

ResponsibleSteel Ltd

(formerly Steel Stewardship Council Limited)

ABN: 24 610 479 000

Financial Statements

For the Year Ended 31 December 2021

ResponsibleSteel Ltd

ABN: 24 610 479 000

Contents
For the Year Ended 31 December 2021

	Page
Financial Statements	
Auditor's Independence Declaration	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Responsible Persons' Declaration	14
Independent Audit Report	15

Auditor's Independence Declaration under Section 60-40 of the Charities and Not-for-profits Commission Act 2012 to the Responsible Persons of ResponsibleSteel Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 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.

[Enter place of signing]

ResponsibleSteel Ltd

ABN: 24 610 479 000

**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 \$	2020 \$
Revenue	4	1,597,727	1,143,741
Contractor's expense		(871,754)	(702,446)
Consulting and professional fees		(82,656)	(86,771)
Accounting fees		(58,016)	(65,327)
Legal expenses		(31,980)	(17,356)
Subscriptions		(1,160)	(876)
Filing fees		(2,271)	(1,240)
Software expenses		(13,090)	(12,717)
Account fees		(1,018)	(651)
Insurance		(5,716)	(3,849)
Other expenses		(98,573)	(144,452)
Foreign exchange losses		(66,184)	(120,174)
Surplus/(deficit) before income tax		365,309	(12,118)
Income tax expense		-	-
Surplus/(deficit) for the year		365,309	(12,118)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		365,309	(12,118)

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

ABN: 24 610 479 000

**Statement of Financial Position
As At 31 December 2021**

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	691,122	324,711
Trade and other receivables	6	1,159,440	791,638
TOTAL CURRENT ASSETS		1,850,562	1,116,349
NON-CURRENT ASSETS			
Intangible assets	7	43,448	9,030
TOTAL NON-CURRENT ASSETS		43,448	9,030
TOTAL ASSETS		1,894,010	1,125,379
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	116,544	117,063
Income in advance	9	1,171,487	767,646
TOTAL CURRENT LIABILITIES		1,288,031	884,709
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		1,288,031	884,709
NET ASSETS		605,979	240,670
EQUITY			
Retained earnings		605,979	240,670
TOTAL EQUITY		605,979	240,670

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

ABN: 24 610 479 000

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2021	240,670	240,670
Surplus for the year	365,309	365,309
Balance at 31 December 2021	605,979	605,979
Balance at 1 January 2020	252,788	252,788
Deficit for the year	(12,118)	(12,118)
Balance at 31 December 2020	240,670	240,670

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

ABN: 24 610 479 000

Statement of Cash Flows
For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,656,855	1,205,579
Payments to suppliers and employees	(1,256,026)	(1,309,791)
Net cash provided by/(used in) operating activities	400,829	(104,212)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	(34,418)	(9,030)
Net cash provided by/(used in) investing activities	(34,418)	(9,030)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents held	366,411	(113,242)
Cash and cash equivalents at beginning of year	324,711	437,953
Cash and cash equivalents at end of financial year	5 691,122	324,711

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

ABN: 24 610 479 000

Notes to the Financial Statements For the Year Ended 31 December 2021

The financial report covers ResponsibleSteel Ltd as an individual entity. ResponsibleSteel Ltd is a not-for-profit Company, registered and domiciled in Australia.

The principal activities of the Company for the year ended 31 December 2021 was the certification of steel products.

The functional and presentation currency of ResponsibleSteel Ltd is Australian dollars.

The financial report was authorised for issue by those charged with governance on 06 April 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Revenue from donations are recognised on receipt.

Revenue from membership is recognised in the period that the membership relates. Membership income received for a future period is recognised as income in advance.

Project revenue is recognised when the Company satisfies the performance obligations with respect to the project.

(b) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

ResponsibleSteel Ltd

ABN: 24 610 479 000

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Volunteer services

No amounts are included in the financial statements for services donated by volunteers.

(e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

ResponsibleSteel Ltd

ABN: 24 610 479 000

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

ResponsibleSteel Ltd

ABN: 24 610 479 000

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

ResponsibleSteel Ltd

ABN: 24 610 479 000

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(g) Intangible assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Key estimates - COVID19

During the financial year the industry was indirectly impacted by the required shut downs caused by the Covid19 pandemic. The organisation has implemented Covid safe policies in place and developed a Business Continuity Plan. The virus will continue to have an ongoing effect on the organisation, in particular our ability to deliver its in person events strategy however, it is not felt that this has caused a going concern issue and management will continue to review the finances of the organisation.

ResponsibleSteel Ltd

ABN: 24 610 479 000

**Notes to the Financial Statements
For the Year Ended 31 December 2021****4 Revenue and Other Income**

	2021 \$	2020 \$
Revenue recognised at a point in time		
- Membership fees	1,054,098	595,444
- Corporate donations	332,042	300,565
- Sponsor fees	-	4,579
- Certification fees	52,851	22,799
- Project revenue	158,736	220,354
	<u>1,597,727</u>	<u>1,143,741</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	<u>691,122</u>	<u>324,711</u>
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6 Trade and Other Receivables

CURRENT		
Trade receivables	<u>1,159,440</u>	<u>791,638</u>

7 Intangible Assets

Trademarks		
Cost	13,198	9,030
Formation costs		
Cost	30,250	-
	<u>43,448</u>	<u>9,030</u>

(a) Movements in carrying amounts of intangible assets

	Trademarks \$	Formation costs \$	Total \$
Year ended 31 December 2021			
Opening balance	9,030	-	9,030
Additions	4,168	30,250	34,418
Closing value at 31 December 2021	<u>13,198</u>	<u>30,250</u>	<u>43,448</u>

ResponsibleSteel Ltd

ABN: 24 610 479 000

**Notes to the Financial Statements
For the Year Ended 31 December 2021****8 Trade and Other Payables**

	2021	2020
	\$	\$
CURRENT		
Trade payables	92,633	80,951
GST payable	17,911	30,112
Accrued expenses	6,000	6,000
	116,544	117,063

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

9 Other Financial Liabilities

CURRENT		
Amounts received in advance	1,171,487	767,646

10 Financial Risk Management**Financial assets**

Held at amortised cost		
Cash and cash equivalents	691,122	324,711
Trade and other receivables	1,159,440	791,638

Total financial assets

1,850,562	1,116,349
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Financial liabilities

Financial liabilities at amortised cost	116,544	117,063
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11 Members' Guarantee

The Company is registered with the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$ 20 each towards meeting any outstanding obligations of the Company. At 31 December 2021 the number of members was 116 (2020: 83).

12 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$ Nil (2020: \$ Nil).

13 Auditors' Remuneration

Remuneration of the auditor for:		
- auditing the financial statements	6,000	6,000

ResponsibleSteel Ltd

ABN: 24 610 479 000

Notes to the Financial Statements For the Year Ended 31 December 2021

14 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 31 December 2021 (31 December 2020: None).

15 Related Parties

(a) The Company's main related parties are as follows:

Key management personnel - refer to Note 12.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No transactions occurred with related parties.

16 Events after the end of the Reporting Period

The financial report was authorised for issue on _____ by those charged with governance.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

17 Statutory Information

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

ResponsibleSteel Ltd
755 Hunter St
Newcastle West, NSW, 2302

ResponsibleSteel Ltd

ABN: 24 610 479 000

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

DocuSigned by:

Hayley Jarick

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DocuSigned by:

Mike Peira

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Dated 4/20/2022

4/12/2022

Independent Audit Report to the members of ResponsibleSteel Ltd