

JOII LIMITED

ABN: 55 621 826 051

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

JOII Limited

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Financial Report For The Year Ended 30 June 2020

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JOII LIMITED
ABN: 55 621 826 051
DIRECTORS' REPORT

Your directors present this report on the entity for the financial year ended 30 June 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Robert John Harder resigned (3/09/2020)
Jared Sa-Bin Harder
Peter James Giess resigned (3/09/2020)
Trevor Hugh Adams resigned (3/09/2020)
Timothy David Hanna appointed (3/09/2020)
Henk Wessel La Dru appointed (3/09/2020)
Jan Maggacis appointed (18/11/2020)
Alenta Kabamba appointed (18/11/2020)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the entity during the financial year was: labour-hire, roofing and other construction related activities.

The Company's charitable purpose is to relieve poverty and distress of persons experiencing housing related poverty or crisis, such as people with low or no income or people with specific housing needs.

The principal activities of the labour-hire and roofing businesses will help fund the operation of social enterprise projects that provide employment, apprenticeships and housing, and will financially assist the Company to continue charitable work.

New Accounting Standards Implemented

The entity has implemented three new Accounting Standards that are applicable for the current reporting period . AASB 15: *Revenue from Contracts with Customers*, AASB 1058: *Income of Not-for-Profit Entities* and AASB 16: *Leases* have been applied using the cumulative effective method; that is, by recognising the cumulative effect of initially applying AASB 15, AASB 1058 and AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 118: *Revenue*, AASB 117: *Leases* and AASB 1004: *Contributions*. Also to note in relation to AASB 16 is that the entity applied the temporary relief for peppercorn leases under AASB 2018-8 to measure the right of use assets at cost on initial recognition. Further information is provided in Note 1.

Key Performance Measures

Management, monitoring and performance measurement of the objectives of the Company occur through detailed operational plans and budgetary processes that are directly linked to the entire corporate strategy of the Company. Actual performance is monitored on a monthly basis as a direct comparison to the budgeted operational plan

Meetings of Directors

During the financial year, 1 meetings of directors were held. Attendances by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert John Harder	1	1
Jared Sa-Bin Harder	1	1
Peter James Giess	1	1
Trevor Hugh Adams	1	1
Timothy David Hanna	-	-
Henk Wessel La Dru	-	-
Jan Maggacis	-	-
Alenta Kabamba	-	-

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the entity are liable to contribute if the entity is wound up is \$1(2019: \$7).

JOII LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Revenue	2	45,430,509	44,511,983
Other income	2	3,318,431	373,182
interest expense	3	(258,116)	(247,721)
Impairment losses on financial assets	3	(4,873,149)	-
Cost of sales		(31,963,073)	(30,458,943)
Charitable works expenses		(126,044)	(139,289)
Administrative expenses		(10,805,150)	(11,043,008)
Current year surplus before income tax		723,408	2,996,204
Income tax expense			
Net current year surplus		<u>723,408</u>	<u>2,996,204</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of land	9	-	-
Fair value gains/(losses) on financial assets at fair value through other comprehensive income			
Total other comprehensive (losses)/income for the year		-	-
Total comprehensive income for the year		<u>723,408</u>	<u>2,996,204</u>
Surplus attributable to members of the entity		<u>723,408</u>	<u>2,996,204</u>
Total comprehensive income attributable to members of the entity		<u>723,408</u>	<u>2,996,204</u>

The accompanying notes form part of these financial statements.

JOII LIMITED
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 Restated \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	808,648	889,247
Trade and other receivables	5	3,259,886	2,365,068
Inventories	6	2,734,522	1,071,069
Other current assets	7	2,528,478	1,369,849
Loan Receivables		856,921	266,892
TOTAL CURRENT ASSETS		<u>10,188,455</u>	<u>5,962,125</u>
NON-CURRENT ASSETS			
Financial assets	8	1,938,242	5,158,930
Property, plant and equipment	9	1,268,240	1,329,289
Intangible assets	10	112,138	59,827
Loan Receivables		431,249	2,344,862
Bartercard		1,113,766	1,031,352
TOTAL NON-CURRENT ASSETS		<u>4,863,636</u>	<u>9,924,260</u>
TOTAL ASSETS		<u>15,052,091</u>	<u>15,886,384</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	2,563,147	2,288,590
Borrowings	18	175,454	147,008
Employee provisions	13	2,141,205	2,550,390
TOTAL CURRENT LIABILITIES		<u>4,879,806</u>	<u>4,985,987</u>
NON-CURRENT LIABILITIES			
Trade and other payables	12	-	-
Borrowings	18	4,403,975	6,581,096
Employee provisions	13	951,701	226,100
TOTAL NON-CURRENT LIABILITIES		<u>5,355,675</u>	<u>6,807,196</u>
TOTAL LIABILITIES		<u>10,235,482</u>	<u>11,793,183</u>
NET ASSETS		<u>4,816,610</u>	<u>4,093,201</u>
EQUITY			
Retained surplus		4,816,610	4,093,201
Reserves		-	-
TOTAL EQUITY		<u>4,816,610</u>	<u>4,093,201</u>

The accompanying notes form part of these financial statements.

JOII LIMITED
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

Note	Retained Surplus \$	Revaluation Surplus \$	Financial Assets Reserve \$	Total \$
Balance at 1 July 2018	1,096,997			1,096,997
Comprehensive Income				
Surplus for the year attributable to owners of the entity	2,996,204			2,996,204
Other comprehensive income for the year				
Total other comprehensive income	-	-	-	-
Total comprehensive income attributable to owners of the entity	2,996,204	-	-	2,996,204
Balance at 30 June 2019	4,093,201	-	-	4,093,201
Balance at 1 July 2019	4,093,201	-	-	4,093,201
Cumulative adjustment upon adoption of new accounting standards - AASB 16 and AASB 1058				
Balance at 1 January 2019 (restated)				
Comprehensive Income				
Surplus for the year attributable to owners of the entity	723,408			723,408
Other comprehensive income for the year				
Total other comprehensive income	-	-	-	-
Total comprehensive income for the year	723,408	-	-	723,408
Transfer on sale of asset				-
Total transactions with owners and other transfers	-	-	-	-
Balance at 30 June 2020	4,816,610	-	-	4,816,610

The accompanying notes form part of these financial statements.

JOII LIMITED
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(41,275,555)	(40,613,733)
Interest received		129,187	13,506
Interest paid		(332,179)	(247,721)
Receipts of grants, donations and other activities		44,056,646	49,827,153
Interest paid		-	-
Net cash generated from operating activities		<u>2,578,099</u>	<u>8,979,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments		(745,571)	(5,002,515)
Payment for property, plant and equipment		78,738	(1,432,776)
Payment for intangible assets		878,937	(1,550)
Payment for financial assets at amortised cost		-	-
Net cash used in investing activities		<u>212,104</u>	<u>(6,436,841)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		(2,870,801)	(1,988,633)
Net cash used in financing activities		<u>(2,870,801)</u>	<u>(1,988,633)</u>
Net increase in cash held		(80,598)	553,731
Cash on hand at beginning of the financial year		889,246	335,516
Cash on hand at end of the financial year	4	<u><u>808,648</u></u>	<u><u>889,247</u></u>

The accompanying notes form part of these financial statements.

JOII LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

JOII Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual 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.

The financial statements were authorised for issue on by the directors of the company.

Accounting Policies

(a) Revenue

Revenue recognition

The Entity has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in Note 1.

In the current year

Contributed Assets

The entity receives assets from the government and other parties for nil or nominal consideration in order to further its objectives. These assets are recognised in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138).

On initial recognition of an asset, the Entity recognises related amounts being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer.

The Entity recognises income immediately in profit or loss as the difference between initial carrying amount of the asset and the related amounts.

Operating Grants, Donations and Bequests

When the entity receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grant

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under terms of the grant.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Interest Income

Interest income is recognised using the effective interest method.

Dividend Income

The Entity recognises dividends in profit or loss only when the Entity's right to receive payment of the dividend is established. All revenue is stated net of the amount of goods and services tax.

In the comparative period

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest 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 the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax.

(b) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(c) Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings 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 or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the 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 revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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	Useful Life
Plant and equipment	10 Years
Motor Vehicles	4 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the 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. Gains are not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Concessionary Leases

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2018-823 and measures the right of use assets at cost on initial recognition.

The Entity as lessor

The Entity leases some rooms in their building to external parties .

Upon entering into each contract as a lessor, the Entity assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Entity's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(e) Financial Instruments

Initial recognition and measurement

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 the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

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A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the company’s accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder’s contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognised a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

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Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity recognised a loss allowance for expected credit losses on:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc.).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

JOII LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(f) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

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.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(g) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the entity receive defined contribution superannuation entitlements, for which the entity pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(i) Trade and Other Debtors

Trade and other debtors include amounts due from members as well as amounts receivable from customers for goods sold.

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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) 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 Taxation 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) Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(l) Intangible Assets

Software

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

Software has an estimated useful life of between 2 and 5 years. It is assessed annually for impairment.

(m) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(n) Comparative Figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

(i) Useful lives of property, plant and equipment

As described in Note 1, the Entity reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

(i) Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

(ii) Lease term and Option to Extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity.

JOII LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(iii) Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal internal policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(p) Economic Dependence

The Entity is not economically dependent on any other entity

(q) Fair Value of Assets and Liabilities

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(r) New and Amended Accounting Standards Adopted by the Company

Initial application of AASB 15 and AASB 1058

The Entity has applied AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities* using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*.

The Entity has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application. The adjustment to opening retained surplus on 1 July 2019 was an increase of \$0 with a corresponding decrease in contract liabilities. A classification change occurred which resulted in the deferred income now being classified as contract liability in line with wording used in AASB 15.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2 Revenue and Other Income

	2020	2019
	\$	\$
Revenue		
— Other revenue	-	-
— Service revenue	24,111,112	33,908,370
— Construction revenue	21,190,209	10,262,072
— Donations and grants	-	183,141
— Cleaning revenue	-	144,894
— Land sales	-	-
Total revenue	<u>45,301,321</u>	<u>44,498,477</u>
Other revenue		
— Dividends received	-	-
— Interest received on investments in government and fixed interest securities	129,187	13,506
	<u>129,187</u>	<u>13,506</u>
Total revenue	<u>45,430,509</u>	<u>44,511,983</u>
Other income		
Interest received on investments in government and fixed interest securities	129,187	13,506
— Gain on disposal of property, plant and equipment	(60,729)	57,021
— Other Income	979,160	180,905
— Settlement of litigation	-	117,589
— Workcover recoveries	-	17,667
— Jobkeeper subsidy	2,400,000	-
Total other income	<u>3,318,431</u>	<u>373,182</u>
Total revenue and other income	<u>48,748,940</u>	<u>44,885,165</u>

Note 3 Surplus for the year

	2020	2019
	\$	\$
a. Expenses		
Employee benefits expense:		
— Employee costs	28,592,734	31,032,800
Total employee benefits expense	<u>28,592,734</u>	<u>31,032,800</u>
Depreciation and amortisation:		
— motor vehicles	249,341	172,604
— plant and equipment	148,494	72,917
— software	18,914	2,848
Total depreciation and amortisation	<u>416,748</u>	<u>248,369</u>
Finance costs:		
— interest expense	258,116	247,721
— impairment losses on financial assets	4,873,149	-
Rental expense on operating leases:		
— minimum lease payments	176,112	55,535
	<u>-</u>	<u>-</u>
Audit fees:		
— audit services	19,500	15,255
— other services	11,500	9,500
Total audit remuneration	<u>31,000</u>	<u>24,755</u>

JOII LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4 Cash and Cash Equivalents

	2020	2019
	\$	\$
CURRENT		
Cash at bank	806,983	888,982
Cash on hand	1,665	265
	808,648	889,247

Note 5 Trade and Other Receivables

	Note	2020	2019
		\$	\$
CURRENT			
Trade receivables		3,259,886	2,365,068
The entity's normal credit term is 30 days.			

Note 6 Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Inventory	2,734,522	1,071,069
	2,734,522	1,071,069

Note 7 Other Assets

	2020	2019
	\$	\$
Accrued Income	1,427,497	1,141,218
Prepayments	1,071,117	194,526
Other assets	29,864	27,185
Rental Bond	-	6,920

Note 8 Financial Assets

	Note	2020	2019
		\$	\$
CURRENT			
Financial assets mandatorily measured at fair value through profit or loss		-	-
Total current assets		-	-
NON-CURRENT			
Investments in equity instruments designated as at fair value through other comprehensive income		1,938,242	5,158,930
Financial assets at amortised cost		-	-
Total non-current assets		1,938,242	5,158,930
		2020	2019
		\$	\$

b. Investments in equity instruments designated as at fair value through other comprehensive income

Unlisted investments at fair value	1,938,242	3,300,307
Unlisted investments at cost:		
— shares in associates	-	1,858,623

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 9 Property, Plant and Equipment

	2020	2019
	\$	\$
PLANT AND EQUIPMENT		
Plant and equipment	598,135	418,039
(Accumulated depreciation P&E)	(206,555)	(78,176)
Motor vehicles	1,304,811	1,166,827
(Accumulated depreciation MV)	(428,151)	(177,401)
	1,268,240	1,329,289
	-	-
Total plant and equipment	1,268,240	1,329,289
Total property, plant and equipment	1,268,240	1,329,289

Movements in Carrying Amounts

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

	Land and Buildings \$	Motor Vehicles \$	Plant and Equipment \$	Total \$
2019				
Balance at the beginning of the year		183,565	27,578	211,143
Additions at cost		1,086,804	385,201	1,472,005
Additions at fair value				-
Disposals		(108,339)		(108,339)
Revaluations				-
Depreciation expense		(172,604)	(72,916)	(245,520)
Impairment losses				-
Reversals of impairment losses				-
Carrying amount at the end of the year	-	-	989,426	339,863
	-	-	989,426	339,863
2020				
Balance at the beginning of the year	-	-	989,426	1,329,289
Additions at cost			356,535	356,535
Additions at fair value				-
Disposals		(18,434)	(1,315)	(19,749)
Revaluations				-
Depreciation expense		(249,341)	(148,494)	(397,834)
Reclassification		155,011	(155,011)	-
Reversals of impairment losses				-
Carrying amount at the end of the year	-	-	876,661	391,579
	-	-	876,661	391,579

JOII LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 10 Intangible Assets

	2020	2019
	\$	\$
Computer software - at cost	62,350	61,125
Accumulated amortisation	(21,762)	(2,848)
Accumulated impairment	-	-
Trademark	71,550	1,550
Net carrying amount	112,138	59,827
Movements in Carrying Amount	Computer software	
	\$	
2019		
Balance at the beginning of the year	61,125	
Additions		
Disposals		
Amortisation charge	(2,848)	
Impairment losses		
	58,277	
2020		
Balance at the beginning of the year	59,827	
Additions		
Disposals	(10,325)	
Amortisation charge	(18,914)	
Impairment losses		
	30,588	

Note 11 Right-of-use assets

The entity only has short term rental. AASB 16 does not apply.

Note 12 Trade and Other Payables

	Note	2020	2019
		\$	\$
CURRENT			
Trade payables		1,070,908	937,930
Accrued expenses		785,464	656,681
BAS Payable		706,774	693,978
	12a	2,563,147	2,288,590
		2020	2019
		\$	\$
a Financial liabilities at amortised cost classified as accounts payable and other payables			
Accounts payable and other payables:			
— Total current		2,563,147	2,288,590
— Total non-current		-	-
		2,563,147	2,288,590
Less deferred income			
Less other payables (net amount of GST payable)		(706,774)	(693,978)
Financial liabilities as trade and other payables		1,856,373	1,594,612

JOII LIMITED
ABN: 55 621 826 051
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 13 Provisions

	2020	2019
CURRENT	\$	\$
PAYG	521,061	1,293,029
Superannuation	137,536	154,602
Current employee entitlements	1,482,608	1,102,759
	2,141,205	2,550,390
NON-CURRENT		
Non-Current employee entitlements	951,701	226,100
	951,701	226,100
	3,092,906	2,776,489

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(h).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 14 Capital and Leasing Commitments

(a) Operating Lease Commitments	2020	2019
Payable – minimum lease payments:	\$	\$
— not later than 12 months	176,112	55,535

Note 15 Contingent Liabilities and Contingent Assets

There are no contingent assets or contingent liabilities

Note 16 Events After the Reporting Period

During the year and after balance date and to the date of this financial report there has been substantial and continuing social and economic disruptions to society associated with the COVID19 virus and its impacts in Australia. This pandemic is unprecedented and its likely financial effects are not quantifiable.

Note 17 Key Management Personnel Compensation

Key Management Personnel

The totals of remuneration paid to KMP of the entity during the year are as follows:

	2020	2019
	\$	\$
KMP compensation:		
— short-term employee benefits	602,572	426,000
	<u>602,572</u>	<u>426,000</u>

Note 18 Borrowings

	Note	2020	2019
		\$	\$
CURRENT			
Lease liabilities			
Loans and borrowings		175454	147008
		<u>175454</u>	<u>147008</u>
NON-CURRENT			
Loans and borrowings		1,739,562	1,020,787
Amount Payable ATO - Non-Current		2,200,757	3,439,447
Loan Payable to other related parties		463,656	2,120,863
		<u>4,403,975</u>	<u>6,581,096</u>
		<u>4,579,429</u>	<u>6,728,104</u>

Note 19 Entity Details

The registered office of the entity is:

JOII Limited
35-39 Scarborough Street
Southport
QLD 4215

The principal place of business is:

JOII Limited
U 5 8-12 Nevilles Street
Underwood
QLD 4119

Note 20 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the entity. At 30 June 2020 the number of members was 1.

JOII LIMITED
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of JOII Limited, the directors of the entity declare that:

1. The financial statements and notes, as set out on pages 4 to 22, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position of the registered entity as at 30 June 2020 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Director _____

Dated this day of 2021

JOII LIMITED
ABN: 55 621 826 051
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JOII LIMITED

Opinion

We have audited the financial report of JOII Limited (the registered entity), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then 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 registered entity is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (the ACNC Act), 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 to the extent described in Note 1 – Reduced 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 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 auditor independence requirements of the ACNC Act, 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the registered entity'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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity's financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate to meet the needs of the members. 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 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.

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 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:

