Fighting Chance Australia Limited

ABN 85 140 018 702

Consolidated Financial Statements - 30 September 2020

Contents

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Fighting Chance Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 September 2020.

Directors

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

Tim Powell
Laura O'Reilly
Robert Buckingham
Stephen Cake
Jordan O'Reilly (Resigned 22/10/2019)
Nastasia Campanella (Resigned 12/3/2020)

Principal activities

During the financial year the principal continuing activities of the consolidated entity are building and empowering social businesses for people with disability.

Company secretary

Christine Charron-Doucet has held the role of Company Secretary since 1/5/2019.

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of $20 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $80, based on 4 current ordinary members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this directors' report.

On behalf of the directors

Laura O'Reilly	Stephen Cake
Director	Chair

15 February 2021

LBW & Partners
Chartered Accountants & Business Advisors
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Mark W Willock

Fighting Chance Australia Limited
ABN: 85 140 018 702

Auditor's Independence Declaration to the Directors of Fighting Chance Australia Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor of Fighting Chance Australia Limited for the year ended 30 September 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.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 15th day of February 2021

	Note	Consolidated 2020 $	Consolidated 2019 $
Revenue			
Revenue from contracts with customers:			
- Service revenue		12,529,339	8,302,695
- Grants		2,280,685	1,529,401
- Business revenue		843,034	1,938,395
Government subsidies (COVID-19)		3,905,000	-
Interest		13,564	25,724
Fundraising		206,460	226,287
Other		29,155	3,282
Total revenue		19,807,237	12,025,784
Expenses			
Administration expenses		(2,811,502)	(1,934,402)
Fundraising expenses		(63,680)	(53,251)
Service delivery expenses		(14,889,955)	(9,723,099)
Finance costs	4	(107,559)	-
Total expenses		(17,872,696)	(11,710,752)
Surplus before income tax expense		1,934,541	315,032
Income tax expense		-	-
Surplus after income tax expense for the year		1,934,541	315,032
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,934,541	315,032

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

	Note	Consolidated 2020 $	Consolidated 2019 $
Assets			
Current assets			
Cash and cash equivalents	5	4,081,541	2,177,008
Trade and other receivables	6	1,533,196	978,650
Inventories		11,928	14,009
Other	7	225,363	234,468
Total current assets		5,852,028	3,404,135
Non-current assets			
Property, plant and equipment	8	1,288,677	606,399
Right-of-use assets	9	3,686,866	-
Total non-current assets		4,975,543	606,399
Total assets		10,827,571	4,010,534
Liabilities			
Current liabilities			
Trade and other payables	10	1,244,107	829,347
Contract liabilities		423,216	547,511
Borrowings	11	10,905	-
Lease liabilities	12	737,699	-
Employee benefits	13	584,276	309,408
Other	15	-	185,780
Total current liabilities		3,000,203	1,872,046
Non-current liabilities			
Borrowings	11	417,105	-
Lease liabilities	12	2,940,381	-
Employee benefits	13	61,045	49,972
Provisions	14	200,000	-
Total non-current liabilities		3,618,531	49,972
Total liabilities		6,618,734	1,922,018
Net assets		4,208,837	2,088,516
Equity			
Retained surpluses		4,208,837	2,088,516
Total equity		4,208,837	2,088,516

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

Consolidated	Retained surplus $	Total equity $
Balance at 1 October 2018	1,773,484	1,773,484
Surplus after income tax expense for the year	315,032	315,032
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	315,032	315,032
Balance at 30 September 2019	2,088,516	2,088,516

Consolidated	Retained surplus $	Total equity $
Balance at 1 October 2019	2,088,516	2,088,516
Adjustment on adoption of AASB 16 (See Note 2)	185,780	185,780
Balance at 1 October 2019 - restated	2,274,296	2,274,296
Surplus after income tax expense for the year	1,934,541	1,934,541
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	1,934,541	1,934,541
Balance at 30 September 2020	4,208,837	4,208,837

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

	Note	Consolidated 2020 $	Consolidated 2019 $
Cash flows from operating activities			
Income received from donations, fundraising, grants and services (inclusive of GST)		19,456,797	12,009,579
Payments to suppliers and employees (inclusive of GST)		(16,052,481)	(11,411,482)
Interest received		13,564	25,724
Interest paid on leases		(101,961)	-
Interest paid on borrowings		(5,598)	-
Net cash from operating activities		3,310,321	623,821
Cash flows from investing activities			
Payments for property, plant and equipment		(985,595)	(318,347)
Net cash used in investing activities		(985,595)	(318,347)
Cash flows from financing activities			
Proceeds from borrowings		433,318	-
Repayment of borrowings		(10,906)	-
Repayment of lease liabilities		(842,605)	-
Net cash used in financing activities		(420,193)	-
Net increase in cash and cash equivalents		1,904,533	305,474
Cash and cash equivalents at the beginning of the financial year		2,177,008	1,871,534
Cash and cash equivalents at the end of the financial year	5	4,081,541	2,177,008

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

Note 1. General information

The financial statements cover Fighting Chance Australia Limited as a consolidated entity consisting of Fighting Chance Australia Limited (parent entity) and the entity it controlled, Jigsaw Group (AUS) Limited (subsidiary), at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Fighting Chance Australia Limited's functional and presentation currency.

Jigsaw Group (AUS) Limited was incorporated as a wholly owned subsidiary on 29 March 2018 and commenced operations on 7 January 2020.

The parent entity and the subsidiary are not-for-profit unlisted public companies limited by guarantee. Both entities are registered with Australian Charities and Not-for-profits Commission as charities.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 February 2021.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 October 2019 using the cumulative effect method which means the comparative information has not been restated.

The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Financial statement impact of adoption of AASB 15:
Deferred income which was shown under current liabilities in last year is now presented under the heading of contract liabilities within current liabilities. There were no changes to income, expenses, surplus or opening retained surplus as a result of the adoption of AASB 15.

Note 2. Significant accounting policies (continued)

AASB 16 Leases
The consolidated entity has adopted AASB 16 using the modified retrospective (cumulative catch-up) method from 1 October 2019. For short term leases and leases of low-value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

The standard replaces AASB 117 'Leases' and for lessees eliminates 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 recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Financial statement impact of adoption of AASB 16
The consolidated entity has recognised right-of-use assets of $2,970,020 and lease liabilities of $2,970,020 at 1 October 2019 for the consolidated entity's office leases and motor vehicle leases previously classified as operating leases. In addition, an amount of $185,780 previously recognised as deferred rental incentive under AASB 117 has been adjusted against retained surplus on adoption of AASB16.

AASB 1058 Income of Not-for-Profit Entities
The consolidated entity has adopted AASB 1058 from 1 October 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The adoption of this standard had no significant impact on the consolidated entity's 30 September 2020 financial statements.

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'), as appropriate for not-for profit oriented entities, the Australian Charities and Not-for-profits Commission Act 2012 and New South Wales legislation of the Charitable Fundraising Act 1991 and associated regulations.

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

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

Note 2. Significant accounting policies (continued)

Comparatives
Comparatives in the statement of profit or loss and other comprehensive income and statement of financial position have been realigned to the current period presentation. There has been no effect on the surplus for the year.

Parent entity information
These financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fighting Chance Australia Limited ('company' or 'parent entity') as at 30 September 2020 and the results of all subsidiaries for the year then ended. Fighting Chance Australia Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

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

Revenue recognition
The consolidated entity recognises revenue as follows:

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

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

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Note 2. Significant accounting policies (continued)

Rendering of services
Fees charged for care or services provided to clients are recognised when the service is provided.

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

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

Grants
Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue from contracts which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Income from donations, grants and bequests generally that do not have sufficiently specific performance obligations are recognised at the fair value of the asset when such asset is received. The consolidated entity considers whether there are any related liabilities or equity items associated with the asset – these are recognised in accordance with the relevant accounting standard and once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Fundraising income
Revenue from fundraising events are brought to account as income on the completion of the event.

Income tax
As the parent entity and the controlled entity are registered charities, they are exempt from paying income tax.

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

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

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

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

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

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

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

Inventories
Inventories are stated at the lower of cost and net realisable value on a 'weighted average' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

Leasehold improvements	Life of lease
Fixtures & fittings	4 - 20 years
Motor vehicles	5 years
Office equipment	2 - 10 years

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

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

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

Leases
Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

Contract liabilities
Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

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

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

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

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

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

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

Note 2. Significant accounting policies (continued)

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. Expenses

	Consolidated 2020 $	Consolidated 2019 $
Surplus before income tax includes the following specific expenses:		
Employee benefits expense		
Wages and salaries	13,103,711	8,698,061
Defined contribution superannuation expense	1,119,940	811,028
Other employee benefits	320,739	157,861
	14,544,390	9,666,950
Depreciation and amortisation		
Motor vehicle - Right-of-use	44,824	-
Office premises - Right-of-use	887,859	-
Property, plant and equipment	274,601	181,709
	1,207,284	181,709
Finance costs		
Interest and finance charges paid/payable on borrowings	5,598	-
Interest and finance charges paid/payable on lease liabilities	101,961	-
Finance costs expensed	107,559	-
Net loss on disposal		
Net loss on disposal of property, plant and equipment	28,585	-
Leases		
Total rental expense relating to operating leases	-	735,950

Note 5. Cash and cash equivalents

	Consolidated 2020 $	Consolidated 2019 $
Current assets		
Cash on hand	2,255	3,260
Cash at bank	3,316,523	1,313,449
Cash on deposit	762,763	860,299
	4,081,541	2,177,008

Cash on deposits amounting to $462,763 (2019: $279,037) are held by the bank as security for performance on office leases.

Note 6. Trade and other receivables

	Consolidated 2020 $	2019 $
Current assets		
Trade receivables	758,325	978,650
Other receivables	650,340	-
BAS receivable	124,531	-
	1,533,196	978,650

Note 7. Other

	Consolidated 2020 $	2019 $
Current assets		
Prepayments	191,147	178,924
Security deposits	30,000	-
Other current assets	4,216	55,544
	225,363	234,468

Note 8. Property, plant and equipment

	Consolidated 2020 $	2019 $
Non-current assets		
Leasehold improvements - at cost	1,146,952	537,072
Less: Accumulated depreciation	(215,478)	(233,806)
	931,474	303,266
Fixtures and fittings - at cost	192,187	137,242
Less: Accumulated depreciation	(43,862)	(40,030)
	148,325	97,212
Motor vehicles - at cost	24,000	24,000
Less: Accumulated depreciation	(10,468)	(5,668)
	13,532	18,332
Office equipment - at cost	405,561	353,244
Less: Accumulated depreciation	(210,215)	(165,655)
	195,346	187,589
	1,288,677	606,399

Note 8. Property, plant and equipment (continued)

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

Consolidated	Leasehold improvements $	Fixture & fittings $	Motor vehicles $	Office equipment $	Total $
Balance at 1 October 2019	303,266	97,212	18,332	187,589	606,399
Additions	798,875	81,601	-	105,119	985,595
Disposals	(20,195)	(8,172)	-	(349)	(28,716)
Depreciation expense	(150,472)	(22,316)	(4,800)	(97,013)	(274,601)
Balance at 30 September 2020	931,474	148,325	13,532	195,346	1,288,677

Note 9. Right-of-use assets

	Consolidated 2020 $	Consolidated 2019 $
Non-current assets		
Motor vehicles - right-of-use	213,888	-
Less: Accumulated depreciation	(44,824)	-
	169,064	-
Office premises - right-of-use	4,380,184	-
Less: Accumulated depreciation	(862,382)	-
	3,517,802	-
	3,686,866	-

The consolidated entity leases land and buildings for its offices under agreements of between 2 to 10 years and motor vehicles up to 7 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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

Consolidated	Motor vehicles - right-of-use $	Office premises - right-of-use $	Total $
Balance at 1 October 2019	-	-	-
Balance recognised on adoption of AASB 16	135,952	2,834,068	2,970,020
Additions	77,936	1,607,577	1,685,513
Disposals	-	(35,984)	(35,984)
Depreciation expense	(44,824)	(887,859)	(932,683)
Balance at 30 September 2020	169,064	3,517,802	3,686,866

Note 10. Trade and other payables

	Consolidated 2020 $	Consolidated 2019 $
Current liabilities		
Trade payables	349,577	127,151
Payroll accruals	416,175	647,662
BAS payable	8,718	34,172
Other payables	469,637	20,362
	1,244,107	829,347

Note 11. Borrowings

	Consolidated 2020 $	Consolidated 2019 $
Current liabilities		
Secured loan - equipment	10,905	-
Non-current liabilities		
Secured loan - equipment	17,105	-
Unsecured loan - Bryan Foundation	400,000	-
	417,105	-
	428,010	-

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated 2020 $	Consolidated 2019 $
Secured loan - equipment	28,010	-

Assets pledged as security
Equipment loan is secured by computer equipment with a written down value of $29,431 as at 30 September 2020.

Note 12. Lease liabilities

	Consolidated 2020 $	2019 $
Current liabilities		
Lease liability - Office premises	689,175	-
Lease liability - Motor vehicles	48,524	-
	737,699	-
Non-current liabilities		
Lease liability - Office premises	2,817,041	-
Lease liability - Motor vehicles	123,340	-
	2,940,381	-
	3,678,080	-

Note 13. Employee benefits

	Consolidated 2020 $	2019 $
Current liabilities		
Annual leave	484,861	245,508
Other employee benefits	99,415	63,900
	584,276	309,408
Non-current liabilities		
Long service leave	61,045	49,972
	645,321	359,380

Note 14. Provisions

	Consolidated 2020 $	2019 $
Non-current liabilities		
Lease make good	200,000	-

Note 15. Other

	Consolidated 2020 $	2019 $
Current liabilities		
Deferred rental incentive	-	185,780

Note 16. Commitments

	Consolidated 2020 $	Consolidated 2019 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	641,745
One to five years	-	1,769,615
More than five years	-	571,005
	-	2,982,365

Operating lease commitments as at 30 September 2019 included contracted amounts for various offices under non-cancellable operating leases expiring within 2 to 8 years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. The leases have been accounted for under AASB 16 effective from 1 October 2019.

Note 17. Fundraising - Information to be Furnished under the Charitable Fundraising Act, 1991

	Consolidated 2020 $	Consolidated 2019 $
Gross income and total expenses in fundraising appeals		
Fundraising events	71,158	164,152
General donations	135,302	151,989
Corporate and other non-government grants	2,280,685	1,529,401
Gross proceeds from fundraising appeals (A)	2,487,145	1,845,542
Gross proceeds from fundraising appeals	2,487,145	1,845,542
Less: Direct costs of fundraising (B)	(63,680)	(53,251)
Surplus of fundraising (C)	2,423,465	1,792,291
Application of funds for charitable purposes		
Total revenue (D)	19,807,237	12,025,784
Revenue received was applied as follows:		
Cost of fundraising	63,680	53,251
Cost of service and others (E)	14,997,514	9,723,099
Administrative expenses	2,811,727	1,934,402
Total expenditure (F)	17,872,921	11,710,752
Surplus transferred to retained surplus	1,934,316	315,032
	%	%
Gross comparisons		
Total direct cost of fundraising / Gross proceeds from fundraising (B/A)	3%	3%
Surplus from fundraising / Gross proceeds from fundraising (C/A)	97%	97%
Total cost of services / Total expenditure (E/F)	84%	83%
Total cost of services / Total revenue (E/D)	76%	81%

Note 18. Key management personnel disclosures

Compensation
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel (KMP).

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

	Consolidated 2020 $	Consolidated 2019 $
Aggregate compensation	713,970	536,016

Note 19. Contingent liabilities

The consolidated entity had bank guarantees as at 30 September 2020 of $462,763 (2019: $279,037) to various landlords.

Note 20. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 22.

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

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2020 $	Consolidated 2019 $
Sale of services:		
Services rendered - Work carried out by Fighting Chance's employees with a disability for Hireup. This arrangement was entered into to provide work experience opportunities for employees participating in the Jigsaw program	78,669	139,554
Payment for services:		
Purchase of services from Hireup Pty Ltd	4,373	-
Purchase of services from Jardine Consulting Pty Ltd	110,894	-
Purchase of services from Edit by Visceral	6,000	-

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

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Members guarantee

The parent entity is limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $20 each towards meeting any outstanding obligations of the company.

As at 30 September 2020 the number of members was 4 (2019: 6).

Note 22. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2020 %
Jigsaw Group (AUS) Limited	Australia	100%

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020 $	2019 $
Surplus after income tax	1,465,695	315,032
Total comprehensive income	1,465,695	315,032

Statement of financial position

	Parent	
	2020 $	2019 $
Total current assets	4,878,263	3,404,135
Total assets	9,300,747	4,010,534
Total current liabilities	2,614,273	1,872,046
Total liabilities	5,560,756	1,922,018
Equity		
Retained surpluses	3,739,991	2,088,516
Total equity	3,739,991	2,088,516

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 September 2020.

Contingent liabilities
The parent entity had bank guarantees as at 30 September 2020 of $462,763 (2019: $279,037) to various landlords.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 September 2020 and 30 September 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity.

Note 24. Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. The Coronavirus (COVID-19) pandemic resulted in interruptions to the services provided by the consolidated entity during the reporting period. The consolidated entity sought and received JobKeeper support in accordance with the Coronavirus Economic Response Package (Payments and Benefits) Rules 2020. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 25. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, of Coronavirus (COVID-19) after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any further economic stimulus that may be provided.

The directors of the company declare that:

The attached financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012:

(a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013;

(b) give a true and fair view of the financial position as at 30 September 2020 and of the financial performance for the year ended on that date of the consolidated entity; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

In the directors' opinion:

(a) the financial statements give a true and fair view of all income and expenditure with respect to fundraising;

(b) the statement of financial position gives a true and fair view of the state of affairs of the consolidated entity with respect to fundraising appeals;

(c) the provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by the company; and

(d) the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the company from any of its fundraising appeals.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013 and Charitable Fundraising Act 1991 & Regulations.

On behalf of the directors

Laura O'Reilly
Director

Stephen Cake
Chair

15 February 2021

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Fighting Chance Australia Limited

ABN: 85 140 018 702

Independent Auditor's Report to the Members of Fighting Chance Australia Limited

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the accompanying financial report of Fighting Chance Australia Limited and its controlled entity (the 'consolidated entity'), which comprises the consolidated statement of financial position as at 30 September 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial report of the consolidated entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the consolidated entity's financial position as at 30 September 2020 and of its financial performance for the year then ended; and
- complying with Australian *Accounting Standards – Reduced Disclosure Requirements*, and the Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practical for the consolidated entity to maintain an effective system of internal control over donations, bequests and other fundraising activities until their initial entry in the accounting records. Accordingly, our audit in relation to those activities was limited to amounts recorded.

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 consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Fighting Chance Australia Limited

ABN: 85 140 018 702

Independent Auditor's Report to the Members of Fighting Chance Australia Limited

Responsibilities of Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the *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 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 consolidated 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 consolidated entity or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the consolidated entity'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 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 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located in the auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Report on the requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2015

Opinion

In our opinion:

a) the financial report of the consolidated entity has been properly drawn up and associated records have been properly kept during the financial year ended 30 June 2020, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;
   ii. section 11 of the NSW Charitable Fundraising Regulations 2015;

Fighting Chance Australia Limited

ABN: 85 140 018 702

Independent Auditor's Report to the Members of Fighting Chance Australia Limited

b) the money received as a result of fundraising appeals conducted by the consolidated entity during the financial year ended 30 September 2020 has been properly accounted for and applied, in all material respects, in accordance with the above-mentioned Acts and Regulations.

Responsibilities

The directors of the company are responsible for the preparation and presentation of a report that gives a true and fair view of the financial result of fundraising appeals in accordance with the *Charitable Fundraising Act 1991.* Our responsibility is to express an opinion on the matters above in accordance with Australian Auditing Standards.

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 16th day of February 2021