INSULATION AUSTRALASIA LIMITED

A.B.N. 47 152 505 961

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

DIRECTORS' REPORT

Your directors present their report on the company for the year ended 30 June 2020.

DIRECTORS

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

Andrew Arblaster	Scott Gibson
Warrick Batt	Phil Cocking
Manuel Furer	

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

Company Secretary – The following person held the position of company secretary at the end of the financial year.

Mr Francis Child – a Chartered Accountant, was appointed company secretary in January 2014.

OPERATING RESULTS

The company had a net surplus after income tax for the financial year of $12,558 (2019: surplus $ 21,797).

PRINCIPAL ACTIVITIES

The principal activities of the Company are to promote the cost effectiveness of insulation-based energy efficient initiatives in Australian and New Zealand buildings in reducing carbon emissions. To create a sustainable industry platform to support increased employment opportunities and a profitable environment for industry investment and to promote the adoption of world class standards, 3rd party product certification & installation services accreditation.

SHORT TERM AND LONG TERM OBJECTIVES

The company's short term and long term objective is to:

- To promote the cost effectiveness of insulation-based energy efficient initiatives in Australian and New Zealand buildings in reducing carbon emissions

STRATEGIES

To achieve its stated objectives, the company has adopted the following strategies:

- The directors operate the company in a prudent and conservative fashion so as to ensure the continued financial viability of the company which allows for the continuation and promotion of its objectives.

The company fosters working partnership with both local and international bodies who have similar aims in order to achieve its stated objectives.

KEY PERFORMANCE MEASURES

The company measures its performance on the basis of sound financial results through prudent management of limited resources and the promotion of insulation based solutions. The longer term measurement of this success is seen in better insulated buildings benefiting the general public.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO BALANCE DATE

The Covid 19 pandemic has been significantly affecting the financial environment. There is a possibility that it will significantly affect the operations of the Society, the results of these operations or the state of affairs of the Society in future financial years. It is not possible to quantify the effects of the pandemic on the society's financial affairs as of the date of this report.

LIKELY DEVELOPMENTS

There are no likely developments in the operations of the company, which are expected to affect the results of the company's operations in subsequent financial years.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

DIVIDENDS

The company is limited by guarantee and the Constitution does not permit the distribution of dividends to its members.

No dividends have been paid, declared or proposed by the company since the commencement of the financial year.

DIRECTORS' BENEFITS

Since the commencement of the financial year no director of the company has received or become entitled to receive, a benefit because of a contract that the director, a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made with:

- The company, or
- An entity that the company controlled, or a body corporate that was related to the company, when the contract was made or when the director received, or became entitled to receive, the benefit

DIRECTORS MEETINGS

During the year ended 30 June 2020, two meeting of the company's directors was held.

For each director, particulars of the relevant numbers of meetings held and attended during the period of directorship are shown below:

Director	Meetings Eligible To Attend	Meetings Attended
Andrew Arblaster	2	2
Scott Gibson	2	2
Warrick Batt	2	1
Phil Cocking	1	1
Manuel Furer	1	1

OPTIONS

The company does not have a share capital as it is a company limited by guarantee. Accordingly, no options over interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

DIRECTORS' REPORT

INSURANCE OF OFFICERS

During the financial year, the company has paid a premium to insure certain officers of the company, the details of which are not permitted to be disclosed under the terms of the policy.

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 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.

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the company's Constitution states that in the event of there being a deficiency of net assets on winding up, each member undertakes to contribute a sum not exceeding ten dollars per member. At 30 June 2020, the total amount that members of the company are liable to contribute if the company is wound up is $80 (2019 $70).

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Board of Directors.

a.F. Arblaster

Director:
Dated this 23rd day of September 2020

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there has been:

(i) no contraventions of the auditor's 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

Mark Tinworth

MARK TINWORTH
CHARTERED ACCOUNTANT

North Sydney, 29 September 2020

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
INSULATION AUSTRALASIA LIMITED**

Opinion
We have audited the attached financial report of Insulation Australasia Limited ("the entity") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of recognised income and expenditure, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the Directors' Report.

In our opinion, the accompanying financial report of Insulation Australasia Limited is in accordance with the Corporations Act 2001, including:

1. giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
2. complying with Australian Accounting Standards , and the Corporations Regulations 2001.

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 Directors in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standard 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 of our opinion.

Responsibilities of the Directors for the financial report
The directors are responsible for the preparation and fair presentation of the financial report that gives a true and fair view and have determined the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the members determine in necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 of our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international 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 directors' internal control.

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

- Conclude on the appropriateness of the company's use of 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 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 achieved fair representation.

We 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 our audit.

MARK TINWORTH
CHARTERED ACCOUNTANT

Dated this 29th day of September 2020

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 23 are in accordance with the Corporations Act 2001 and:

   (a) comply with accounting standards; and

   (b) give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date

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.

a.J. Arblaster

Director: ANDREW ARBLASTER

Dated this 25 day of September 2020

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $	2019 $
Revenue	2	57,025	57,372
Administration expenses		(44,467)	(35,575)
Surplus (loss) before income tax		12,558	21,797
Income tax benefit (expense)	1	-	-
Surplus(loss) for the year after income tax		12,558	21,797
Other comprehensive income		-	-
Income tax expense on other comprehensive income		-	-
Other comprehensive income for the year after tax		-	-
Total comprehensive income (loss) attributable to members of the entity		12,558	21,797

The accompanying notes form part of this financial report.

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020	2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	138,298	127,557
Other current assets	4	1,202	1,108
TOTAL CURRENT ASSETS		139,500	128,665
TOTAL ASSETS		139,500	128,665
CURRENT LIABILITIES			
Trade & other payables	5	5,286	7,009
TOTAL LIABILITIES		5,286	7,009
NET ASSETS		5,286	121,656
MEMBERS' FUNDS			
Retained earnings		134,214	121,656
TOTAL MEMBERS' FUNDS		134,214	121,656

INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Retained Earnings
Balance 1 July 2017	75,335
Profit (loss) for the 2018 year	24,524
Balance as at 30 June 2018	99,859
Profit (loss) for the 2019 year	21,797
Balance as at 30 June 2019	121,656
Profit (loss) for the 2020 year	12,558
Balance as at 30 June 2020	134,214

INSULATION AUSTRALASIA LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Members' & customers' receipts		57,000	62,975
Interest received		25	122
Payments to suppliers		(46,284)	(37,435)
Net Cash Generated from Operating Activities	8	10,741	25,662
Net Increase (Decrease) in Cash Held		10,741	25,662
Cash at the beginning of the financial year		127,557	101,895
Cash at the end of the financial year	3	138,298	127,557

The accompanying notes form part of these financial statements.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report covers the Insulation Australasia Limited as an individual entity. The Insulation Australasia Limited is a company limited by guarantee.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historic costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Income Tax

No provision for income tax has been raised as the entity is subject to tax on the mutuality principle and there was insufficient non-mutual income derived to incur an income tax liability.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Association commits itself to either the purchase or sale of an asset.

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 the 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 receivable do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- Amortised cost, or
- Fair value through profit and loss

A financial liability is measured at fair value through profit and loss if the financial liability is:
- A contingent consideration of an acquirer in a business combination to which AASB 3 applies
- Held for trading, or
- Initially designated as at fair value through profit and loss

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

All other financial liabilities are subsequently measured at fair value, amortised cost using the effective interest rate. The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense 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.

Financial asset

Financial assets are subsequently measured at:

- Amortised cost
- Fair value through other comprehensive income
- Fair value through profit and loss

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset, and
- the business model for managing the financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- 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 is subsequently measured at fair value though other comprehensive income when it meets the following conditions:

- 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
- 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 conditions of amortised cost and fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates financial instruments as measured at fair value through profit and loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.
- It is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of the entity 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.

Derecognition

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition refers to the removal of a previously recognised financial assert or financial liability from the statement of financial position.

Derecognition of financial liabilities:

A liability is derecognised when it is extinguished. An exchange of an existing financial liability for a new one with substantial 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.

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets:

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 of the following criteria need to be satisfied for derecognition of 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 entity no longer controls the asset

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 the profit or loss.

Impairment

At each reporting date, the committee assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Impairment of Assets

At each reporting date, the Association reviews the carrying values of it 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 assets fair value less cost to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Revenue

Membership revenue is measured at the fair value of the consideration received and is brought to account in the year to which it relates.

Interest revenue is recognised proportionally using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

All revenue is stated net of the amount of Goods and Service Tax ("GST").

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the ATO, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or for receivables or payables which are recognised inclusive of GST where applicable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Trade and other payables

Trade 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

Cash and Cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report 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.

Key estimates – impairment

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

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

Liability of Members

The company is limited by guarantee. If the company is wound up, the company's Constitution states that in the event of there being a deficiency of net assets on winding up, each member undertakes to contribute a sum not exceeding ten dollars per member. As at 30 June 2020, the number of members was 8.

	2020	2019
	$	$

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Adoption of new and revised accounting standards

During the current year, the company has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these Standards and Interpretations has had on the financial statements of the Insulation Australasia Ltd.

AASB 1058 Income of Not-for-profit Entities (applicable to annual reporting periods beginning on or after 1 January 2019)

This standard is applicable to transactions that do not arise from enforceable contracts with customers involving performance obligations.

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 applicable Standards.

- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

Although the directors anticipate that the adoption of AASB 1058 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2 REVENUE

	2020	2019
Membership	57,000	57,250
Interest	25	122
	57,025	57,372

3 CASH

	2020	2019
Cash at bank	138,298	127,557

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The main source of credit risk to the company is considered to relate to the class of assets described as subscriptions receivable.

	2020 $	2019 $

3 CASH (CONT'D)

The company does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.

Collateral held as security
No collateral is held as security for any of the trade and other receivables.

4 OTHER CURRENT ASSETS

	2020 $	2019 $
Prepayments	1,202	1,108

5 TRADE AND OTHER PAYABLES

	2020 $	2019 $
Other payables	5,286	7,009

Financial liabilities at amortised cost classified as trade and other payables

	2020 $	2019 $
Trade and other payables	5,286	7,009
Less GST payable	1,932	(2,178)
Financial liabilities as trade & other payables	3,354	4,831

No collateral has been pledged for any of the trade and other payables balances.

6 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities that are in existence at the date of the signing of this report.

7 EVENTS AFTER THE BALANCE SHEET DATE

The Covid 19 pandemic has been significantly affecting the financial environment. There is a possibility that it will significantly affect the operations of the Society, the results of these operations or the state of affairs of the Society in future financial years. It is not possible to quantify the effects of the pandemic on the society's financial affairs as of the date of this report.

8 CASH FLOW INFORMATION

Reconciliation of profit or loss from ordinary Activities after income tax with net cash flows from operations

	2020 $	2019 $
Net profit (loss) after income tax	12,558	21,797
Changes in assets and liabilities		
- Decrease (increase) in other assets	(94)	(84)
- (Decrease) Increase in trade & other payables	(1,723)	(11,690)
Net Cash (used in) provided by operations	10,741	25,662

9 FINANCIAL INSTRUMENTS

Financial risk management

9 FINANCIAL INSTRUMENTS (CONT'D)

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short term investments, managed funds, accounts receivable and payable.

The company does not have any derivative financial instruments at 30 June 2020.

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2020 $	2019 $
Financial assets		
Cash & cash equivalents	138,298	127,557
Total financial assets	138,298	127,557
Financial liabilities		
Trade & other payable	3,354	4,831
Total financial liabilities	3,354	4,831

i. **Treasury risk management**
A finance committee consisting of senior board members meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. **Financial risks**
The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk
All financial assets and liabilities are non-interest bearing except for the following:
Cash assets at an average interest rate for the year of 0.02% (2019 0.11%).

Foreign currency risk
The company is not exposed to fluctuations in foreign currencies.

Interest rate risk
The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and this will affect future cash flows or the fair value of fixed rate financial instruments.

	2020 $	2019 $
Floating rate instruments		
Cash & cash equivalents	138,298	127,557

9 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk
Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities

The company manages this risk through the following mechanisms:
- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions

Financial liability and financial asset maturity analysis

	2020 $	2019 $
	Within one year	
Financial liabilities due for payment		
Trade & other payables excluding deferred income and GST payable	3,354	4,831
Total expected outflows	3,354	4,831
Financial assets – cash flows realisable		
Cash & cash equivalents	138,298	127,557
Total anticipated inflows	138,298	127,557
Net inflows on financial instruments	134,944	122,726

Foreign exchange risk
The company is not exposed to fluctuations in foreign currencies.

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes utilisation of systems for that approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are normally 14-30 days from the date of invoice. Customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

Risk is also minimised through investing surplus funds in financial institutions that maintain high credit rating or in entities that the finance committee has otherwise cleared as being financially sound.

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

The company has no significant concentration of credit risk with any single counterparty or group of counterparties.

	2020 $	2019 $

9 FINANCIAL INSTRUMENTS (CONT'D)

Trade & other receivables that are neither past due or impaired are considered to be of high credit quality,

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered in to by the company.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's (S&P) rating of at least A-.

The following table provides information regarding the credit risk relating to cash based on S&P counterparty credit ratings.

Cash and cash equivalents

	2020 $	2019 $
A-1+ rated	138,298	127,557
	138,298	127,557

Price risk

The company is not exposed to any material commodity price risk.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms- length transaction. Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated, Areas of judgement and the assumptions have been detailed below.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company.

	2020		2019	
	Net carrying value	Net fair value	Net carrying value	Net fair value
Financial assets				
Cash & cash equivalents	138,298	138,298	127,557	127,557
Total financial assets	138,298	138,298	127,557	127,557
Financial Liabilities				
Trade & other payables	3,354	3,354	4,831	4,831
Total financial liabilities	3,354	3,354	4,831	4,831

	2020	2019
	$	$

9 FINANCIAL INSTRUMENTS (CONT'D)

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value.

Sensitivity analysis
The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2020	$	$
+/- 2% in interest rates	2,659	2,659
Year ended 30 June 2019		
+/- 2% in interest rates	2,295	2,295

10 CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its operations and promotion of research into bone and mineral metabolism and that returns from investments are maximised within tolerable risk parameters. The Board ensures the overall risk management strategy is in line with this objective.

Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entities capital consists of financial liabilities, supported by financial assets.

The Board effectively manages the entities capital by assessing the entities financial risks and responding to changes in these risks and in the market. There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio at 0%.

The gearing ratios for the years ended 30 June 2020 and 30 June 2019 are as follows:

	2020	2019
Total borrowings	-	-
Less cash on hand	(138,298)	(127,557)
Net Debt	-	-
Total equity (retained surplus)	134,214	121,656
Total capital	134,214	121,656
Gearing ratio	0%	0%

	2020	2019
	$	$

11 OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Andrew Arblaster, a director of the Insulation Australasia Limited, was recruited as a consultant during the 2020 financial year.

	2020 $	2019 $
Consultancy service	4,200	-

12 COMPANY DETAILS

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

INSULATION AUSTRALASIA LIMITED
33-36 Atchison Street
St Leonards NSW 2065

13 EVENTS AFTER THE REPORTING PERIOD

The Covid 19 pandemic has been significantly affecting the financial environment. There is a possibility that it will significantly affect the operations of the Society, the results of these operations or the state of affairs of the Society in future financial years. It is not possible to quantify the effects of the pandemic on the society's financial affairs as of the date of this report.

TINWORTH & Co

CHARTERED ACCOUNTANTS and BUSINESS ADVISORS

COMPILATION REPORT

TO INSULATION AUSTRALASIA LIMITED

On the basis of information provided by the Directors of the Insulation Australasia Limited, we have compiled in accordance with APES 315: 'Statement on Compilation of Financial Reports', the special purpose financial report of the Insulation Australasia Limited for the year ended 30 June 2020, as set out in the attached Detailed Profit and Loss Statement.

The specific purpose for which the special purpose financial report has been prepared is to provide private information to the directors. No Accounting Standards or other mandatory professional reporting requirements have been adopted in the preparation of the special purpose financial report.

The directors are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are appropriate to satisfy the requirements of the board.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, into a financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than the company, may suffer arising from any negligence on our part. No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the company and its members and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

Mark Tinworth

MARK TINWORTH
CHARTERED ACCOUNTANT

North Sydney, 29 September 2020

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INSULATION AUSTRALASIA LIMITED
A.B.N. 47 152 505 961

DETAILED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

PRIVATE INFORMATION FOR THE DIRECTORS
ON THE 2020 FINANCIAL STATEMENTS

	2020	2019
INCOME	**$**	**$**
Membership fees	57,000	57,250
Interest	25	122
Total Income	57,025	57,372
EXPENDITURE		
Accountancy fee	2,750	2,750
Media expense	6,050	2,250
Bank charges	25	56
Filing fee	2,743	1,370
Insurance	2311	2,132
Management fee	17,531	16,750
Meeting expenses	1,299	1,402
Office expenses	63	39
Project costs	-	1,500
Subscriptions & memberships	5,907	5,466
Telephone & internet	610	618
Travelling expenses	393	1,242
Website expenses	585	-
Consultancy expenses	4,200	-
Total Expenses	44,467	35,575
Profit (Loss) before income tax	12,558	21,797
Income tax benefit (expense)	-	-
Profit (Loss) after income tax	12,558	21,797