Drought Angels Limited
ABN 47 611 990 697

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

DROUGHT ANGELS LTD
ABN 47 611 990 697

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RESPONSIBLE ENTITIES' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

The Responsible Entities present their report on Drought Angels Ltd ("the Company") for the financial year ended 30 June 2021.

Responsible Entities

The names of the Responsible Entities in office at any time during or since the end of the financial year:

Director	**Position Held**
Natasha Johnston	Director & Company Secretary
Jennifer Gailey	Director
Steele Johnston	Director

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

Principal Activities

The principal activities of the Company during the financial year were to pursue the following charitable purposes:

(i) To provide for the prevention of relief of property, distress or disadvantage of individuals or families carrying on farming or primary production business and who are or have been affected by droughts, floods or natural disasters, and

(ii) To do all such things as are incidental or conductive to the operation of the company and otherwise for the attainment for all or any of the above objects.

Short-term Objectives

The Company's short-term objectives are as follows:

- Provide personalised, heartfelt and discreet financial and non-financial assistance to farmers impacted by droughts, floods or natural disasters, Australia wide;

- Provide financial assistance to those farmers in need by undertaking fundraising activities, attracting donations and corporate sponsorships and running a successful charity shop; and

- Provide personalised emotional support to individuals or families impacted by severe stress and depression as a result of droughts, floods or natural disasters.

Long-term Objectives

The Company's long-term objectives are as follows:

- Create awareness across Australia of the severity of natural disasters and the impact on the farming community;
- Be sustainable and strive for continuous improvement so as to offer the best possible outcomes for the farming community across Australia impacted by unforeseen disasters.

Strategy for Achieving Short and Long Term Objectives

To achieve these objectives, the Company has adopted the following strategies:

- Maintain an active presence in the local, regional and national community to provide a voice for the farming communities impacted by devastating droughts, floods or natural disasters;
- Attend regular events nationally to create awareness of the severity of existing droughts, floods or natural disasters impacting farming communities;
- Employ staff and volunteers that strive to meet consistent standards of best practice and governance and provide clear expectations of professional accountabilities and responsibilities to all stakeholders of the charity;
- Work closely with farming communities to ensure that the financial and non-financial assistance being provided is effectively assisting their needs.

Information on Responsible Entities

Natasha Johnston - Director since 2016

Natasha is one of the founding Directors and is passionate about assisting the Australian farming community, having come from a family with a farming background and seeing first-hand the impact of droughts, floods or natural disasters.

Jennifer Gailey - Director since 2016

Jennifer has a passion for the Australian farming community and has a history of working in the not-for profit industry. Jennifer brings a number of years' experience in operations management and financial reporting to the Company.

Steele Johnston – Director since 2017

Steele was born and raised in Rural Qld, understands the impacts of natural disasters on farmers and has extensive experience in logistics and support services.

DROUGHT ANGELS LTD
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RESPONSIBLE ENTITIES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Operating Results

The operating deficit of the Company during the financial year was $260,433 (2020: $2,462,582 surplus).

Significant Changes in State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After Balance Date Events

There were no events which occurred after balance date which materially affect these financial statements.

Meetings of Responsible Entities

During the financial year 6 meetings of Responsible Entities were held. Attendance by each Responsible Entity during the year was as follows:

Members of the Committee	Number Eligible to Attend	Number Attended
Natasha Johnston	6	6
Jennifer Gailey	6	6
Steele Johnston	6	6

Contribution in Winding Up

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. At 30 June 2021, the total amount that members of the Company are liable to contribute if the Company is wound up is $30 (2020: $30).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 4.

Signed in accordance with a resolution of the Responsible Entities:

N Johnston
………………………………..
Natasha Johnston
Director

Chinchilla
17 December 2021

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE RESPONSIBLE ENTITIES OF DROUGHT ANGELS LTD

In accordance with the requirements of section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012*, as lead auditor for the audit of Drought Angels Ltd for the period ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

i. No contraventions of the auditor independence requirements of 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.

MGI Audit Pty Ltd

S C Greene
Director

17 December 2021

Brisbane

DROUGHT ANGELS LTD
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 $
Revenue	2	2,915,478	6,163,530
Other income	2	216,350	159,051
Farmer support program	3(a)	(2,487,403)	(3,003,845)
Employee benefits expenses	3(b)	(243,736)	(191,804)
Depreciation expense		(37,260)	(21,933)
Marketing and promotion expenses		(78,452)	(31,562)
Printing, postage and stationery expenses		(28,064)	(14,804)
Occupancy costs		(52,290)	(65,617)
Repairs and maintenance expenses		(10,000)	(9,638)
Donated volunteer hours expense	3(b)	(116,214)	(120,109)
Finance costs		(510)	(13,412)
Other expenses	3(c)	(338,332)	(387,275)
Surplus/(Deficit) before income tax		(260,433)	2,462,582
Income tax expense	1(a)	-	-
Surplus/(Deficit) for the year		(260,433)	2,462,582
Other Comprehensive Income			
Net change in fair value of investments		1,330,367	205,833
Total other comprehensive income		1,330,367	205,833
Total comprehensive income for the year		1,069,934	2,668,415

DROUGHT ANGELS LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	1,312,409	3,034,167
Trade and other receivables	5	118,035	208,637
Prepayments		70,320	-
Financial investments		-	4,557,657
Inventory	6	110,350	139,182
TOTAL CURRENT ASSETS		1,611,114	7,939,643
NON CURRENT ASSETS			
Property, plant and equipment	7	416,265	157,642
Loans receivable	13	548,017	-
Financial investments		6,666,906	-
TOTAL NON CURRENT ASSETS		7,631,188	157,642
TOTAL ASSETS		9,242,302	8,097,285
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	149,378	197,499
Provisions	9	99,279	71,892
Lease liabilities	10	27,492	-
TOTAL CURRENT LIABILITIES		276,149	269,391
NON CURRENT LIABILITIES			
Provisions	9	15,025	8,466
Lease liabilities	10	61,766	-
TOTAL NON CURRENT LIABILITIES		76,791	8,466
TOTAL LIABILITIES		352,940	277,857
NET ASSETS		8,889,362	7,819,428
EQUITY			
Asset revaluation reserves		1,538,794	208,427
Retained earnings		7,350,568	7,611,001
TOTAL EQUITY		8,889,362	7,819,428

DROUGHT ANGELS LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Asset Revaluation Reserve	Retained Earnings	Total
	$	$	$
Balance at 1 July 2019	2,594	5,148,419	5,151,012
Surplus/(Deficit) for the year	-	2,462,582	2,462,582
Other comprehensive income for the year	205,833	-	205,833
Balance at 30 June 2020	**208,427**	**7,611,001**	**7,819,428**
Balance at 1 July 2020	208,427	7,611,001	7,819,428
Surplus/(Deficit) for the year	-	(260,433)	(260,433)
Other comprehensive income for the year	1,330,367	-	1,330,367
Balance at 30 June 2021	**1,538,794**	**7,350,568**	**8,889,362**

DROUGHT ANGELS LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from donations		1,515,862	4,166,743
Receipts from fundraising		375,756	1,265,382
Receipts from sale of goods		488,839	326,192
Receipts from grant funding		208,366	218,183
Receipts from sponsorship		22,188	53,661
Interest received		-	1
Dividends received		157,400	88,148
Other income		241,302	174,004
Payments to suppliers and employees		(3,025,656)	(3,835,325)
Finance costs		(510)	(13,412)
Net cash provided by operating activities	11 (b)	(16,453)	2,443,577
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for investment additions		(1,000,000)	(49,230)
Payment for property plant and equipment		(164,708)	(62,920)
Net cash used in investing activities		(1,164,708)	(112,150)
CASH FLOW FROM FINANCING ACTIVITIES			
Net loans provided to related parties		(540,597)	-
Net cash used in financing activities		(540,597)	-
Net increase/(decrease) in cash held		(1,721,758)	2,331,427
Cash at beginning of financial year		3,034,167	702,740
Cash at the end of the financial year	11 (a)	1,312,409	3,034,167

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The financial statements cover Drought Angels Ltd ("the Company") as an individual entity. The Company is a public company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for the purpose of preparing the financial statements.

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 the cash flow information, have been prepared on accrual basis and are based on historical costs, unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

The financial statements were authorised for issue on 17 December 2021 by the Board of Responsible Entities.

Comparative Figures

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Section 50-5 of the *Income Tax Assessment Act 1997*.

(b) 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.

(c) 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. In these circumstances, the GST is recognised as part of the cost of 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 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.

(d) Property, Plant and Equipment

Property, 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(e) for details of impairment). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

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

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight-line basis over their estimated useful lives to the Company 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, Plant and Equipment (continued)

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	10% - 15%
Computer Equipment	20% - 40%
Plant, Equipment and motor vehicle	10% - 30%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit and loss and other comprehensive income.

(e) Impairment of Assets

At each reporting date, the Company reviews the carrying values 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 cost to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Inventories

Inventories comprises goods for resale and goods for distribution at no or nominal consideration as part of the Company's charitable activities. Inventories may be purchased or received by way of donation.

Goods for resale

Inventories of goods for resale are valued at the lower of cost and net realisable value.

No value is ascribed to goods for resale that have been donated to the Company where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company 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 “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 significant financing component or if the practical expedient was applied as specified in *AASB 15: Revenue from Contracts with Customers*.

Classification and Subsequent Measurement of Financial Instruments

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

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.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial asset

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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

– 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 company 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.

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the company 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

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.

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 company 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 company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The company recognises 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

The company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- 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 company assesses whether the financial instruments are credit-impaired, and:

– if the credit risk of the financial instrument has increased significantly since initial recognition, the company 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 company 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 is 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 company measures 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

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 company assumes 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.

To make such a determination that the financial asset has low credit risk, the company applies 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 will 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.

Recognition of expected credit losses in financial statements

At each reporting date, the company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial Instruments (continued)

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.

The Directors categorised financial investments as non-current in the 2021 financial year, as this better reflected the company's long term investment strategy.

(h) Trade and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(i) Employee Provisions

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 before 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 a part of accounts payable and other payables in the statement of financial position.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(j) Provisions

Provisions are recognised when the Company 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 the reporting period.

(k) Revenue

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue (continued)

Note 2 discloses the value of donated volunteer hours recorded as donation income and reciprocal donated volunteer hours expense under AASB 1058 for the 2021 financial year.

Grants

The Company receives grants from various third parties from time to time. The grants are recognised under AASB 15 if there is an enforceable right with distinct performance obligations. Revenue from a grant that is not subject to performance obligations is recognised when the company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where certain conditions of the grant revenue are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied. Where the company receives a contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Sale of goods

Revenue for sales from the charity shop and merchandise is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Donation, sponsorships and fundraising

Donations, including cash and goods for resale, sponsorships and fundraising are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation, sponsorship and fundraising value can be measured reliably.

Interest income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(l) Critical Accounting Estimates and Judgements

The Responsible Entities 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Critical Accounting Estimates and Judgements (continued)

Key Estimates – Impairment

The Responsible Entities assess impairment at each reporting date by evaluating conditions specific to the company that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of the current year.

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.

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 company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, the company believes that obligations for annual leave entitlements satisfy the definition of short-term employee benefits and, therefore, can be measured at the (undiscounted) amounts expected to be paid to employees when the obligations are settled.

(m) Leases

From contract inception, the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Leases (continued)

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

<u>The Company as a lessor</u>

As a lessor, The Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: REVENUE AND OTHER INCOME		2021 $	2020 $
Charity shop sales		102,909	72,222
Merchandise sales		259,913	374,237
Donations		1,557,780	4,046,634
Fundraising		375,756	1,265,382
Sponsorship		22,188	53,661
Grants		298,366	128,183
Investment income		157,400	88,148
Membership		-	20
Donated volunteer hours	3(b)(i)	116,214	120,109
Other		24,952	14,934
		2,915,478	6,163,530
Other Income			
ATO Cash flow boost		50,000	50,000
Interest income		-	1
Jobkeeper subsidy		166,350	109,050
		216,350	159,051

NOTE 3: EXPENDITURE

(a) Farmer Support Program		
Stockfeed	15,792	16,341
Farmer assistance wages and salaries	715,349	754,982
Prepaid visa cards	1,243,844	1,586,248
Freight and courier costs	53,173	41,187
Farmer household assistance	323,187	419,728
Groceries and store vouchers	43,701	34,213
Travel	-	12,154
Fuel and fuel vouchers	15,253	12,049
On farm visits	27,124	25,101
Fundraising expenses	34,841	37,118
Equipment and labour hire	5,220	18,176
Community support programs	9,919	46,548
	2,487,403	3,003,845
(b) Employee benefit expenses		
Wages and salaries	192,354	147,978
Annual leave expenses	13,629	16,950
Long service leave expenses	6,559	3,218
Time in Lieu expenses	13,758	(502)
Superannuation	17,436	16,950
	243,736	191,804

(b)(i) Donated volunteer hours of $116,214 have been recognised in the 2021 financial year in accordance with *AASB 1058 Income for not-for-profit entities (2020: $120,109).* This expense has been offset by a reciprocal volunteer hour donation in revenue – see note 2.

NOTE 3: EXPENDITURE (CONTINUED)

	2021	2020
(c) Other expenses	**$**	**$**
Professional fees	50,753	88,543
Merchandise expense	90,982	126,800
Insurance	20,340	33,739
Telephone and internet	13,563	15,508
Charity shop expenses	450	134
Training costs	30,416	23,284
Uniforms	2,054	6,722
Investment fees	69,044	53,174
Miscellaneous expenses	60,730	41,371
	338,332	387,275

NOTE 4: CASH AND CASH EQUIVALENTS

	2021	2020
Cash at bank	1,312,209	3,033,967
Cash on hand	200	200
	1,312,409	3,034,167

NOTE 5: TRADE AND OTHER RECEIVABLES

	2021	2020
Trade debtors	6,088	193,898
GST receivable	21,293	14,739
Distributions receivable	90,654	-
	118,035	208,637

NOTE 6: INVENTORIES

	2021	2020
Merchandise & grocery stock	110,350	139,182
	110,350	139,182

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2021	2020
Deposit on Fixed Asset		
- At cost	-	1,515
- Less accumulated depreciation	-	-
	-	1,515
Office Equipment		
- At cost	46,867	45,962
- Less accumulated depreciation	(17,833)	(12,950)
	29,034	33,012
Computer Equipment		
- At cost	44,189	38,870
- Less accumulated depreciation	(20,173)	(12,828)
	24,016	26,042
Plant, Equipment and Motor Vehicle		
- At cost	314,843	112,926
- Less accumulated depreciation	(40,886)	(15,853)
	273,957	97,073
Right of Use Assets		
- Per AASB 16 Leases	89,258	-
- Less accumulated depreciation	-	-
	89,258	-
Total property, plant, equipment and motor vehicle	416,265	157,642

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Movements in carrying amounts

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

	Deposit on Fixed Asset	Office Equipment	Computer Equipment	Plant & Equipment	Right of Use	Total
Balance at 1 July 2020	1,515	33,012	26,042	97,073	-	157,642
Additions	-	905	5,318	200,402	89,258	295,833
Depreciation	-	(4,883)	(7,344)	(25,033)	-	(37,260)
Transfers (out)/in	(1,515)	-	-	1,515	-	-
Carrying Amount at 30 June 2021	-	29,034	24,016	273,957	89,258	416,265

NOTE 8: TRADE AND OTHER PAYABLES & OTHER CURRENT LIABILITIES

	2021 $	2020 $
Trade and other payables		
Trade creditors and accruals	72,060	38,613
ATO liabilities	54,699	50,108
Payroll liabilities	22,619	18,778
Contract liabilities – Grant income	-	90,000
	149,378	197,499

NOTE 9: PROVISIONS

Current		
Annual leave	85,521	71,892
Time in Lieu and RDO's	13,758	-
	99,279	71,892
Non-current		
Long service leave	15,025	8,466
	15,025	8,466

NOTE 10: LEASES

The Company entered into a non-cancellable commercial lease for office space in Brisbane for 3 years, commencing 1 July 2021, resulting in the application of *AASB 16 Leases*. See note 1(d) for details on the accounting policy.

The movement in the right of use asset is documented at note 7(b). The associated lease liabilities are presented in the statement of financial position as follows:

Current lease liability	27,492	-
Non-current lease liability	61,766	-
Total Lease liability	89,258	-

NOTE 11: CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of cash flows, cash and cash equivalents includes cash on hand, at banks and deposits or any other cash held that can be readily convertible to known amount of cash and be subject to an insignificant risk of changes in value. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2021	2020
	$	$
Cash at bank	1,312,209	3,033,967
Cash on hand	200	200
	1,312,409	3,034,167

(b) Reconciliation of cash flow from operations with surplus from operating activities:

Surplus / (Deficit) before income tax	(260,433)	2,462,582
Cash flows excluded from operating activities		
Depreciation	37,260	21,933
Adjust for changes in assets and liabilities:		
Decrease/(increase) in receivables	83,182	(154,612)
Decrease/(increase) in inventories	28,832	(11,275)
Decrease/(increase) in prepayments	(70,318)	-
Increase/(decrease) in deferred revenue	(90,000)	-
Increase/(decrease) in trade and other payables	41,879	98,074
Increase/(decrease) in provisions	33,947	26,875
Net cash provided by / (Used in) operating activities	(195,651)	2,443,577

(c) Non-cash financing and investing activities
There were no non cash financing and investing activities during the year.

NOTE 12: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of deposits with banks, and trade receivables. The carrying amounts of each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets at amortised cost		
Cash at bank	1,312,209	3 033 967
Cash on hand	200	200
Total cash (or equivalent) financial assets	1,312,409	3,034,167
Trade and other receivables	118,035	208,637
Related party loan receivable	548,017	-
Total financial assets at Amortised Cost	666,052	208,637

NOTE 12: FINANCIAL RISK MANAGEMENT (CONITNUED)	2021 $	2020 $
Financial assets at Fair Value		
Financial investments - Listed investments and managed funds	6,666,906	4,557,657
Total financial assets	8,645,367	7,800,461
Financial Liabilities at amortised cost		
Trade and other payables	149,378	107,499

NOTE 13: RELATED PARTY TRANSACTIONS

Key Management Personnel
Key management personnel (KMP) are the paid Directors of the Company.

The aggregate compensation made to key management personnel of the Company:	363,175	261,940

Related party transactions during the financial year from related party Drought Angels Charitable Trust were as below. The company is the trustee of the trust.

Income and Expenditure		
Rental Expense	39,000	-
Related Party Loans		
Amounts owed to Drought Angels	548,017	-

NOTE 14: COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

Payable – minimum lease repayments		
- not later than 12 months	25,000	-
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
Minimum lease repayments	25,000	-

The company entered into 1 non-cancellable operating lease for a second property in Brisbane in the 2021 financial year. The lease term is less than 1 year therefore not taken up as right of use assets and associated lease liabilities per AASB 16 Leases ('short-term' lease) , and therefore has not been recognised on the statement of financial position at 30 June 2021.

(b) Contingent liabilities

There were no contingent liabilities at the reporting date (2020: $Nil).

(d) Capital expenditure commitments

There were no capital expenditure commitments at the reporting date (2020: $Nil).

NOTE 15: COMPANY DETAILS

The registered office and principal place of business of the company is:

Drought Angels Ltd.
29 Malduf Street
Chinchilla QLD 4413

NOTE 16: EVENTS AFTER THE REPORTING DATE

There have been no subsequent events or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company.

RESPONSIBLE ENTITIES' DECLARATION

The Responsible Entities declares that:

1. The financial statements and notes, as set out on pages 5 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*; including:

   (a) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*; and

   (b) giving a true and fair view of the financial position as at 30 June 2021 and of the performance for the financial year ended on that date.

2. In the Responsible Entities' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-Profit Commission Regulation 2013* with a resolution of the Responsible Entities.

……………………………………..
Natasha Johnston
Director

Chinchilla

17 December 2021

mgi
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DROUGHT ANGELS LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Drought Angels Ltd (the Company), which comprises the statement of financial position as at 30 June 2021 and 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, notes comprising a summary of significant accounting policies, and the Responsible Entities' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits 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 Company in accordance with the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Responsible Entities of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 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.

Responsibility of the Responsible Entities of the Company for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

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

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

- Conclude on the appropriateness of the Responsible Entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Auditor’s Responsibility for the Audit of the Financial Report (Continued)

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

MGI Audit Pty Ltd

S C Greene
Director

Brisbane

17 December 2021