$ \$

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

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	Plant & Equipment- at cost	Motor vehicle- at cost	Total
Balance at beginning of year	170,486	151,020	70,004	391,510
Additions	71,539	34,764	58,172	164,475
Disposals/Transfers-	(2,998)	-	-	(2,998)
Depreciation expense	(54,403)	(69,799)	(33,039)	(157,241)
Carrying amount at the end of the year	184,624	115,985	95,137	395,746

Note 8. Payables

Trade payables	159,548	136,579
Other payables and accruals	192,206	408,489
GST payable	10,523	-
	362,277	545,068

Note 9. Employee Benefits

Current:		
Annual leave	107,610	97,987
Long service leave	246	16,123
Other entitlements	364	224
	108,220	114,334
Non-Current:		
Annual leave	22,106	27,435
Long service leave	4,666	1,608
	26,772	29,043

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

	2022	2021
	\$	\$
Note 10. Borrowings		
Current:		
Hire purchase liabilities (a)	-	2,910
Bank overdraft (b)	11,749	-
	11,749	2,910
Non-Current:		
Hire purchase liabilities (a)	-	7,100
	-	7,100
	-	7,100
(a) Finance is secured over the assets		
(b) The bank overdraft is unsecured and has a limit of \$50,000, payable on demand.		
Note 11. Other Liabilities		
Current:		
Funding received in advance	-	74,958
	-	74,958
	-	74,958
Note 12. Leases		
Right-of-use assets		
Right-of-use assets	467,436	761,133
Accumulated amortisation	(185,811)	(67,120)
	281,625	694,013
Lease liabilities		
Current	76,608	106,433
Non-current	239,967	620,910
	316,575	727,343
	316,575	727,343

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

2022 **2021**
\$ **\$**

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	Chair
Anthony Carr	Director
Ali Akbarian	Director (Resigned 01/07/2021)
Kevin Spiteri	Director (Resigned 30/08/2021)
Peter Alward	Director (Resigned 01/10/2021)
Tim Davidson	Director (Appointed 29/10/2021)
Leanne Hayter	Director (Appointed 10/12/2021; resigned 17/03/2022)
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

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	421,932	491,178
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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 at bank	8,188	320,365
Bank overdraft – Note 10	(11,749)	-
Balance as per statement of cash flows	<u>(3,561)</u>	<u>320,365</u>

YC Group Australia Limited
ACN 612 836 567 and Controlled Entities

Notes To The Financial Statements
For The Year Ended 30 June 2022

	2022	2021
	\$	\$
Note 16. Cash Flow Information (cont'd)		
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax.		
Operating profit for the year	255,347	617,076
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	282,349	252,978
Net (gain)/loss on sale of non-current assets	(2,926)	(4,846)
Gain on impairment of right of use assets	(6,417)	-
Net gain on impairment of lease hold assets	-	(491,130)
Changes in net assets and liabilities		
(Increase)/decrease in trade and other receivables	(289,784)	(130,220)
(Increase)/decrease in prepayments	(10,729)	(4,590)
Increase/(decrease) in trade and other payables	(182,791)	182,098
Increase/(decrease) in employee benefits	(8,385)	(59,139)
Increase/(decrease) in other liabilities	(74,958)	(594,085)
Net cash used in operating activities	(38,294)	231,858

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

**Notes To The Financial Statements
For The Year Ended 30 June 2022**

Note 17. Events Occurring After The Reporting Date

The company after year end, but prior to signing the financial statements have signed a new lease for the purposes of providing additional NDIS accommodation to clients. This new lease are located at Unit 1 / 22 Ironbark Close, Warabrook NSW 2304 are now available and occupied by clients and will be capitalised and accounted for in accordance with AASB16 Leases in the next financial period.

Other than the item 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.

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 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:
 - (a) comply with Australian Accounting Standards - Simplified Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2022 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/Chair

Dated: 15/11/22


Tim Davidson
Director

15/11/22

**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 2022 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 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified 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, the Group incurred a reduction in its available cash reserves of \$323,926 for the year ended 30 June 2022 for the reasons set out in Note 1 and at balance date had net negative cash reserves of \$3,561. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

As at 16 November 2022, Management and The Directors confirm the Group has 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 2022, 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 – Simplified 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: 16 November 2022