

**YC Group Australia Limited**  
**ACN 612 836 567**

**Financial Report**  
**For The Year Ended**  
**30 June 2020**

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

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**Financial Report**  
**For The Year Ended 30 June 2020**

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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 2020.

### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Qualifications and period of directorship
Ali Akbarian	Chair
Timothy Michael Blanchflower	Director
Peter Alward	Director
Kevin Spiteri	Director
Belinda Neal	Director (Appointed 25 October 2019)

YC Group Australia Limited is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$5.00 each towards meeting any outstanding obligations of the company.

### Principal Activities

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

Education  
Training  
Employment  
Disability services  
Social enterprise

These services are achieved through the subsidiary entities.

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

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

### Short-term and Long-term Objectives

The short-term objectives are to

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

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

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## Directors Report

### Long-term objectives are to

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

### Strategies adopted to meet objectives

The strategy adopted to meet objectives is establishing partnerships with key stakeholders to ensure we achieve our long term and short term objectives.

### Operating Result

The operating profit for the group amounted to \$420,326 (2019: Loss \$236,815). The company is exempt from income tax.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in page 5.

The director's report is signed in accordance with a resolution of the directors.

Director



Dated: 07/12/20

Director



**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 2020, 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: 7 December 2020

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

**Statement of Comprehensive Income**  
**For The Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
Revenue	2	6,619,076	5,665,973
Employee benefits expense		(3,253,131)	(3,337,779)
Bad debts expense	3	(23,933)	(64,017)
Depreciation expenses	3	(217,428)	(137,917)
Finance costs	3	(4,071)	(7,469)
Contractor fees		(293,340)	(387,195)
Rental expense		(101,841)	(31,156)
Audit expense		(25,650)	(21,137)
Impairment of Goodwill	3	-	(32,500)
Other expenses		(2,279,356)	(1,883,618)
<b>Profit / (Loss) before income tax</b>		----- 420,326	----- (236,815)
Income tax expense		-	-
<b>Profit / (Loss) after income tax</b>		----- 420,326	----- (236,815)
Other comprehensive income		----- -	----- -
<b>Total comprehensive income for the year</b>		----- 420,326	----- (236,815)

The accompanying notes form part of these financial statements.

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

**Statement of Comprehensive Income**  
**For The Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	850,308	448,812
Trade and other receivables	5	563,618	163,936
Inventory		-	15,949
Prepayments	6	57,161	38,837
<b>Total Current Assets</b>		----- 1,471,087	----- 667,534
<b>Non-Current Assets</b>			
Property, plant & equipment	7	2,508,795	2,559,124
Right to use assets	12	139,718	-
<b>Total Non-Current Assets</b>		----- 2,648,513	----- 2,599,124
<b>Total Assets</b>		----- 4,119,600	----- 3,226,658
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	362,989	209,386
Employee Benefits	9	127,035	101,133
Borrowings	10	13,878	41,881
Other Liabilities	11	669,043	515,573
Lease Liabilities	12	44,963	-
<b>Total Current Liabilities</b>		----- 1,217,908	----- 867,973
<b>Non-Current Liabilities</b>			
Employee Benefits	9	75,481	37,173
Borrowings	10	20,269	41,193
Lease Liabilities	12	105,297	-
<b>Total Non-Current Liabilities</b>		----- 201,047	----- 78,366
<b>Total Liabilities</b>		----- 1,418,955	----- 946,339
<b>Net Assets</b>		----- 2,700,645	----- 2,280,319
<b>Members' Funds</b>			
Retained earnings/(deficit)		43,645	(376,681)
Asset revaluation reserve		2,657,000	2,657,000
<b>Total Members' Funds</b>		----- 2,700,645	----- 2,280,319

The accompanying notes form part of these financial statements.

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

## Statement of Comprehensive Income For The Year Ended 30 June 2020

	Asset Revaluation \$	Retained Earnings \$	Total Reserve \$
<b>Balance at 1 July 2018</b>	2,657,000	(139,866)	,517,134
Loss for the year	-	(236,815)	(236,815)
<b>Balance at 30 June 2019</b>	----- 2,657,000	----- (376,681)	----- 2,280,319
Profit for the year	-	420,326	420,326
<b>Balance at 30 June 2020</b>	----- 2,657,000 -----	----- 43,645 -----	----- 2,700,645 -----

The accompanying notes form part of these financial statements.



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

**Statement of Comprehensive Income**  
**For The Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Cash Flow from Operating Activities</b>			
Receipts from customers, grants		5,520,438	5,820,450
Payments to suppliers and employees		(4,900,588)	(5,276,461)
Interest received		1,502	124
Interest paid		(4,071)	(7,470)
Net cash used in operating activities	15(b)	----- 617,281 -----	----- 536,643 -----
<b>Cash Flow from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		2,765	11,000
Payment for property, plant and equipment		(169,623)	(63,558)
Net cash used in investing activities		----- (166,858) -----	----- (52,558) -----
<b>Cash Flow from Financing Activities</b>			
Repayment of borrowings		(44,231)	(103,243)
Net cash used in financing activities		----- (44,231) -----	----- (103,243) -----
Net (decrease)/ increase in cash held		----- 406,192 -----	----- 380,842 -----
Cash at beginning of year		444,116	63,274
<b>Cash at the End of Financial Year</b>	15(a)	----- 850,308 -----	----- 444,116 -----

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 Financial Year Ended 30 June 2020

### Note 1. Summary of Significant Accounting Policies

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

#### Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Non-for-profits Act 2012 and associated regulations and the Australian Charities and Not-for-profit Commission Act 2012, as appropriate for non-for-profit oriented entities. The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

#### Accounting Policies

##### (a) Principals of Consolidation

The consolidated financial statements incorporated the assets, liabilities and results of entities controlled by YC Group Australia Limited at the end of the reporting period. A controlled entity is any entity over which YC Group Australia Limited has power to govern the financial and operating policies so as to obtain benefits from its activities.

In preparing the consolidated financial statements, all intra-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. A list of controlled entities is contained in Note 17 to the financial statements.

##### (b) Revenue

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 condition are satisfied the Group;

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

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

## Notes To The Financial Statements For The Financial Year Ended 30 June 2020

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

#### (b) Revenue (cont'd)

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

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

YC Group Australia Limited and its controlled entities receives / provide in-kind services between group entities. These services are recognised at fair value on the date of transaction in the statement of comprehensive income with a revenue and corresponding expense. Refer to Note 3 for more detail on In-kind transactions. Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from rendering a service is recognised upon delivery of that service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

#### (c) Income Tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended it is exempt from paying income tax.

The company is endorsed as a Public Benevolent Institution and has been granted FBT exemption and GST concession. These will remain in force until there is a change in the objective of the organisation or a change in relevant legislation.

#### (d) Property, Plant and Equipment

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

#### Leasehold Improvements

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

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

## Notes To The Financial Statements For The Financial Year Ended 30 June 2020

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

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

##### Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when the impairment indicators are present (refer to note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost are recognised at the fair value of the asset at the date it is acquired.

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

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

##### Depreciation

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

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

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

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

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

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

## Notes To The Financial Statements For The Financial Year Ended 30 June 2020

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

#### (e) 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.

#### (f) 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.

#### (g) 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 Financial Year Ended 30 June 2020

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

#### (h) 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.

#### (i) 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.

#### (j) 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.

#### (k) Comparative Figures

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

#### (l) 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 Financial Year Ended 30 June 2020

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

#### (m) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

##### *Economic dependence*

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

##### *Estimation of useful lives of assets*

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

##### *Employee benefits provision*

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

#### (n) 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.

#### (o) New Standards and Interpretations Adopted

The AASB has issued new and amended standards and interpretations that have mandatory application dates from listed below. The company has not opted for early adoption of these standards.

##### **AASB15 Revenue from Contracts with Customers**

AASB15 Revenue from Contracts with Customers – This standard is application commences on 1 January 2019 and will apply to periods beginning on or after 1 January 2019 but before 1 January 2021.

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

## Notes To The Financial Statements For The Financial Year Ended 30 June 2020

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

#### (o) New Standards and Interpretations Adopted (cont'd)

##### AASB15 Revenue from Contracts with Customers

The standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of the goods and services are transferred rather than when the risk and reward as is currently the case under AASB119 Revenue. Minimal impact is expected by the company as the milestone basis of recognising revenue for its revenue already aligns with the performance obligations required by the new standard.

##### AASB1058 Income of Not-for-Profit Entities

AASB1058 Income of Not-for-Profit Entities – This new standard deals with income recognition for Not-for-Profit Entities receiving donations and grants for annual reporting periods ending on or after 1 January 2019. The core principle of this standard is that an entity will recognise donation or grant revenue when control of the revenue is obtained where the milestone established by the donor and / or funder are met, rather than when the revenue becomes non-reciprocal and is controlled as is currently the case under AASB1004 Contributions. Minimal impact is expected by the company as the milestone basis of recognising revenue for its revenue already aligns with the performance obligations required by the new standard.

##### AASB16 Leases

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminated the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the lease liabilities (included in finance costs). In the earlier period of the lease, the expenses associated with the lease under AASB16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as operating expense is now replaced by interest expense and depreciation in the profit and loss. For classification within the statement of cash flow, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standards does not substantially change how a lessor accounts for leases.

At year end the Group held lease commitments which meet the requirements to be accounted for in accordance with AASB 16 and these have been accounted for as adopted at Note 12.



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

## Notes To The Financial Statements For The Financial Year Ended 30 June 2020

	2020	2019
	\$	\$
<b>Note 2. Revenue</b>		
Revenue received from government grants	2,968,891	3,818,267
Revenue services, rebates and recoveries	2,330,377	870,327
Revenue from services received in-kind	851,192	782,848
Donations / Sponsorships	19,529	-
Other income	447,585	194,407
Interest received	1,502	124
	-----	-----
Total Revenue	6,619,076	5,665,973
	-----	-----
<b>Note 3. Profit from Ordinary Activities</b>		
Provision for bad debts	5,786	(75,000)
Bad Debts Expense	18,147	64,017
	-----	-----
Depreciation and amortisation	204,726	137,917
Amortisation – Right to Use Asset	12,702	-
	-----	-----
Total depreciation and amortisation	217,428	137,917
	-----	-----
Finance Costs - Interest	2,996	7,469
Finance costs – lease liability	1,075	-
	-----	-----
Total finance costs	4,071	7,469
	-----	-----
Loss on sale	12,461	67,788
Impairment of Goodwill	-	32,500
	-----	-----
<b>Services Received in-kind</b>		
Services received in-kind - revenue	851,192	782,848
	-----	-----
Services provided in-kind - expenses	851,192	782,848

Entities within the group provide direct services to other entities with individuals providing services to trainees and apprentice. These in-kind services are recognised and measured in accordance with the hours and market based pay rates.

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

	2020	2019
	\$	\$
<b>Note 4. Cash and Cash Equivalents</b>		
Cash on hand	1,153	2,541
Cash at bank	849,155	446,271
	-----	-----
Total Cash and Cash Equivalents	850,308	448,812
	-----	-----
<b>Note 5. Trade and Other Receivables</b>		
Trade debtors	537,646	144,630
Bonds	24,305	17,568
Other debtors	7,453	1,738
Less: provision for bad debts	(5,786)	-
	-----	-----
	563,618	163,936
	-----	-----
<b>Note 6. Prepayments</b>		
Prepayments	57,161	38,987
	-----	-----
<b>Note 7. Property, Plant &amp; Equipment</b>		
Leasehold improvements - at directors' valuation	2,657,000	2,657,000
Leasehold improvements - at cost	249,386	320,858
Less accumulated depreciation	(618,094)	(635,621)
	-----	-----
	2,288,292	2,342,237
	-----	-----
Plant and equipment - at cost	749,877	605,572
Less accumulated depreciation	(611,830)	(489,249)
	-----	-----
	138,047	116,323
	-----	-----
Motor vehicle - at cost	454,261	424,687
Less accumulated depreciation	(371,805)	(324,123)
	-----	-----
	82,456	100,564
	-----	-----
	2,508,795	2,559,124
	-----	-----

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

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

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

Movements in Carrying Amounts

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

	Leasehold Improvement- at directors valuation	Plant & Equipment- at cost	Motor vehicle- at cost	Total
Balance at beginning of year	2,342,237	116,323	100,564	2,559,124
Additions	38,409	87,598	43,616	169,623
Disposals/Transfers-	(8,777)	(5,514)	(935)	(15,226)
Depreciation expense	(83,577)	(60,360)	(60,789)	(204,726)
Carrying amount at the end of the year	2,288,292	138,047	82,456	2,508,795

### Note 8. Payables

	2020 \$	2019 \$
Trade payables	80,663	46,538
Other payables and accruals	227,072	107,005
GST payable	55,254	55,843
	-----	-----
	362,989	209,386
	-----	-----

### Note 9. Employee Benefits

Current:		
Annual leave	108,282	77,675
Long service leave	14,888	23,458
Other entitlements	3,865	-
	-----	-----
	127,035	101,133
	-----	-----
Non-Current:		
Annual leave	22,934	20,626
Long service leave	52,547	16,547
	-----	-----
	75,481	37,173
	-----	-----

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

	2020	2019
	\$	\$
<b>Note 10. Borrowings</b>		
Current:		
Credit Cards	-	4,696
Hire purchase liabilities (a)	13,878	37,185
	-----	-----
	13,878	41,881
	-----	-----
Non-Current:		
Hire purchase liabilities (a)	20,269	41,193
	-----	-----
	20,269	41,193
	-----	-----
(a) Finance is secured over the assets		
<b>Note 11. Other Liabilities</b>		
Current:		
Funding received in advance	668,359	515,573
	-----	-----
	668,359	515,573
	-----	-----

### Note 12. Right to Use Assets – Adoption of AASB16 Leases

#### Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. During the year AASB16 Leases were adopted by YC Group Australia Ltd as follows.

#### Adoption of AASB16 Leases

On the adoption of AASB16, the Group recognised lease liabilities and right to use assets in relation to leases which had previously been classified as operating leases under the principles of AASB117 Leases. In accordance with the significant accounting policies set out in Note 1, the Company has adopted AASB16 Leases from the 1 January 2019. In accordance with AASB16 Leases, the Group has adopted the practical expedient available under the standard to record the lease liability and right to use assets with a modified retrospective re-statement of the opening retained earnings for 30 June 2020 upon initial application.

Importantly, the Group as at 1 July 2019 have been assessed as not holding any material operating lease commitments until the 1 April 2020 when the Company signed a new lease for the property at Tuggerah. Therefore we note that there has been no impact on opening retained earnings of the Company for the adoption of AASB16 Leases.

The impact of the adoption of this standard on the financial report can be summaries as follows;

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

### Note 12. Right to Use Assets – Adoption of AASB16 Leases (cont'd)

- + The total assets and liabilities on the balance sheet of the Group will increase with a decrease in total net assets, due to the reduction of the capitalisation assets being on a straight line basis whilst the liability reduces by the principal amount of repayments on operating leases (rent payments).
- + The lease liabilities are measured at the present value of the lease payments over the entire expected term of the lease including options exercised, using a discount rate equal to the Group's incremental borrowing rate for similar assets.
- + The weighted average lessee's incremental borrowing rate applied to the lease liabilities on the 30 June 2020 or 4.0%.
- + The straight-line operating lease expense will be replaced with an amortisation charge for the right-of-use assets and interest expenses on lease liabilities.
- + Interest expense will increase due to the unwinding of the effective interest rate implicit in the lease. Interest expense will be greater in the earlier years of the leases life due to the higher principal value causing profit variability over the course of a leases life.
- + Repayment of the principal and interest expenses of leases will be classified as a financing activity of the Group.

Right to use assets	152,420	-
Accumulated amortisation	(12,702)	-
	-----	-----
Total right to use assets	139,718	-
	-----	-----
Movement in amortisation		
Opening accumulated amortisation	-	-
Accumulated amortisation	(12,702)	-
	-----	-----
Total accumulated amortisation	(12,702)	-
	-----	-----

The right-of-use asset is amortised on a straight-line basis of the term of the leased asset based of the measured lease liabilities.

The right-of-use assets are recognised based on the lease liabilities, which are measured at the present value of the lease payments over the entire expected term of the lease including options exercised, using a discount rate equal to the Group's incremental borrowing rate as at the 1 July 2019.

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

### Note 12. Right to Use Assets – Adoption of AASB16 Leases (cont'd)

Movement in lease liability

Opening lease liability	-	-
Adoption of lease liability	152,420	-
Payment of principal (rent payments)	(14,862)	-
Expensing of interest in lease liability	12,702	-
	-----	-----
Closing lease liability	150,260	-
	-----	-----

Note the Group's only material lease recorded in the books and records of the Group commenced during the year on the 1 April 2020, hence no opening retained adjustment required.

Lease liability		
Current lease liability	44,963	-
Non-current lease liability	105,297	-
	-----	-----
Total accumulated amortisation	150,260	-
	-----	-----

### Note 13. Capital Commitments For Expenditure

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

### Note 14. Related Party Disclosures

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

The directors of Group during the year were:

Ali Akbaria Chair  
 Thomas Michael Blanchflower Director  
 Peter Alward Director  
 Kevin Spiteri Director  
 Belinda Neal Director (Appointed 25 October 2019)

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

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

2020                      2019  
\$                              \$

### 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	475,744	448,933
	-----	-----

### Note 16. Cash Flow Information

#### (a) Reconciliation of Cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the statements of financial position as follows.

Cash on hand	849,155	2,541
Cash at bank	1,153	446,271
Credit cards	-	(4,696)
	-----	-----
Balance as per statement of cash flows	850,308	444,116
	-----	-----

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

Operating profit/(loss) for the year	420,326	(236,815)
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	217,428	137,917
Loss on sale of non-current assets	12,461	67,788
Movement in provision for bad debt	5,786	(75,000)
Impairment of Goodwill	-	32,500
Changes in net assets and liabilities		
(Increase)/decrease in trade and other receivables	(405,468)	879,185
(Increase)/decrease in prepayments and inventory	(2,375)	66,341
Increase/(decrease) in trade and other payables	153,603	(278,826)
Increase/(decrease) in employee benefits	64,210	(114,696)
Increase/(decrease) in other liabilities	151,310	58,012
	-----	-----
Net cash used in operating activities	617,281	536,404
	-----	-----

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

## Notes To The Financial Statements For The Year Ended 30 June 2020

### Note 17. Events Occurring After The Reporting Date

The Group after year end ceased the Department of Education contract for Work Placement services. The Group after year end expanded Supported Accommodation services of Group Housing which is expected to commence over the next 12 months and into the future.

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

Prior to the government announcement, the Company implemented additional practices and safeguards for the clients and staff members and further reduced and suspended major activities and events during March 2020.

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

- + Restricted trading activity until June 2020 and revised operating expectations for the following 6 months;
- + Eligible financial assistance benefits to be received by the federal government to facilitate the Public Safety forced closure period; and
- + The business continues to pay its debts as and when they fall due and payable.

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

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

### 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:

Green Central Gate 1 Kangoo Road  
Kariong 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- Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2020 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 

Dated: 07/12/20

Director 

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

### **Report on the Audit of the Financial Report**

We have audited the financial report of YC Group Australia Limited and controlled entities, which comprises the statement of financial position as at 30 June 2020 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 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **Basis for Opinion**

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

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

### **Other Information**

Those directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

materially misstated.

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

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

### **Responsibilities of the Directors for the Financial Report**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Report (continued)**

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

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

**FORTUNITY ASSURANCE**



Adrian Thompson  
**Partner**

155 The Entrance Road  
ERINA NSW

Dated: 7 December 2020