

ResponsibleSteel Ltd

ABN: 24 610 479 000

Financial Statements

For the Year Ended 31 December 2022

ResponsibleSteel Ltd

ABN: 24 610 479 000

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For the Year Ended 31 December 2022

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ResponsibleSteel Ltd

ABN: 24 610 479 000

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue	4	2,909,230	1,597,727
Foreign exchange gains		89,692	-
Contractor's expense		(1,299,517)	(871,754)
Depreciation and amortisation expense		(6,301)	-
Consulting and professional fees		(858,513)	(82,656)
Accounting fees		(12,441)	(58,016)
Legal expenses		(220,563)	(31,980)
Subscriptions		(10,372)	(1,160)
Filing fees		-	(2,271)
Software expenses		(19,666)	(13,090)
Bank fees		(3,242)	(1,018)
Insurance		(7,349)	(5,716)
Bad debts		(30,301)	-
Other expenses		(226,268)	(98,573)
Foreign exchange losses		-	(66,184)
Surplus before income tax		304,389	365,309
Income tax expense	2(b)	-	-
Surplus for the year		304,389	365,309
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		304,389	365,309

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

ABN: 24 610 479 000

Statement of Financial Position As At 31 December 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	858,615	691,122
Trade and other receivables	6	247,837	1,159,440
TOTAL CURRENT ASSETS		<u>1,106,452</u>	<u>1,850,562</u>
NON-CURRENT ASSETS			
Property, plant and equipment		196	-
Intangible assets	7	35,885	43,448
TOTAL NON-CURRENT ASSETS		<u>36,081</u>	<u>43,448</u>
TOTAL ASSETS		<u>1,142,533</u>	<u>1,894,010</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	95,927	116,544
Income in advance	9	136,238	1,171,487
TOTAL CURRENT LIABILITIES		<u>232,165</u>	<u>1,288,031</u>
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>232,165</u>	<u>1,288,031</u>
NET ASSETS		<u>910,368</u>	<u>605,979</u>
EQUITY			
Retained earnings		910,368	605,979
TOTAL EQUITY		<u>910,368</u>	<u>605,979</u>

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

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Statement of Changes in Equity For the Year Ended 31 December 2022

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2022	605,979	605,979
Surplus for the year	304,389	304,389
Balance at 31 December 2022	910,368	910,368
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

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

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Statement of Cash Flows For the Year Ended 31 December 2022

	2022	2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,801,803	1,656,855
Payments to suppliers and employees	<u>(2,627,813)</u>	<u>(1,256,026)</u>
Net cash provided by operating activities	<u>173,990</u>	<u>400,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	-	(34,418)
Purchase of property, plant and equipment	<u>(6,497)</u>	<u>-</u>
Net cash used in investing activities	<u>(6,497)</u>	<u>(34,418)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	167,493	366,411
Cash and cash equivalents at beginning of year	<u>691,122</u>	<u>324,711</u>
Cash and cash equivalents at end of financial year	5 <u><u>858,615</u></u>	<u><u>691,122</u></u>

The accompanying notes form part of these financial statements.

ResponsibleSteel Ltd

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Notes to the Financial Statements

For the Year Ended 31 December 2022

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 2022 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 8 March 2023.

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).

Notes to the Financial Statements

For the Year Ended 31 December 2022

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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

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.

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.

(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.

Notes to the Financial Statements

For the Year Ended 31 December 2022

2 Summary of Significant Accounting Policies

(f) Impairment of non-financial assets

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.

(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.

ResponsibleSteel Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2022

4 Revenue and Other Income

	2022	2021
	\$	\$
Contractual revenue recognised at a point in time		
- Membership fees	1,461,069	1,054,098
- Corporate donations	1,033,774	332,042
- Certification fees	102,901	52,851
- Project revenue	311,486	158,736
	<u>2,909,230</u>	<u>1,597,727</u>

5 Cash and Cash Equivalents

Cash at bank and in hand	<u>858,615</u>	<u>691,122</u>
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6 Trade and Other Receivables

CURRENT		
Trade receivables	244,171	1,159,440
GST receivable	3,666	-
	<u>247,837</u>	<u>1,159,440</u>

7 Intangible Assets

Trademarks		
Cost	13,198	13,198
Formation costs		
Cost	22,687	30,250
	<u>35,885</u>	<u>43,448</u>

(a) Movements in carrying amounts of intangible assets

	Trademarks	Formation costs	Total
	\$	\$	\$
Year ended 31 December 2022			
Opening balance	13,198	30,250	43,448
Additions	-	-	-
Amortisation	-	(7,563)	(7,563)
Closing balance	<u>13,198</u>	<u>22,687</u>	<u>35,885</u>

ResponsibleSteel Ltd

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Notes to the Financial Statements For the Year Ended 31 December 2022

8 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	96	92,633
GST payable	-	17,911
Accrued expenses	95,831	6,000
	<u>95,927</u>	<u>116,544</u>

9 Other Financial Liabilities

CURRENT		
Amounts received in advance		
- Project revenue	135,807	155,716
- Membership fees	431	1,015,771
	<u>136,238</u>	<u>1,171,487</u>

10 Financial Risk Management

Financial assets

Held at amortised cost

Cash and cash equivalents	858,615	691,122
Trade and other receivables	247,837	1,159,440

Total financial assets

1,106,452 1,850,562

Financial liabilities

Financial liabilities at amortised cost

95,927 116,544

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 2022 the number of members was 133 (2021: 116).

12 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$ Nil (2021: \$ Nil).

13 Auditors' Remuneration

Remuneration of the auditor for:

- auditing the financial statements	<u>6,000</u>	<u>6,000</u>
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Notes to the Financial Statements

For the Year Ended 31 December 2022

14 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 31 December 2022 (31 December 2021: None).

15 Related Parties

No transactions occurred with related parties.

16 Events after the end of the Reporting Period

The financial report was authorised for issue on 08 March 2023 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

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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*.

.....

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Dated

Responsible Steel

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Responsible Steel

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2022, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Chartered Accountants



Judy Brown
B Bus RCA
Managing Director
Brown Auditing Services Pty Ltd

Location Maitland NSW

Dated



Level 1
14 Bulwer Street
Maitland NSW 2320
ABN - 51 611 569 003

Responsible Steel Independent Audit Report to the members of Responsible Steel

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Responsible Steel (the Company), which comprises the statement of financial position as at 31 December 2022, the Statement of Profit or Loss and Other Comprehensive Income, the statement of changes in equity and the 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 my opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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.

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

Liability limited by a scheme approved under Professional Standards Legislation



I also:

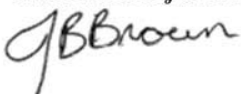
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material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

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

I also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Brown Auditing Services Pty Ltd



Judy Brown

B Bus RCA (457300)

Managing Director

Brown Auditing Services Pty Ltd

Location Maitland NSW

Dated

Liability limited by a scheme approved under Professional Standards Legislation

