YC Group Australia Limited

ACN 612 836 567

Financial Report - 30 June 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of YC Group Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors
The following persons were directors of YC Group Australia Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Belinda Neal - Chair
Tim Davidson - Treasurer
Timothy Blanchflower
Robert Lewis
Michael Griffiths - appointed 15 December 2022

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

The 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

Strategy for achieving the 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.

Principal activities
The principal activities of the consolidated entity 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:
- Disability services
- Supported independent living

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.

Contributions on winding up
YC Group Australia Limited is a company limited by guarantee. In the event of the company being wound up, ordinary members are required to contribute a maximum of $5.00 each towards meeting any outstanding obligations of the company.

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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Belinda Neal
Chair

Tim Davidson
Treasurer

6 December 2023

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Auditor's Independence Declaration under subdivision 60 C section 60 40 of Australian Charities and Not for profits Commission Act 2012

To the Directors,
YC Group Australia Limited

As auditor for the audit of YC Group Australia Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii) any applicable code of professional conduct in relation to the audit.

UMER ALTAF
Director
ECJ Audit and Assurance Pty Limited
6 December 2023

ECJ Audit and Assurance Pty Limited trading as Ecovis Clark Jacobs Audit & Assurance Level 2, Piers 2/3 13 Hickson Road, Walsh Bay NSW 2000
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YC Group Australia Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

YOU CONNECT

	Note	Consolidated 2023 $	2022 $
Revenue	4	6,894,291	6,101,443
Expenses			
Employee benefits expense		(5,066,092)	(4,164,624)
Bad debts expense	5	(73,050)	(94,422)
Depreciation and amortisation expense	5	(257,639)	(282,349)
Finance costs	5	(8,019)	(25,045)
Contractor fees		(257,164)	(180,340)
Rental expense		(285,002)	(170,581)
Audit expense		(23,300)	(32,696)
Other expenses		(852,650)	(896,039)
Surplus before income tax expense		71,375	255,347
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of YC Group Australia Limited	17	71,375	255,347
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of YC Group Australia Limited		71,375	255,347

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

YC Group Australia Limited
Statement of financial position
As at 30 June 2023

CONNECT

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current assets			
Cash and cash equivalents	6	651,024	8,188
Trade and other receivables	7	404,060	983,622
Prepayments		131,045	72,480
Total current assets		1,186,129	1,064,290
Non-current assets			
Property, plant and equipment	8	240,996	395,746
Right-of-use assets	9	93,155	281,625
Total non-current assets		334,151	677,371
Total assets		1,520,280	1,741,661
Liabilities			
Current liabilities			
Trade and other payables	10	282,190	362,277
Employee benefits	11	104,896	108,220
Borrowings	12	-	11,749
Lease liabilities	13	104,003	76,608
Total current liabilities		491,089	558,854
Non-current liabilities			
Employee benefits	15	41,748	26,772
Lease liabilities	16	-	239,967
Total non-current liabilities		41,748	266,739
Total liabilities		532,837	825,593
Net assets		987,443	916,068
Equity			
Retained surpluses	17	987,443	916,068
Total equity		987,443	916,068

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

YC Group Australia Limited
Statement of changes in equity
For the year ended 30 June 2023

YOU CONNECT

Consolidated	Retained surpluses $	Total equity $
Balance at 1 July 2021	660,721	660,721
Surplus after income tax expense for the year	255,347	255,347
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	255,347	255,347
Balance at 30 June 2022	916,068	916,068

Consolidated	Retained surpluses $	Total equity $
Balance at 1 July 2022	916,068	916,068
Surplus after income tax expense for the year	71,375	71,375
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	71,375	71,375
Balance at 30 June 2023	987,443	987,443

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

YC Group Australia Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers, grants		7,473,856	6,136,106
Payments to suppliers and employees		(6,687,808)	(6,149,392)
		786,048	(13,286)
Interest received		-	37
Interest and other finance costs paid		(8,019)	(25,045)
Net cash from/(used in) operating activities		778,029	(38,294)
Cash flows from investing activities			
Payments for property, plant and equipment	8	(18,526)	(164,475)
Proceeds from disposal of property, plant and equipment		36,230	5,924
Net cash from/(used in) investing activities		17,704	(158,551)
Cash flows from financing activities			
Repayment of borrowings		(11,749)	(10,010)
Repayment of lease liabilities		(129,399)	(117,071)
Net cash used in financing activities		(141,148)	(127,081)
Net increase/(decrease) in cash and cash equivalents		654,585	(323,926)
Cash and cash equivalents at the beginning of the financial year		(3,561)	320,365
Cash and cash equivalents at the end of the financial year	6	651,024	(3,561)

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover YC Group Australia Limited as a consolidated entity consisting of YC Group Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is YC Group Australia Limited's functional and presentation currency.

YC Group Australia Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in New South Wales, Australia. Its registered office and principal place of business is:

Registered office and principal place of business

24 Glennie Street West
Gosford NSW 2250

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 December 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the 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.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and New South Wales legislation the Charitable Fundraising Act 1991 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

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

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of YC Group Australia Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. YC Group Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition
The consolidated entity recognises revenue as follows:

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

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

Rendering of services
Revenue from a contract to provide services is recognised at the point in time the services are rendered based on either a fixed price or an hourly rate.

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

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

Income tax
As the consolidated entity 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.

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

Note 2. Significant accounting policies (continued)

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

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

Deferred tax assets and liabilities are always classified as non-current.

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

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

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

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

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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

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

Leasehold improvements	3-5 years
Plant and equipment	3-7 years
Motor vehicle	4-5 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

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

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

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

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Note 2. Significant accounting policies (continued)

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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

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

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

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets
The consolidated entity 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 event. 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
As discussed in note 2, 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.

Economic dependence
The consolidated entity 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 consolidated entity.

Note 4. Revenue

	Consolidated	
	2023	2022
	$	$
Revenue from contracts with customers		
Revenue received from government grants	-	1,172,298
Revenue services, rebates and recoveries	6,865,555	4,270,710
	6,865,555	5,443,008
Other revenue		
Other income	23,593	651,174
Interest received	-	37
Gain on sale of assets	5,143	2,926
Donations / sponsorphips	-	4,298
	28,736	658,435
Revenue	6,894,291	6,101,443

Note 4. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2023 $	Consolidated 2022 $
Major product lines		
Government grants	-	1,172,298
Disability services	2,695,662	1,867,898
Supported independent living	4,169,893	2,402,812
	6,865,555	5,443,008
Timing of revenue recognition		
Services transferred at a point in time	6,865,555	5,443,008

Note 5. Expenses

	Consolidated 2023 $	Consolidated 2022 $
Surplus before income tax includes the following specific expenses:		
Provision for expected credit losses	18,068	15,065
Bad debt expense	54,982	79,357
Total bad debts expense	73,050	94,422
Depreciation expense	142,190	157,241
Amortisation on right of use assets	115,449	125,108
Total depreciation and amortisation expense	257,639	282,349
Finance costs		
Interest and finance charges paid	52	22
Interest and finance charges paid on lease liabilities	7,967	25,023
Finance costs expensed	8,019	25,045

Note 6. Current assets - cash and cash equivalents

	Consolidated 2023 $	Consolidated 2022 $
Cash at bank	651,024	8,188

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023 $	2022 $
Balances as above	651,024	8,188
Bank overdraft (note 12)	-	(11,749)
Balance as per statement of cash flows	651,024	(3,561)

Note 7. Current assets - trade and other receivables

	Consolidated 2023 $	Consolidated 2022 $
Trade receivables	136,223	500,308
Accrued income	217,535	439,647
Less: Allowance for expected credit losses	(48,948)	(30,880)
	304,810	909,075
Security bonds	99,250	74,547
	404,060	983,622

Note 8. Non-current assets - property, plant and equipment

	Consolidated 2023 $	Consolidated 2022 $
Leasehold improvements - at cost	279,411	269,295
Less: Accumulated depreciation	(141,422)	(84,671)
	137,989	184,624
Motor vehicles - at cost	336,602	411,994
Less: Accumulated depreciation	(278,914)	(316,857)
	57,688	95,137
Plant and equipment - at cost	260,129	299,156
Less: Accumulated depreciation	(214,810)	(183,171)
	45,319	115,985
	240,996	395,746

Reconciliations

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

Consolidated	Leasehold improvements $	Motor vehicles $	Plant and equipment $	Total $
Balance at 1 July 2022	184,624	95,137	115,985	395,746
Additions	10,575	-	7,951	18,526
Disposals	(323)	(3,136)	(27,627)	(31,086)
Depreciation expense	(56,887)	(34,313)	(50,990)	(142,190)
Balance at 30 June 2023	137,989	57,688	45,319	240,996

Note 9. Non-current assets - right-of-use assets

	Consolidated 2023 $	Consolidated 2022 $
Land and buildings - right-of-use	278,966	467,436
Less: Accumulated depreciation	(185,811)	(185,811)
	93,155	281,625

Note 9. Non-current assets - right-of-use assets (continued)

Additions to the right-of-use assets during the year were $112,321 and depreciation charged to profit or loss was $115,449.

The consolidated entity leases land and buildings for its offices under agreements of between 1 to 3 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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

Consolidated	Land and buildings - right-of-use $
Balance at 1 July 2022	281,625
Additions	112,321
Impairment of assets	(185,342)
Depreciation expense	(115,449)
Balance at 30 June 2023	93,155

Note 10. Current liabilities - trade and other payables

	Consolidated 2023 $	2022 $
Trade payables	157,424	159,548
Other payables	130,062	192,206
GST (receivable)/payable	(5,296)	10,523
	282,190	362,277

Note 11. Current liabilities - employee benefits

	Consolidated 2023 $	2022 $
Annual leave	103,889	107,610
Long service leave	1,007	246
Other entitlements	-	364
	104,896	108,220

Note 12. Current liabilities - borrowings

	Consolidated 2023 $	2022 $
Bank overdraft	-	11,749

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Note 13. Current liabilities - lease liabilities

	Consolidated 2023 $	Consolidated 2022 $
Lease liability	104,003	76,608

Note 14. Non-current liabilities - borrowings

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated 2023 $	Consolidated 2022 $
Bank overdraft	-	11,749

Assets pledged as security
The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

Note 15. Non-current liabilities - employee benefits

	Consolidated 2023 $	Consolidated 2022 $
Annual leave	22,609	22,106
Long service leave	19,139	4,666
	41,748	26,772

Note 16. Non-current liabilities - lease liabilities

	Consolidated 2023 $	Consolidated 2022 $
Lease liability	-	239,967

Note 17. Equity - retained surpluses

	Consolidated 2023 $	Consolidated 2022 $
Retained surpluses at the beginning of the financial year	916,068	660,721
Surplus after income tax expense for the year	71,375	255,347
Retained surpluses at the end of the financial year	987,443	916,068

Note 18. Key management personnel disclosures

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

	Consolidated	
	2023	2022
	$	$
Aggregate compensation	436,028	421,932

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by ECJ Audit and Assurance Pty Limited, the auditor of the company:

	Consolidated	
	2023	2022
	$	$
Audit services - ECJ Audit and Assurance Pty Limited (2022: Fortunity Assurance)		
Audit of the financial statements	24,500	32,696

Note 20. Related party transactions

Parent entity
YC Group Australia Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 22.

Key management personnel
Disclosures relating to key management personnel are set out in note 18.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 21. Parent entity information

The parent entity financial information is the same as the financial information of the consolidated entity. The subsidiary entities disclosed are dormant.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2023 %**	**2022 %**
YC Industry Link Pty Ltd	Australia	100.00%	100.00%
Youthconnections.com.au	Australia	100.00%	100.00%
YG Enterprises Pty Ltd[1]	Australia	-	100.00%
BISEE Pty Ltd[1]	Australia	-	100.00%
All Things Finance Pty Ltd[1]	Australia	-	100.00%
The Skills Generator Limited[1]	Australia	-	100.00%
Australian Landscapes Pty Ltd[1]	Australia	-	100.00%

[1]These entities were dormant and have been deregistered during the financial year.

Note 23. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

CONNECT

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Australian Charities and Not-for-profits Commission Act 2012 and New South Wales legislation the Charitable Fundraising Act 1991 and associated regulations, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- per section 60.15 of the Australian Charities and Not-for-profits Commission Regulations 2022 there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Belinda Neal	Tim Davidson
Chair	Treasurer

6 December 2023

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CLARK JACOBS AUDIT & ASSURANCE

INDEPENDENT AUDIT REPORT TO THE DIRECTORS OF YC GROUP AUSTRALIA LIMITED

Auditor's Opinion

We have audited the financial report of YC Group Australia Limited and its controlled entities (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards – Simplified Disclosure Requirements and Division 60 of 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 these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2023, 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 Directors for the Financial Report

The directors of the Company 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*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of 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 Company'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 Company 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 company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst, 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.

Umer Altaf
Engagement Director
ECJ Audit and Assurance Pty Ltd
6 December 2023