Reflections Through Reality Ltd

ABN 57 605 192 710

Financial Statements

30 June 2019

Contents

Our mission

Reflections Through Reality Foundation (Reflections) is a not-for-profit charity established in mid-2015 as a public fund, primarily to promote and fund medical research into a cure for mesothelioma, increase awareness of the asbestos risks of asbestos in our community, and support sufferers of asbestos related disease (ARD).

Our objectives

- ✓ raise funds for medical research into a cure for asbestos-related disease (ARD), specifically mesothelioma;
- ✓ provide support for and connections between fellow sufferers of ARD;
- ✓ network with like-minded organisations;
- ✓ increase awareness of the inherent dangers of asbestos within the community;

Our people

Patron
Professor Lyn Beazley AO FTSE

Ambassadors
Dale Alcock – Managing Director ABN Group
John Gelavis – Managing Director, Master Builders Association
Michael McLean

Current Board Members
Bruce Watkins – Chairperson
Professor William (Bill) Musk
Justin Manolikos
Lex McCulloch
Peter Franklin
Joanne Morris – Company Secretary

Governance

Reflections Through Reality Ltd is registered with the Australian Charities and Not-for-profits Commission (ACNC) and is registered as a Deductible Gift Recipient.

Introduction

Asbestos is a mined mineral used in the production of many products used extensively in communities across the world. Due to its sound absorption qualities, heat and fire resistance, affordability and ease of construction, fibro (asbestos cement sheets) was a popular building material in Australia. In fact, Australia was one of the highest users per capita in the world up until the mid-1980s. Approximately one third of all Australian homes contain asbestos materials.

This widespread use of asbestos has left a deadly legacy as the inhalation or ingestion of one microscopic fibre can cause asbestos-related disease and/or terminal cancer such as mesothelioma.

This mineral, which was mined at Wittenoom in Western Australia for many years in the middle of the last century, resulted in the deaths of many miners who worked the mine, as well as their women and children. With a latency period of between 20 and 40 years from the time of exposure, it wasn't until the later part of the last century that the number of deaths relating directly to mining at Wittenoom slowed; this has been referred to as the first wave.

It quickly became apparent in the following years through a sudden increase in the number of new cases, that the users of the products containing asbestos, such as plumbers, carpenters and electricians were now presenting with asbestos-related diseases such as asbestosis and mesothelioma. While asbestosis is a lung condition, mesothelioma is a cancer which has no cure and a life expectancy of 6-12 months from diagnosis. This became known as the second wave and continues today.

Although the use of asbestos is now banned in Australia, the large amount of in situ asbestos still found in Australian houses and infrastructure means we are currently experiencing a third wave of asbestos-related diseases, including more women and children at a younger age and it is believed that the peak is yet to occur.

Western Australia has the highest rates of mesothelioma per capita in the world. One person dies in Australia every 12 hours from the effects of mesothelioma.

Nobody is immune from contracting an asbestos-related disease.

The Forming of a Foundation

Retired builder, Barry Knowles was diagnosed with mesothelioma in 2010 and given 6-12 months to live. Defying medical odds, Barry lived on to share his journey as encouragement to fellow sufferers, in his book - Reflections Through Reality - which became a catalyst for establishing Reflections Through Reality Ltd (Reflections).

Reflections is a not-for-profit charity established in mid-2015 as a public fund to reduce the ongoing impact of asbestos on the community by promoting better treatment outcomes for mesothelioma, supporting and connecting sufferers of ARD's and increasing awareness of the ongoing risk of exposure.

Chairman's Report

A highlight of the 2019 year was the staging of the inaugural Steeltoes & Stilettos major fundraising and awareness-raising event. Partnered with the Perth construction industry, this unique event saw tradies matched with professional models "strut their stuff" on a runway in the heart of the CBD. In addition to raising funds, the primary aim of the event was to increase awareness of the ongoing risks of asbestos in the built environment. We look forward to this event continuing to be a success in coming years.

In line with our commitment to participants and sponsors, the $28,000 raised by the tradies is being directed to the production of an asbestos safety module for Master Builders WA's new Tap Into Safety programme. It is anticipated the module will be available mid-2020.

In May, Reflections provided a $30,000 scholarship under the Cancer Council WA's funding partnership for Dr Jonathon Chee's work at the National Centre for Asbestos Related Diseases (NCARD). The scholarship will contribute to Dr. Chee's project involving the development of novel epigenetic targeting tools to improve mesothelioma therapy outcomes.

Another significant achievement was the formation of an alliance with Solaris Cancer Care to provide quality support services and resources to members of our Support Group which currently numbers some 26 members.

Finally, I would like to welcome new board members Mr Lex McCulloch, Dr Peter Franklin and Ms Jennifer Staniforth-Smith. Lex is well known within the workplace health and safety environment, having held various positions within Government including Worksafe WA Commissioner for seven years prior to his retirement in early 2019. Lex was also an inaugural board member of the Asbestos Safety and Eradication Agency. Peter has a strong interest in, and understanding of, asbestos exposure and asbestos-related disease from both a research and policy point of view. He works in asbestos research at UWA, and asbestos policy at the WA Department of Health. And, with a background in journalism, Jennifer has a personal connection to ensuring the community are made aware of the danger asbestos poses.

We look forward to continuing our work in reducing the impact of asbestos on our community.

B Watkins

Bruce Watkins
Chairperson
Dated this Tuesday, 29 October 2019

Directors' report

Your directors present their report on Reflections Through Reality Ltd (**REFLECTIONS** or **the Company**) for the year ended 30 June 2019.

1. Directors

The names of Directors in office at any time during or since the end of the year are:

• Justin Manolikos	Director	
• Arthur Musk	Director	
• Bruce Watkins	Director	
• Peter Franklin	Director	Since October 2018
• Jennifer Staniforth-Smith	Director	Since October 2018
• Lex McCulloch	Director	Since July 2019
• Joanne Morris	Secretary	

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

2. Significant Changes in the state of affairs

There were no significant changes to the state of affairs of the Company.

3. Operating and financial review

3.1. Nature of Operations Principal Activities

Reflections is a not-for-profit charity established in mid-2015 as a public fund to reduce the ongoing impact of asbestos on the community by promoting better treatment outcomes for mesothelioma, supporting and connecting sufferers of ARD’s and increasing awareness of the ongoing risk of exposure.

3.2. Financial Review

a. Operating results

For the year ended 30 June 2019 the Company delivered a profit after tax of $20,372 (30 June 2018: $4,809 loss).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

b. Financial position

The net assets of the Company have decreased from 30 June 2019 by $20,371 to $97,884 at 30 June 2019 (30 June 2018: $77,513).

As at 30 June 2019, the Company's cash and cash equivalents increased from 30 June 2019 by $20,371 to $97,884 (30 June 2018: $77,513).

3.3. Events Subsequent to Reporting Date

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements at Note 3 Events subsequent to reporting date.

4. Indemnifying officers or auditor

4.1. Indemnification

The Company has not entered into any agreement with its officers or current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

5. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors' report

6. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2019 has been received and can be found on page 5 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s307C of the *Corporations Act 2001* (Cth).

BRUCE WATKINS
Chairperson
Dated this Tuesday, 29 October 2019

AUDITOR'S INDEPENDENCE DECLARATION
REFLECTIONS THROUGH REALITY LIMITED

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of Reflections Through Reality Limited. As audit partner of Reflections Through Reality Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen
Director

Dated 29 October 2019

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	1	125,747	20,075
Other income	1	1,386	1,333
		127,133	21,408
Accounting fees		(1,453)	(310)
Administration		(7,116)	(4,699)
Charitable contributions		(30,000)	(3,191)
Event expenses		(46,692)	-
Fundraising expenses		(9,874)	(8,469)
Professional fees		(425)	-
Website expenses		(11,201)	(9,548)
Surplus/(Deficit) before tax		20,372	(4,809)
Income tax expense		-	-
Surplus/(Deficit) for the year		20,372	(4,809)
Other comprehensive income, net of income tax			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income attributable to members of Reflections Through Reality Ltd		20,372	(4,809)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	2	97,884	77,513
Total current assets		97,884	77,513
Non-current assets			
Total non-current assets		-	-
Total assets		97,884	77,513
Non-current liabilities			
Total non-current liabilities		-	-
Total liabilities		-	-
Net assets / (liabilities)		97,884	77,513
Equity			
Retained surplus		77,513	82,322
Current year surplus/(loss)		20,371	(4,809)
Total equity		97,884	77,513

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity
for the Year Ended 30 June 2019

	Retained Surplus $
Balance at 1 July 2017	82,322
Surplus/(Deficit) for the year attributable owners	(4,809)
Other comprehensive income for the year attributable owners	-
Total comprehensive income for the year attributable to owners	-
Balance at 30 June 2018	77,513
Balance at 1 July 2018	77,513
Surplus/(Deficit) for the year attributable owners	20,372
Other comprehensive income for the year attributable owners	-
Total comprehensive income for the year attributable to owners	-
Balance at 30 June 2019	97,885

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows
for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		125,747	809
Payments to suppliers and employees		(106,761)	(23,027)
Interest received		1,386	1,334
Donations received		-	19,266
Charitable contributions		-	(3,191)
Net cash from operating activities	2c	20,372	(4,809)
Net increase in cash held		20,372	(4,809)
Cash and cash equivalents at the beginning of the year		77,513	82,322
Cash and cash equivalents at the end of the year	2b	97,885	77,513

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

These are the financial statements and notes of Reflections Through Reality Ltd (**Reflections** or **the Company**). Reflections is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 29 October 2019 by the directors of the Company.

a. Basis of preparation

The Directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order satisfy the financial reporting requirements of the Australian Charities and Non-for-profits Commission Act 2012 and is appropriate to meet the needs of the members.

i. Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 1048 *Interpretation of Standards*
- AASB 1053 *Application of Tiers of Australian Accounting Standards*
- AASB 1054 *Australian Additional Disclosures*
- AASB 1057 *Application of Australian Accounting Standards.*

ii. Financial position

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The amounts presented in the financial statements have been rounded to the nearest dollar.

b. Going Concern

The financial statements have been prepared on a going concern basis. The Company's activities are primarily funded by various donations and other fundraising activities. Should donations or other fundraising revenue not be immediately available, the Company has adequate funds to continue as a going concern twelve months from the date of signing the financial statements.

c. Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements. The Company has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2017 but determined that their application to the financial statements is either not relevant or not material.

d. Income tax

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act, as amended, it is exempt from paying income tax.

e. Financial instruments

a. Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Notes to the financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises

ii. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 January 2018, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

f. Financial instruments - liabilities

a. Classification

From 1 January 2018, the Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Company commits to purchase the financial liability. Financial liabilities are derecognised when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Company measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

g. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

h. Revenue and other income

Revenue is recognised when it is probably that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

i. Sales Revenue

Notes to the financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

Events, fundraising and raffles are recognised when received or receivable.

Book sales are recognised upon the delivery of books.

ii. Donations

Donations are recognised on a cash receipt basis.

iii. Interest

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

i. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company has assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 9 Financial Instruments

AASB 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces AASB 139 Financial Instruments: Recognition and Measurement.

As a result of the adoption of AASB 9, the Company had adopted consequential amendments to AASB 101 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

Additionally, the Company has adopted consequential amendments to AASB 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The transaction to AASB 9 has no impact on the opening balance of retained earnings.

Classification and measurement of financial assets and liabilities.

AASB 9 contains three principal classification categories for financial assets: Measured at amortised cost, FVOCL and FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

Adopting AASB 9 has had no effect on the carrying amounts of financial asset and financial liabilities at 1 July 2018.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of AASB 9 impairment requirements at 1 July 2018 results in no further allowance for impairment.

Transition

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively, except as described below.

Although the Company is allowed to use an exemption not to restate comparative information for prior period with respect to classification and measurement (including impairment) requirements, the adoption of AASB 9 has had no effect on the carrying amounts of financial assets and financial liabilities at 1 July 2018.

Notes to the financial statements
for the year ended 30 June 2019

Note 1 Statement of significant accounting policies

The assessment of the determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

j. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2019. The company has assessed the impact of these new or amended Accounting Standards and Interpretations.

i. AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit entities (applicable to annual reporting periods beginning on or after 1 July 2019)

The company has chosen not to early adopt AASB 1058 and AASB 15. However, the company has conducted a high-level assessment of the impact of these new standards as follows.

A core change of AASB 1058 and AASB 15 is that they shift the focus form a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and that the specificity of performance obligations. AASB 1058 is applicable when a company receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset, principally to enable the company to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the company to acquire or construct a recognisable non-financial asset that is to be controlled by the company) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the company satisfies its obligation under the transfer.

AASB 15 applies where there is an “enforceable” contract with a customer with “sufficiently specific” performance obligations which results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduce a five-step approach to revenue recognition, which is far more prescribed than AASB 118 Revenue.

AASB 15 and AASB 1058 will be applied by the company from their mandatory adoption date of 1 July 2019. The modified transaction approach will be the chosen approach. Thus, the comparative amounts for the year prior to the adoption will not be restated and the company will recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application.

The Directors have concluded that the impact of AASB 1058 and AASB 15 on the financial statements would not be material.

Notes to the financial statements
for the year ended 30 June 2019

Note 1 Revenue and other income	2019 $	2018 $
a. **Revenue**		
Donations	123,587	19,266
Fundraising	2,160	719
Book sales	-	90
	125,747	20,075
b. **Other Revenue**		
Interest	1,386	1,333
	1,386	1,333

Note 2 Cash and cash equivalents	2019 $	2018 $
a. **Current**		
Westpac Community Solutions Cheque Account	16,892	6,572
Westpac Community Solutions Cash Reserve	80,962	29,793
Baptist Financial Services Term Deposit	-	41,148
Paypal Account	30	-
	97,884	77,513
b. **Reconciliation of cash** Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
• Cash and cash equivalents	97,884	77,513
	97,884	77,513
c. **Reconciliation of cash flow from operations to loss after income tax**		
Profit after income tax	20,372	(4,809)
Non-cash flows in profit from ordinary activities: Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
• (Increase)/decrease in trade and other receivables	-	-
• Increase/(decrease) in trade and other payables	-	-
Cash flow from operations	20,372	(4,809)

Note 3 Events subsequent to reporting date

No matter or circumstance has arisen since 30 June 2019 that has significantly affect, or may significantly effect, the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

The Directors have determined that the Company is not a reporting entity and determined that this special purpose financial report should be prepared in accordance with the policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 15 are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) present fairly the Company's financial position as at 30 June 2019 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

2. In the Directors' 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 a resolution of the Board of Directors and is signed by:

B Watkins

BRUCE WATKINS
Chairperson
Dated this Tuesday, 29 October 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF REFLECTIONS THROUGH REALITY LIMITED

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of Reflections Through Reality Limited ("the Company") comprising the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and the director's declaration.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements of Reflections Through Reality Limited present fairly, in all material respects, the financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and comply with Australian Accounting Standards to the extent described in Note 1 and the Australian Charities and Not-For-Profits Commission Act 2012.

Basis for Qualified Opinion

Donations are a significant source of revenue for Reflections Through Reality Limited. It has been determined that it is impracticable to establish control over the collection of donations and maintain adequate supporting documents prior to entry in its financial records. Accordingly, as evidence available to us regarding revenue from these sources was limited, our audit procedures with respect to donations had to be restricted to the amounts recorded in the financial records.

We are therefore unable to express an opinion as to whether the donations obtained by Reflections Through Reality Limited are complete.

Basis of accounting

Without modifying our opinion, we draw attention to note 1(a) of the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the members of Reflections Through Reality Limited to meet the requirements of the Australian Charities and Not-For-Profits Commission Act 2012. As a result, the financial statements may not be suitable for another purpose.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the Company in accordance with 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 and the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act").

Directors' Responsibility

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards to the extent described in Note 1(a) and have determined the accounting policies used are consistent with its financial reporting requirements, and have determined that the basis of preparation is appropriate to meet the requirements of the Australian Charities and Not-For-Profits Commission Act 2012. The directors' responsibility also includes such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control.

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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We conclude on the appropriateness of management's 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 our auditor's report to the related disclosures in the financial statements 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.

We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with management 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 our audit.

Hall Chadwick

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

NS

Nikki Shen
Director

Dated 29 October 2019