2020 ANNUAL REPORT

JOYCE CORPORATION LTD
SINCE 1886

ABN: 80 009 116 269

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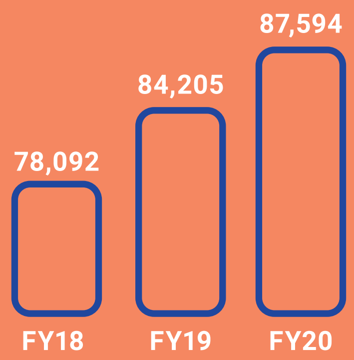
2020 HIGHLIGHTS

We are pleased to present the results for the FY20 year and to report that the Joyce group has continued to deliver increased earnings in its ongoing operations, and have strengthened our cash position considerably. This is due primarily to the commitment of our people. We have worked together to deliver on the strategic and operational initiatives that we considered would add value during these challenging times. This is testament to our Joyce Way business model.

We divested Lloyds Online Auctions. Together with the Lloyds team, we grew the business threefold; the business now sits better with new owners.

In the year, we have continued to enact 'good governance' and follow a prudent approach. This has led to a number of impairments which the Board feel are justified in the current environment *(for details see notes 16 and 18 in these financial statements).*

SALES

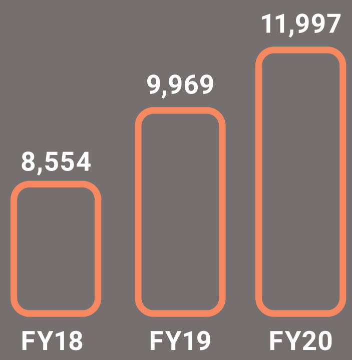


NET REVENUE ($000s)

FY18 - FY20 CAGR 5.9%

From continuing activities

EBIT

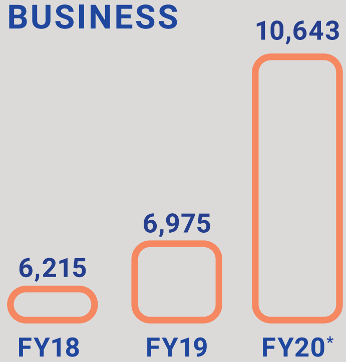


EBIT ($000s)

FY18 - FY20 CAGR 18.4%

Excluding impairments

CASH IN THE BUSINESS



CASH ($000s)

FY18 - FY20 CAGR 30.9%

In uncertain times a key 'risk mitigation' strategy is to maximise cash within the business and Joyce has delivered a significant increase with +52% increase in liquid funds year on year.

CHAIRMAN'S LETTER

We are pleased to report the Joyce Corporation has had another successful year with an increase in our Earnings Before Impairment, Interest and Tax of over 20%. It is pleasing the company was able to safely navigate the COVID-19 environmnent while improving its underlying performance. This has been a huge achievement given what the organisation has been through this year. I am mindful that in my last address I referred to an 'Economics Insights' article published by CommSec – the title of which read: 'Slowest retail spending in 28 years'. Today, that environment does not feel as bad as the last six months. Despite this, our underlying earnings have increased and as a Group we have generated significant levels of cash. Delivering on key, short term initiatives has reduced our risk in these turbulent times and set the Group up to take advantage of investment opportunities in the future.

This ongoing success is founded on our business model, under which we partner with business owners and for all parties to benefit from the others' strengths. Joyce benefits from the specialised expertise, passion and drive of these business owners, and Joyce provides the structure, guidance and strategy to maximise the earnings potential of these businesses. In some circumstances, where there are clear benefits for all parties, we are able to divest so the business can continue its journey into the future and Joyce has funds to re-invest in other opportunities.

In FY20, we divested Lloyds Online Auctions and that business is now in the hands of owners who are committed to its growth in a challenging environment. In the four years we partnered with Lloyds, we helped it realise the following commercial outcomes:

- Grew the business to three times its original size;
- Supported the establishment of many new 'verticals', expanding into new lines of business;
- Delivered a national presence with geographic expansion into Victoria and Western Australia; and
- In the past 18 months led a restructure which reduced costs by 26%.

These achievements occurred while implementing an improved corporate structure, stronger governance, systems and effective reporting. We continue to have a good relationship with our now ex-partners and wish them every success in the future.

Dividends

On 27 March,2020, Joyce updated the market to advise that the Board had taken a prudent approach to the payment of the interim dividend, by deferring the final date of payment to 25 September, 2020. This ensured cash was maximised through a period of uncertainty thereby minimising risk for the organisation. Through this and a series of other initiatives the Group finished the financial year with 52% more cash than 12 months earlier.

With this in mind, the Board has determined to pay a fully franked final dividend of 2.7c per share, payable on 16 November 2020. The Board acknowledges that this is below previous years, but believes it is prudent to preserve cash in the business whilst the uncertainty in markets related to COVID-19 remains.

Acknowledgements

During the second half of the financial year we have experienced a once in a lifetime disruptive event, with the arrival of the COVID-19 pandemic. This required fast and decisive action to protect the value of our business, and I would like to acknowledge the role and contribution my fellow Directors have played and making those decisions, which have seen the Company emerge with renewed resilience and with sound financial strength. Special thanks to Jeremy Kirkwood, who chaired the COVID-19 sub-committee through the peak of the crisis. All of the Directors contributed their time and leadership generously to support our Executive team, which also spent many long hours through this period focusing on ways to navigate through what is a significant global, societal and economic crisis.

Over the past two years, our Chief Executive Officer Keith Smith has worked tirelessly to deliver the necessary building blocks required for Joyce to be successful, and this has been especially true during the COVID-19 crisis. Our current position and result is testament to his ability to deliver for the Group. Joyce is stronger for his delivery and now is well-positioned to step into an unfamiliar future. Keith has decided to leave Joyce in pursuit of other opportunities. Positively for us, he has agreed to be flexible and support the on-boarding of new leadership for Joyce Corporation. We wish him every success in the future.

I too have chosen to step aside and pass on the role of Chair. As communicated in our announcement of 20 July 2020, this will be to Jeremy Kirkwood who is well qualified to lead the company's future growth. I will be staying on as a Non-Executive Director.

Our Divisional General Managers have delivered extraordinary outcomes in an environment that many have coined 'extraordinary times'. We decided to close the KWB operations for a short period, and once conditions stabilised rapidly reopened. Bedshed's team managed 32 franchisees through the pandemic, as well as managing company-owned stores, and Lloyds has reinvented its business model. It is clear we have exceptional leaders in our operating units.

Finally, our wider team have gone above and beyond what I and the Board could have expected for Joyce. They have supported Management in delivering important and rapid changes, like the deployment of our e-Commerce offering, while delivering strong commercial outcomes in a very difficult environment. I thank you all for the contribution you have made to Joyce in what was a very difficult, but ultimately rewarding, FY20.

With best wishes,

Mike Gurry – Chairman

CEO ADDRESS

This year has been both a challenging and rewarding time to be the CEO of Joyce. COVID-19 threw up both business and personal challenges for everyone associated with the Company, including our people, our partners, our suppliers, and of course our customers.

I am proud to say that we have faced these challenges with unity and strength. As a result, we have closed the year in a good position with a strong balance sheet, including in excess of $10.6m cash on hand, and the capacity to borrow further funds. Given the uncertainty in retail markets we faced at the start of 2020, we took decisive action to both preserve cash and position ourselves to be flexible so we could respond to both the constraints and opportunities of the economic effects of COVID-19. This was made possible by the dedication and flexibility of the wider team, and the leadership shown by all the Divisional General Managers.

We have seen our Continuing Operations progress down a path of growth, both in sales (+4.0%) and in Earnings Before Impairment, Interest and Tax (EBIT) (+20.3%). This is consistent with what we budgeted and was achieved in spite of the economic turmoil.

Our Partner Organisations

KWB

In FY20, the team delivered an EBIT result of $11.3 million, representing a +18.9 per cent increase on the prior financial year. There remains significant geography to expand into and drive earnings further because. KWB's current footprint only covers 25 per cent of the Australian population.

The organisation, having closed all showrooms for a short period, is currently at order levels consistent with pre-pandemic volumes. During this period of rapid change, it was identified that improvements could be made to customer engagement, and this led to the development of a central customer engagement team now facilitating seven days a week engagement with customers.

On 1 July 2020 the new showroom at Tweed Heads was opened as planned. This additional presence in NSW continues the geographic expansion and further sites are planned for FY21. We believe key sites will become available in the wake of the pandemic, principally in the Northern suburbs of Sydney.

Bedshed

Bedshed continues to add value to Joyce with earnings in the past financial year growing by 48.2 per cent to $3.6 million[1], which follows the 13 per cent growth in earnings recorded in the previous year.

This result was achieved despite a significant drop off in trade during April. We made the conscious decision to continue to trade across the company-owned store and franchise network, while taking all the necessary precautions to protect the health of our people and our customers. This was in contrast to our larger competitors who closed all or large parts of their networks. This provided us with two distinct advantages - an ongoing ability to read the market, and continued engagement with our supply chain. In May and June when demand increased significantly, we were ahead of the competition and able to increase our market share.

During the year the Bedshed team won the initial Large Format Retailers award for best Marketing Campaign of the Year, which is a huge accolade and a testament to the capability of the team. We also saw the rollout of our new systems across the network of 37 stores, which focuses on supply chain and managing the 'point of sale' experience for the customer. In addition to this we launched a new e Commerce offering, the trading performance of this route to market has already exceeded our expectations.

Not surprisingly, many potential franchisees put partnership plans on hold until they understood the potential effect of COVID-19 on the retail sector. We are now starting to see these opportunities re-emerge, but we are still in the early stages of recovery and this type of growth is more likely to come in the medium term. The Bedshed team will continue to execute on its franchisee recruitment plan, exceptional marketing and utilisation of new reporting technology to maintain earnings through what we expect to be a very fluid FY21.

Lloyds

Having sold the investment in Lloyds Online Auctions, Joyce continues to engage and support Lloyds to ensure a seamless separation.

Joyce

As a Group we have followed good governance and applied a prudent approach in assessing the carrying value of the assets on the balance sheet. This has led to impairments, $4.4m in goodwill and $1.1m in assets (principally the Howe St property asset). A detailed review is supplied in Note 16 and Note 18 in these accounts.

Joyce Corporation is now well placed to take advantage of organic and inorganic growth opportunities in the future. We have increased our financial strength and resilience despite the commercial impacts of the pandemic. Having delivered on what I had planned for the CEO role I see this as a natural point to hand over to a new CEO who will take Joyce on to the next phase of its journey. I would like to thank the Board, Executive, Partners and Teams for their support during my tenure and wish the Company every success in the future.

Sincerely,

Keith Smith

1 – excluding impairments

WHO ARE WE?

Joyce Corporation is a fast-growing investment Group that partners with quality, small to medium Australian businesses that have a strong potential to grow. We use our unique capability in business development and governance, and combine that with our partners' energy and passion to create better businesses that deliver increased value for all our stakeholders.

Joyce Corporation aims to deliver above average returns and a strong dividend stream to its shareholders. Our business model is built on high ethical standards and a corporate culture driven by relentless, continuous improvement.

Our partnership approach

We choose our business partners based on dynamism, energy and passion. While we commit to ongoing, year on year growth, we also look for opportunities that can deliver immediate results.

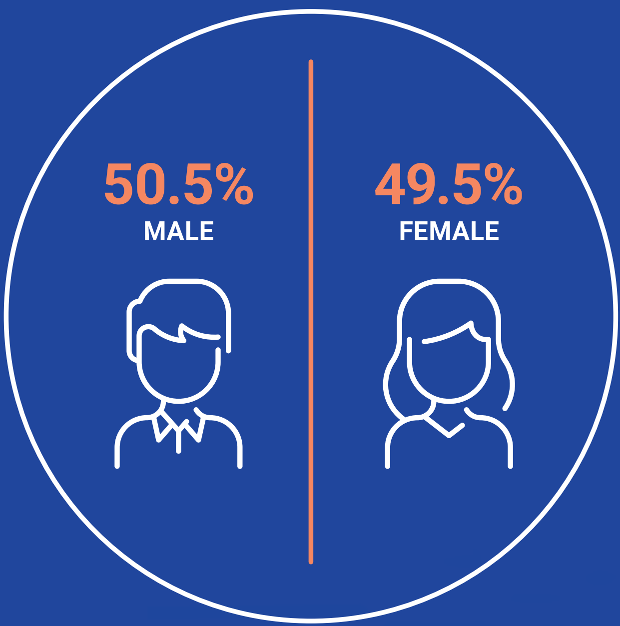
Our partners include the KWB Group, a leader in the home renovations market focusing on kitchens and wardrobes. Additionally, we have one of Australia's most recognised brands, Bedshed, which is at the forefront of Australia's home furnishings market. Until recently we partnered with Lloyds Online Auctions, growing that brand to become a highly recognised Australian auction house that carved out specialty niches in classic cars and art.

In the four years we partnered with Lloyds we achieve the following together:

- Tripled the value of annual auction sales;
- Researched and stood up multiple new streams of business-like Art which is now the third largest Art auctioneer in Australia;
- Successfully restructured the organisation, removing 26% of the cost base at the time out of the organisation; and
- Despite the current economic landscape, improved moral.

We are constantly reviewing a range of markets for opportunities to create value for our partners and shareholders. We also take a disciplined approach to our partnerships, which are regularly reviewed to ensure that we are aligned in delivering value for all of our stakeholders. Where we can continue to add value, we will, but we do not assume that value can be added indefinitely. Where others can add greater value, we support businesses like Lloyds move to a different path.

The Board and the Executive are focused on growing our current business divisions and attracting new partners to support the growth plans of the Group.



Joyce believes that a diverse workforce delivers the best outcomes for the Group, and the ability for us to access input to decisions from multiple viewpoints and backgrounds achieves the best outcomes. Our inclusive view is reflected in our gender balance.

Joyce

The Group entity has finalised a lot of the development projects that were underway in the year, and as a result of this the whole Group was well placed to deal with the demands of the pandemic. We had already established the capability to have large parts of our workforce work from home offices.

In the year, we incurred a number of 'one time' costs which by their nature we do not anticipate will occur in FY21. The Executive team are focused on operating a low-cost Group which is critical for Joyce's current size and complexity. To that end, as a part of the CEO transition, the Board have commissioned a review of the corporate structures to establish the optimal design for the Group going forwards.

There remains a lot of potential for the Group.

Our values

Internally, we describe these as the 'Joyce Way' and it defines how we do business. We value business partners and staff alike, and we engage in an open and honest way with everyone we do business with. Strong values make great business sense. They help us maintain great relationships with our people, our partners and our customers.

By being true to our values, we develop long term relationships with our partners to drive growth and value for all parties. By developing our culture to support these long term business outcomes, we expect to maximise future earnings despite uncertainty in the broader economic environment.


Partner and Grow
Act with
Integrity
+
Openness
Being reliable and dependable
Valuing our staff and customers
Being authentic in all our dealings
Being open and honest
Creating a supportive work environment
Working collaboratively with staff and customers
THE JOYCE WAY
Seek superior
Performance
+
Professionalism
Recognition of performance achievement
Understanding our business and industry needs
Creating an excellent customer service experience
Striving to do better
Endeavoring to exceed customer expectations
Striving to adopt contemporary business practices
Timely responses
Meeting standards
Doing what you say you're going to do
Maintaining a professional reputation
Collaborate and Advise

FY20 BUSINESS UNIT PERFORMANCE

JOHN BOURKE
MANAGING DIRECTOR - KWB GROUP

CHRIS PALIN
FINANCIAL DIRECTOR - KWB GROUP

KWB Group

KWB delivers outstanding solutions to customers looking to renovate their homes. KWB's kitchen and wardrobe showroom network of 21 sites reaches approximately 25% of Australia's population.

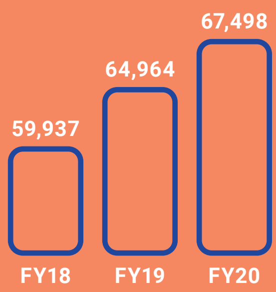
The economic impact of the COVID-19 pandemic and associated government restrictions saw us close our showroom network for most of April. Despite the closures, customer interest in our offering was significantly higher than expected. In response we accelerated and expanded our online and telephone channels to maximise our interaction with customers during this difficult time.

By the end of April, the KWB team was confident demand would continue to be robust enough to enable a phased reopening of the showroom network. Customers rapidly re-engaged with the brand and the levels of orders increased quickly, with June orders returning to pre-COVID-19 levels. We continue to see strong demand for our high-quality products and services.

We are pleased to report that as a result KWB achieved its budgeted EBIT growth, completing the FY20 year at $11.3m. This result is an improvement on the prior year of 18.9% and has been achieved despite the short-term impact of COVID-19.

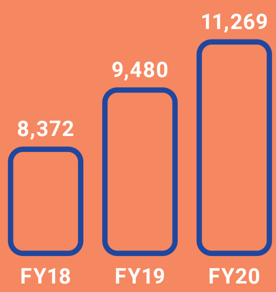
The KWB management team continues to focus on growing earnings into the future. Principally, this will be achieved by expanding the number of showrooms in the network. Our Tweed Heads showroom opened as planned on 1 July 2020 – an important step in growing our NSW footprint. Plans to deploy more showrooms are in place, targeting the rapidly growing northern suburbs of Sydney. Timing is being carefully considered given the uncertainty around State imposed restrictions associated with the COVID-19 pandemic.

SALES



NET REVENUE ($000s)
FY18 - FY20 CAGR 6.1%

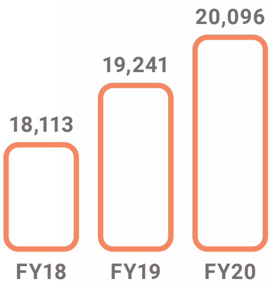
EBIT



EBIT ($000s)
FY18 - FY20 CAGR 16.0%

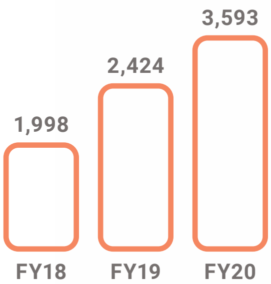
FY20 BUSINESS UNIT PERFORMANCE

SALES



NET REVENUE ($000s)
FY18 - FY20 CAGR 5.3%

EBIT



EBIT ($000s)
FY18 - FY20 CAGR 34.1%

Gavin Culmsee
GENERAL MANAGER - BEDSHED

In the year we exceeded the earnings our strategic plan called for with increases to our EBIT number of 48.2%.

Bedshed

Bedshed is an Australian household name, delivering high quality bedroom furnishings. The 37-store network is run and owned by franchisees, except for five company-owned stores which operate in Queensland and Western Australia.

The franchisee model has proved enormously successful for Bedshed, and we see this as the key opportunity to grow the overall Bedshed business. Additional resources were added to the team in FY20 to focus on attracting new franchisees. Significant interest had been generated by the half year and the team were engaging with over 100 live enquiries. The onset of COVID-19 has delayed new franchisees coming on board, however a good level of interest remains.

At the half year, we shared the growth in earnings compared to the same period in the previous year, which was +20.9% up. Growth continued until late March, when the impacts of the pandemic were felt. The decision was made for the whole network to stay open, subject to a rigorous health and safety regime to protect our customers and staff.

This was in contrast to many of our competitors who shut all or significant parts of their networks. The advantage for Bedshed was threefold:

1. By being open we could get first-hand indicators of the rapidly changing demand and react to them;
2. We could continue interaction with our supply chain and manage inventory coming into the network, as well as maintaining critical supply chain and supplier relationships, and;
3. Having staff available to close out key technology and process projects.

The month of April was significantly below the same period in the prior year. Near the end of the month we experienced a significant increase in the level of orders. By being open and trading we were able to react to the change and resource our stores appropriately, and most critically, manage our supply chain. This placed us ahead of the competition and continues to be of benefit.

This rapid rise in orders continued through May, resulting in a record month of sales for the organisation. This was followed by a new record for sales in June. Some of this demand is through a shift in consumer buying patterns, however we have also secured a gain in market share. The spending shift is from consumers spending less on holidays and other services, and some of those savings have been allocated to spending on consumer goods. The gain in share was supported by high quality marketing campaigns in the year, including the Bedroom Report campaign which saw Bedshed win a coveted 'Marketing Campaign of the Year' Large Format Retailers Association (LFRA) award.

Looking forward, it is highly unlikely that demand will remain at these elevated levels. We have recently closed 10 franchisee stores in Victoria in line with the State Government's lock down restrictions. Through these changes the team and our franchisee partners have demonstrated agility and the ability to benefit from a rapidly changing environment. We believe these capabilities will place Bedshed in the best position to navigate FY21, which will be an unpredictable year.

BOARD OF DIRECTORS

MIKE GURRY AM

Chairman

Mike was appointed Chair in Dec 2018 and has been a Non-Executive Director since 2008. He has 35 years Chair/Non-Executive Director experience and has held directorships across the publicly listed, private, government and not-for-profit sectors within Australia and internationally, including Foundation Housing Ltd, Australian Health Insurance Association (AHIA), the Australian Information Industry Association (AIIA), the West Australian Ballet and Integrated Group Ltd. He is currently a Non- Executive Director of St John Ambulance WA. Mike is a pure mathematician and statistician who has worked as a senior executive for IBM and CEO of both an international management consulting company and a large WA based insurance company. He has consulted to Government at both State and Federal level, and worked in numerous industries including Banking, Insurance, Health, Manufacturing, Mining, Transport and Energy. Mike was awarded the Order of Australia (AM) in 2018.

KAREN GADSBY

Deputy Chair

Karen was appointed Deputy Chair in May 2019 and has been a Non-Executive Director since July 2017. She has 19 years Chair/Non-Executive Director experience and has held directorships across the publicly listed, private, government and not- for-profit sectors within Australia, including Strategen Environmental Consulting Pty Ltd, Landgate, Forest Products Commission, Western Health (Vic.), Community First International and GMHBA (Vic). She is currently a Non-Executive Director of Talisman Mining Limited and Mindful Meditation Australia. Karen is a Chartered Accountant who worked as a senior executive with North Limited for 13 years across finance, commercial, risk, IT and human resources.

DAN SMETANA

Non-Executive Director

Dan was Chair of Joyce Corporation Ltd for 34 years, stepping down in Nov 2018, and he remains on the Board as a Non-Executive Director. He has had 50 years Chair/Non-Executive Director experience and has held directorships across the publicly listed, private, government and not-for-profit sectors within Australia and internationally, including Defence Reserves Support Council – WA, Youth Focus, Western Power, West Australian Symphony Orchestra, Edge Employment, WA Federation of PCYC and Korab Resources Limited. Dan is a Certified Practicing Accountant (FCPA) who has worked across many industries including mining, manufacturing and retail. Dan was awarded the Centenary Medal for Service to Commerce and the Community in 2003.

TIM HANTKE

Non-Executive Director

Tim has been a Non-Executive Director since 2006. He has 30 years Non-Executive Director experience across the publicly listed, private, government and not-for-profit sectors within Australia, including Snap Printing and Lifeline, as well as serving on various advisory boards for the Federal Government. He is currently a Non-Executive Director of Mrs Macs Pty Ltd and Bentech Assistive Technologies Inc. Tim has a B Comm. (UWA) degree, and is a Fellow Member of AICD, AIM and a Member of AMA. He has worked in a wide variety of industries including building materials, food manufacturing, government relations, printing and franchising.

JEREMY KIRKWOOD

Non-Executive Director

Jeremy was appointed a Non-Executive Director in January 2020. He has extensive experience as a Director of listed and private companies. Jeremy is currently a Director of Talisman Mining Limited (Chair until July 2020), Trustee of the RE Ross Trust and Director of Hillview Quarries Pty Ltd, Nurturecare Pty Ltd and Independent Schools Victoria. He is a principal of Pilot Advisory Group and was previously a Managing Director at Credit Suisse, Morgan Stanley and Austock. He has extensive experience in corporate strategy, merger and acquisitions, investment banking and global capital markets.

TRAVIS McKENZIE

Non-Executive Director

Travis was appointed a Non-Executive Director in July 2019. He has had 6 years Executive Director experience on private boards within Australia, including Celsius Developments Pty Ltd. He is currently an Executive Director of Alma Road Rise Pty Ltd and 78 Degrees Pty Ltd. Travis is a qualified Lawyer who has worked in derivatives and foreign exchange trading in Europe and the Americas, as well as in Australia. He has worked in multiple industries and more recently has focused on property and property development.

EXECUTIVE TEAM

KEITH SMITH

CEO / Company Secretary

Keith joined the team in May 2018 and has previously worked across Europe and the Americas, which allows a global perspective to be taken and the ability to present different solutions to local issues. Since coming to Australia, he has led Finance, Technology, Operations and Company Secretarial functions for publicly listed and not-for-profit (NFP) organisations. Exposure to technology in its broadest form and recent emerging technology has provided Keith with unique experiences and awareness of the potential 'digitalisation' has for commercial and NFP entities.

Keith has led divisions of a large international Corporate during his time in the United States. From this, he has extensive experience in successfully leading businesses in diverse industries to achieve their commercial and cultural goals.

DEREK FOWLER

Chief Financial Officer

Derek was appointed Chief Financial Officer of Joyce Corporation in August 2019. He brings broad financial, commercial and operational experience, having led finance and commercial functions in global organisations across a multitude of industries, including Oil & Gas, Mining Services and Engineering. These include Falck, Oceaneering, and AGR. Derek holds a Bachelor of Business from Curtin University, a Certificate in Corporate Governance, is a qualified CPA and graduate of the AICD Company Directors Course.

Your Directors present their report on the Consolidated Entity, consisting of Joyce Corporation Ltd ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2020 ("the Financial Year").

DIRECTORS

The names of the Company's Directors in office during the Financial Year and until the date of this report are as stated below. Directors were in office for this entire period unless otherwise stated.

Name	Position	Appointment date	Resignation date
Michael Gurry	Non-Executive Director (Chair) (a)	8 May 2007	-
Karen Gadsby	Non-Executive Director (Deputy Chair)	1 July 2017	-
Daniel Smetana	Non-Executive Director	30 November 1984	-
Timothy Hantke	Non-Executive Director	9 June 2006	-
Travis McKenzie	Non-Executive Director	1 July 2019	-
Jeremy Kirkwood	Non-Executive Director (a)	14 January 2020	-
Anthony Mankarios	Non-Executive Director (b)	1 July 2019	24 November 2019

(a) In the ASX announcement dated 20 July 2020, the Company communicated the planned transition of the Chair. Michael Gurry announced that he will be standing down as Chair at this year's Annual General Meeting in November. Jeremy Kirkwood will take over as the Joyce Chair following the 2020 Annual General Meeting. Michael Gurry will stay on as a Non-Executive Director.
(b) Change of role from Executive Director to Non-Executive Director as of 1 July 2019. Resigned 24 November 2019.

SECRETARIES

Keith Smith	Group Company Secretary (a)
Anita Hollenberg	Company Secretary

(a) In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

PRINCIPAL ACTIVITIES

During the Financial Year the principal continuing activities of the Consolidated Entity consisted of being:

- Majority owner of 51% of KWB Group Pty Ltd, operator of retail kitchen and wardrobe showrooms;
- Franchisor of the Bedshed chain of retail bedding stores; and
- Owner of five Bedshed retail stores.

The significant change in the nature of the principal activity of the Consolidated Entity was the disposal in June 2020 of the 56% majority ownership of Lloyds Online Auctions Pty Ltd, an online auctioneer and valuer.

REVIEW AND RESULTS OF OPERATIONS

During the Financial Year, the Consolidated Entity achieved revenue from continuing operations of $87.59 million (2019: $84.20 million) and a profit from continuing operations before tax of $5.77 million (2019: $9.11 million) and after tax of $2.67 million (2019: $6.38 million). These profit numbers were after deducting $5.52 million (2019: nil) of impairments.

Financial position

At 30 June 2020, the Consolidated Entity had total equity of $21.65 million (2019: $26.21 million) including non-controlling interest and dividend payments of $2.80 million in the Financial Year (2019: $3.55 million). Cash and cash equivalents increased from $6.97 million at 30 June 2019 to $10.64 million at 30 June 2020. Unused finance facilities were $4.41 million (2019: $0.28 million).

Bank facilities

The Consolidated Entity has a long-term debt funding facility with the Commonwealth Bank of Australia in place, in addition to a short-term debt funding facility with the National Australia Bank. Refer to Note 23 in relation to the limits and expiry dates.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Consolidated Entity will look to further develop the KWB business and continue to invest in additional stores down the East Coast of Australia. The Bedshed business will develop through the expansion of its network of franchised stores and improving the financial performance of the five company-owned stores. The Company continues to pursue other investment opportunities.

DIVIDENDS

Dividends declared or paid during the Financial Year are as follows:

	2020	***2019***
	$000	***$000***
Dividends paid or payable		
Ordinary shares:		
FY18 final fully franked dividend of 6.0 cents per share	-	1,678
FY19 interim fully franked dividend of 5.0 cents per share	-	1,399
FY19 second interim fully franked dividend of 1.7 cents per share	-	476
FY19 final fully franked dividend of 5.0 cents per share	1,397	-
FY20 interim fully franked dividend of 5.0 cents per share (a)	1,404	-
Total dividends declared or paid	2,801	3,553

(a) The FY20 interim fully franked dividend of 5.0 cents per share resolved on 25 February 2020 is payable on 25 September 2020, (deferred from 6 May 2020 due to the commercial uncertainty surrounding the COVID-19 pandemic).

The Directors resolved that a FY20 final dividend of 2.7 cents per share, fully franked, be paid by Joyce Corporation Limited on 16 November 2020 to all shareholders registered as at the record date of 10 November 2020.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

A significant change in the principal activity of the Consolidated Entity was the disposal in June 2020 of the 56% majority ownership of Lloyds Online Auctions Pty Ltd, an online auctioneer and valuer.

During the Financial Year the KWB Group closed 30 retail kitchen showrooms for a period of up to 4 weeks in relation to concerns for the health and safety of its staff and customers during the Coronavirus (COVID-19) pandemic.

The Bedshed franchising, Bedshed company-owned stores and online auctions business segments remained open and fully operational within COVID-19 health and safety precautions during the Financial Year.

As a result of the COVID-19 pandemic, Directors, KMP and Executive of the Consolidated Entity agreed to modify their remuneration arrangement to defer 50% of their director fee and/or salary until the trading environment normalised. In each case, the fee and/or salary deferred during the COVID-19 pandemic period will be aggregated and paid to the KMP or Executive once the trading environment has normalised. Refer to Note 30(a) in relation to the amount owing to Directors, KMP and Executive at 30 June 2020 under this modification.

Other than the disclosed above, there were no other significant changes in the state of affairs of the Consolidated Entity during the year ended 30 June 2020.

SIGNIFICANT AFTER REPORTING DATE EVENTS

The FY20 interim fully franked dividend of 5.0 cents per share resolved on 25 February 2020 is payable on 25 September 2020, (deferred from 6 May 2020 due to the commercial uncertainty surrounding the COVID-19 pandemic).

In July 2020, KWB Group Pty Ltd updated the expiry date of its bank guarantee facility and business markets loan held with the National Australia Bank to 31 July 2021. All other limits and terms remain the same.

In the ASX announcement dated 20 July 2020, the Company communicated the planned transition of the Chair. Michael Gurry announced that he will be standing down as Chair at this year's Annual General Meeting in November. Jeremy Kirkwood will take over as the Joyce Chair following the 2020 Annual General Meeting.

In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

In August 2020, Derek Fowler left the Company as CFO, at the end of his fixed term contract.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. The Consolidated Entity is therefore uncertain as to the full impact the pandemic will have on the wider economy and as a result on its financial condition, liquidity, and future results of operations.

In August 2020 the 10 Bedshed stores located in Melbourne closed to the public for 6 weeks as per the government directive, they have maintained a presence online.

The Directors resolved that a FY20 final dividend of 2.7 cents per share, fully franked, be paid by Joyce Corporation Limited on 16 November 2020 to all shareholders registered as at the record date of 10 November 2020.

The Consolidated Entity is actively monitoring the global and national situation and its impact on the Consolidated Entity's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 pandemic and government's responses to curb its spread, at this point the Consolidated Entity is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for the 2021 financial year.

Other than disclosed above, no event has occurred since the reporting date to the date of this report that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs.

INFORMATION ON DIRECTORS

Michael Gurry - Chair. Age 73.
Bachelor of Science (UWA), Dip AICD, FAIM, SF Fin, FAICD

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Chair of the Joyce Board (will be standing down as Chair at this year's Annual General Meeting in November).
Chair of the Lloyds Board
Director Bedshed until 17 December 2019
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee
Chair KWB Board until 13 August 2019
Member KWB Board
Member Covid-19 Sub Committee from March to May 2020

Interests in shares and options held directly, indirectly, or beneficially
56,878 ordinary shares

Karen Gadsby – Deputy Chair. Age 57.
Bachelor of Commerce, FCA, MAICD

Other current directorships of listed entities
Talisman Mining Ltd

Former directorships of listed companies in the last 3 years
None

Special responsibilities
Deputy Chair from 1 May 2019
Chair KWB Board from 13 August 2019
Alternate Director Lloyds Online Auctions Pty Ltd Board until 3 March 2020
Director Bedshed until 17 December 2019
Chair of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee
Member Covid-19 Sub Committee from March to May 2020

Interests in shares and options held directly, indirectly, or beneficially
20,000 ordinary shares

Daniel Smetana - Non-Executive Director, former Chair (January 1985 to November 2018). Age 76.
Dip Comm, FCPA, FAIM, FAICD

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
Korab Resources Ltd

Special responsibilities
Director Bedshed until 17 December 2019
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
11,062,440 ordinary shares

Timothy Hantke – Non-Executive Director. Age 72.
Bachelor of Commerce, FAIM, FAICD

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Director Lloyds Online Auctions Pty Ltd Board until 3 March 2020
Director KWB Board until 28 February 2020
Chair Bedshed
Member of the Audit and Risk Committee
Chair of the Remuneration Committee
Chair of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
20,000 ordinary shares

Travis McKenzie – Non-Executive Director (appointed 1 July 2019). Age 42.
Bachelor of Law, Bachelor of Commerce, GAICD

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Alternate Director Bedshed from 17 December 2019
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
15,086 ordinary shares

Jeremy Kirkwood – Non-Executive Director (appointed 14 January 2020). Age 57.
Bachelor of Commerce ANU

Other current directorships of listed entities
Talisman Mining Ltd
Kin Mining NL
Zenitas Healthcare Ltd

Former directorships of listed companies in the last 3 years

Special responsibilities
Chair Covid-19 Sub Committee from March to May 2020
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee

Interests in shares and options held directly, indirectly, or beneficially
Nil

Anthony Mankarios – Non-Executive Director (from 1 July 2019 to 24 November 2019). Age 53.
MBA, FAICD, CFTP

Other current directorships of listed companies
Inventis Ltd

Former directorships of listed companies in last 3 years
None

Special responsibilities
Director Lloyds Online Auctions Pty Ltd Board until 26 August 2019
Director KWB Board until 13 August 2019
Director Bedshed until 26 August 2019
Member of the Audit and Risk Committee until 24 November 2019
Member of the Remuneration Committee until 24 November 2019
Member of the Nomination Committee until 24 November 2019

Interests in shares and options held directly, indirectly, or beneficially
Nil ordinary shares

SECRETARIES

Keith Smith – Acting CEO (from 1 July 2019 to 30 March 2020), CEO (from 31 March 2020), Group Company Secretary. Age 54.

Accounting BSc (Hons), ACA, CA ANZ, AICD, GIA (Cert)

In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

Anita Hollenberg – Company Secretary (from 27 August 2019). Age 38.

Bachelor of Commerce, CA ANZ, GIA (Cert)

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the Financial Year, and the number of meetings attended by each Director were:

Directors	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
Michael Gurry	15	13	4	4	2	2	2	2
Karen Gadsby	15	15	4	4	2	2	2	2
Daniel Smetana	15	15	4	4	2	2	2	2
Timothy Hantke	15	15	4	4	2	2	2	2
Travis McKenzie	15	14	4	4	2	2	2	2
Jeremy Kirkwood	11	11	3	3	1	1	2	2
Anthony Mankarios	2	2	1	1	1	1	-	-

A = Number of meetings held during the time the Director held office or was a member of the committee during the Financial Year.

B = Number of meetings attended during the time the Director held office or was a member of the committee during the Financial Year.

The remuneration report is set out under the following parts:

A. Principles used to determine the nature and amount of remuneration
B. Service agreements
C. Details of remuneration
D. Share-based compensation
E. Link between remuneration policy and company performance
F. Voting at the 2019 Annual General Meeting
G. Independent salary and incentive review
H. Loans or other transactions with Directors and Key Management Personnel

The information provided in this remuneration report is also included in the financial report which has been audited as required by section 308(3C) of the Corporations Act 2001.

As well as the Directors previously mentioned in this Directors' Report, other KMP of the Consolidated Entity include:

Key Management Personnel	Position Held
Keith Smith (a)	Acting CEO, Joyce Corporation Ltd to 30 March 2020 CEO, Joyce Corporation Ltd from 31 March 2020 Group Company Secretary, Joyce Corporation Ltd
Derek Fowler	CFO, Joyce Corporation Ltd from 19 August 2019 to 7 August 2020
John Bourke	Managing Director, KWB Group Pty Ltd
Chris Palin	Finance Director, KWB Group Pty Ltd
Lee Hames	Director and COO, Lloyds Online Auctions Pty Ltd
Gavin Culmsee	General Manager, Bedshed Franchising Pty Ltd

(a) In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration committee

The Remuneration Committee Charter establishes the role of the Remuneration Committee, which is to review and make recommendations on Board remuneration; senior management remuneration; executive share plan participation; human resource and remuneration policies; and senior management succession planning, appointments and terminations.

The main responsibilities of the Remuneration Committee include reviewing and making recommendations on remuneration policies for the Consolidated Entity including those governing the Directors and the Key Management Personnel.

The Remuneration Committee comprises a majority of Non-Executive Directors and at least three members.

The Chair of the Remuneration Committee is appointed by the Board and is a Non-Executive Director.

The Remuneration Committee meets as and when required by the Chair and at least twice annually. The Committee may invite persons deemed appropriate to attend meetings and may take any independent advice as it considers necessary or appropriate. Any Committee member may request the Chair to call a meeting.

During the year the Remuneration Committee reviewed and revised its Charter and Policy and reviewed its effectiveness.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONTINUED)

Remuneration policies

The objective of the Consolidated Entity's executive reward framework is to ensure reward is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation to organizational results;
- Transparency; and
- Capital management.

In consultation with external remuneration consultants, where appropriate, the Consolidated Entity has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The framework aligns to shareholders' interests by:

- Having economic profit as a core component of plan design;
- Focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracting and retaining high caliber executives.

It aligns to program participants' interests by:

- Rewarding capability and experience;
- Reflecting competitive reward for contribution to growth in shareholder wealth;
- Providing a clear structure for earning rewards; and
- Providing recognition for contribution.

Non-Executive Director's remuneration

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board considers, where appropriate, the advice of independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of Non-Executive Directors, based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of their own remuneration.

The current base remuneration was last independently reviewed in December 2016. Executive Directors who are members of a committee do not receive additional fees for membership of the committee. Non-Executive Directors receive additional fees for the Chairing of a committee. Since that time fees have been increased by the rate of CPI.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The limit currently stands at $700,000 per annum and was approved by shareholders at the Annual General Meeting on 30 November 2017.

A. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (CONTINUED)

Executive remuneration

Fixed Component
The level of fixed remuneration is set to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the process involves the review of the Consolidated Entity, the relevant segment and individual performance.

Variable Component – Short-Term Incentives
Goals are set at the start of each financial year and consist of one or more key performance indicators (KPI's) covering both financial and non-financial, corporate and individual measures of performance. Included in the measures are targets for profit, cash balances and departmental functional KPI's. At the end of the financial year the Remuneration Committee assesses the actual performance of the Consolidated Entity, the relevant segment and individual against the KPI targets. When the Consolidated Entity, or the relevant segment, and the individual achieve their KPIs, the Board will reward the KMP with a cash bonus paid after the end of the financial year being assessed.

A percentage of a pre-determined maximum amount is awarded depending on the results achieved. No bonus is awarded where performance falls below the minimum.

Variable Component - Long Term Incentives
The Remuneration Committee offers Performance Rights in the Long-Term Incentive Scheme.

B. SERVICE AGREEMENTS

This remuneration report outlines the Director and Executive remuneration arrangements with the Consolidated Entity in accordance with the requirements of the Corporations Act 2001 and its regulations.

For the purposes of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Consolidated Entity.

For the purposes of this report, the term "Executive" encompasses the Directors, Key Management Personnel and other senior executives of the organisation.

B. SERVICE AGREEMENTS (CONTINUED)

Details of the Key Management Personnel (including the Executives) of the Consolidated Entity:

Name	Position held
Michael Gurry	Non-Executive Director, Chair of the Board
Karen Gadsby	Non-Executive Director, Deputy Chair of the Board, Chair of the Audit Committee
Daniel Smetana	Non-Executive Director
Timothy Hantke	Non-Executive Director, Chair of the Remuneration Committee
Travis McKenzie	Non-Executive Director from 1 July 2019
Jeremy Kirkwood	Non-Executive Director from 14 January 2020
Anthony Mankarios	Non-Executive Director to 24 November 2019
Keith Smith (a)	Acting CEO to 30 March 2020, CEO from 31 March 2020, Group Company Secretary
Derek Fowler	CFO Joyce Corporation Ltd from 19 August 2019 to 7 August 2020
John Bourke	Managing Director KWB Group Pty Ltd
Chris Palin	Finance Director KWB Group Pty Ltd
Lee Hames	Director and COO of Lloyds Online Auctions Pty Ltd
Gavin Culmsee	General Manager Bedshed Franchising Pty Ltd

(a) In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

The employment conditions of all KMP are formalised in contracts. The directors and CEO are engaged by Joyce Corporation Ltd. All Executives, except for Derek Fowler (who had a fixed term contract), are permanent employees of subsidiaries within the Consolidated Entity.

Contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts is set out below.

	Term of agreement	Notice period in months	Termination payment in months
Keith Smith	rolling	3	3
Derek Fowler	1 year	1	-
Chris Palin	rolling	3	3
John Bourke	rolling	3	3
Lee Hames	rolling	3	3
Gavin Culmsee	rolling	3	3

The Consolidated Entity can terminate each contract by providing the required written notice period or providing payment in lieu of the notice period (based on the fixed component of the KMP's remuneration). The Consolidated Entity may terminate a KMP or Executive for serious misconduct without notice. Where termination with cause occurs, the Executive is only entitled to that portion of remuneration that is fixed up to the date of termination.

B. SERVICE AGREEMENTS (CONTINUED)

Contractual arrangements (continued)

As a result of the COVID-19 pandemic, Directors, KMP and Executive of the Consolidated Entity agreed to modify their remuneration arrangement to defer 50% of their director fee and/or salary until the trading environment normalised. In each case, the fee and/or salary deferred during the COVID-19 pandemic period will be aggregated and paid to the KMP or Executive once the trading environment has normalised.

Refer to part H in relation to the amount owing to Directors, KMP and Executive at 30 June 2020 under this modification.

Refer to part C in relation to base salary and superannuation.

Related party transactions with Key Management Personnel

Refer to part H in relation to transactions with Key Management Personnel.

C. DETAILS OF REMUNERATION

The remuneration summary of Key Management Personnel for the Financial Year is set out below.

2020		Short-term benefits			Post employment benefit	Other	Long-term benefits		Total	% relating to performance
		Salary & Fees	Cash Bonus	Non-Cash	Super	LSL & AL	Share-based payment (e)	Performance rights		
Non-executive Directors										
Michael Gurry		132,429	-	-	12,581	-	-	-	145,010	-
Karen Gadsby		80,667	-	-	7,663	-	-	-	88,330	-
Daniel Smetana		80,667	-	-	7,663	-	-	-	88,330	-
Timothy Hantke		80,667	-	-	7,663	-	-	-	88,330	-
Travis McKenzie	(a)	35,650	-	-	3,387	-	-	-	39,037	-
Jeremy Kirkwood	(b)	30,893	-	-	2,935	-	-	-	33,828	-
Anthony Mankarios	(c)(d)	353,386	-	-	8,305	-	189,474	-	551,165	-
Total Non-Executive Directors		**794,359**	**-**	**-**	**50,197**	**-**	**189,474**	**-**	**1,034,030**	**0.0%**
Total Directors		**794,359**	**-**	**-**	**50,197**	**-**	**189,474**	**-**	**1,034,030**	**0.0%**
Other Key Management Personnel										
Keith Smith		296,347	120,000	-	28,153	24,869	-	-	469,369	25.6%
Derek Fowler		154,545	-	-	14,682	12,821	-	-	182,048	-
John Bourke		361,492	98,084	-	43,660	-	-	-	503,236	19.5%
Chris Palin		284,831	77,518	-	34,509	-	-	-	396,858	19.5%
Lee Hames		171,923	47,620	7,057	14,745	-	-	-	241,345	19.7%
Gavin Culmsee		270,320	59,270	-	25,680	27,552	-	19,833	402,655	19.6%
Total Other Key Management Personnel		**1,539,458**	**402,492**	**7,057**	**161,429**	**65,242**	**-**	**19,833**	**2,195,511**	**19.2%**
Total Remuneration		**2,333,817**	**402,492**	**7,057**	**211,627**	**65,242**	**189,474**	**19,833**	**3,229,541**	**13.1%**

(a) Appointed 1 July 2019.
(b) Appointed 14 January 2020.
(c) Change of role from Executive Director to Non-Executive Director as of 1 July 2019. Resigned 24 November 2019.
(d) Salary & fees being:
- Termination payment of $245,966
- Non-Executive Director fees of $107,420.

(e) Refer to Remuneration Report Part (D) in relation to details of the share-based payment.

C. DETAILS OF REMUNERATION (CONTINUED)

The remuneration summary of Key Management Personnel for the prior financial year is set out below.

2019		Short-term benefits			Post employment benefit	Other	Long-term benefits		Total	% relating to performance
		Salary & Fees	Cash Bonus	Non-Cash	Super	LSL & AL	Share-based payment	Performance rights		
Michael Gurry		115,982	-	-	11,018	-	-	-	127,000	-
Karen Gadsby		86,073	-	-	8,177	-	-	-	94,250	-
Daniel Smetana		120,772	-	-	11,473	-	-	-	132,245	-
Timothy Hantke		86,073	-	-	8,177	-	-	-	94,250	-
Total Non-Executive Directors		**408,900**	**-**	**-**	**38,845**	**-**	**-**	**-**	**447,745**	**0.0%**
Executive Director										
Anthony Mankarios	(a)	321,572	120,000	-	6,637	-	-	-	448,209	26.8%
Total Directors		**730,472**	**120,000**	**-**	**45,482**	**-**	**-**	**-**	**895,954**	**13.4%**
Other Key Management Personnel										
Keith Smith		242,149	-	-	23,004	15,781	-	-	280,934	-
Keith Gray	(b)	114,003	19,752	-	11,073	48,383	-	-	193,211	10.2%
John Bourke	(c)	326,946	94,767	-	40,063	-	-	-	461,776	20.5%
Chris Palin	(c)	258,393	74,897	-	31,663	-	-	-	364,953	20.5%
Andrew Webber	(d)	50,000	-	-	4,750	-	-	-	54,750	-
Lee Hames	(e)	185,433	-	4,099	15,894	4,183	-	-	209,609	-
Gavin Culmsee	(b)	236,210	61,683	-	23,421	26,750	-	-	348,064	17.7%
Total Other Key Management Personnel		**1,413,134**	**251,099**	**4,099**	**149,868**	**95,097**	**-**	**-**	**1,913,297**	**13.1%**
Total Remuneration		**2,143,606**	**371,099**	**4,099**	**195,350**	**95,097**	**-**	**-**	**2,809,251**	**13.2%**

(a) Anthony Mankarios was paid a cash bonus at the start of the financial year based on the achievement of key performance criteria related to the year ended 30 June 2018. These include profit goals and the successful completion of predetermined events set by the non-executive directors. For the year ended 30 June 2019 the short-term incentive bonus performance targets were not met and no payment will be made related to this incentive. Anthony was contracted to 30 June 2019; the Board have not renewed this contract. In the announcement made to the ASX on 24 July 2019 the Board indicated that the Performance Rights voted at the 2018 AGM had been cancelled.

(b) Cash bonuses paid to other KMP's were at the discretion of the directors and were based on key performance criteria, which required performance to meet or exceed the group budget and successfully complete predetermined targets.

(c) John Bourke and Chris Palin are both directors of KWB Group Pty Ltd their cash bonuses are related to meeting key performance criteria related to KWB Group Pty Ltd at the date of this report.

(d) Andrew Webber's consultancy company, was paid $190k for consulting services performed by his staff members for the Lloyds Online group of companies.

(e) Lee Hames is a Director and COO of Lloyds Online Auctions Pty Ltd.

C. DETAILS OF REMUNERATION (CONTINUED)

Achievement of the short-term employment benefits

STI - Cash Bonus
The achievement of the short-term employment benefits of Key Management Personnel for the Financial Year is set out below.

	Short-term employment benefits - Cash bonus							
2020	**100% level STI *$000***	**% financial conditions**	**% non-financial conditions**	**STI financial condition *$000***	**STI non-financial condition *$000***	**% of the financial condition achieved**	**% of the non-financial condition achieved**	**STI payable *$000***
Non-executive Directors								
Michael Gurry	-	-	-	-	-	-	-	-
Karen Gadsby	-	-	-	-	-	-	-	-
Daniel Smetana	-	-	-	-	-	-	-	-
Timothy Hantke	-	-	-	-	-	-	-	-
Travis McKenzie	-	-	-	-	-	-	-	-
Jerermy Kirkwood	-	-	-	-	-	-	-	-
Anthony Mankarios	-	-	-	-	-	-	-	-
Total Non-Executive Directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Key Management Personnel								
Keith Smith	120,000	-	100%	-	120,000	-	100%	120,000
Derek Fowler	-	-	-	-	-	-	-	-
John Bourke	98,084	100%	-	98,084	-	100%	-	98,084
Chris Palin	77,518	100%	-	77,518	-	100%	-	77,518
Lee Hames	47,620	100%	-	47,620	-	100%	-	47,620
Gavin Culmsee	72,280	76%	24%	54,933	17,347	100%	25%	59,270
Total Other Key Management Personnel	**415,502**			**278,155**	**137,347**			**402,492**
Total Cash Bonus	**415,502**			**278,155**	**137,347**			**402,492**

The original STI targets set for Keith Smith became redundant as the Financial Year progressed. These were updated multiple times, however by the year end all iterations had been superseded by the changing circumstances of the business environment and his role requirements. The Board of the Company concluded a specific fixed sum rewarding Keith Smith was more appropriate than attempting to allocate the STI based on the multiple iterations of the targets.

The non-financial targets set in Gavin Culmsee's STI related to onboarding new franchisees into the network and improving reporting to more effectively manage the Bedshed operations.

C. DETAILS OF REMUNERATION (CONTINUED)

Achievement of the short-term employment benefits

STI - Cash Bonus
The achievement of the short-term employment benefits of Key Management Personnel for the prior financial year is set out below.

	Short-term employment benefits - Cash bonus							
2019	**100% level STI *$000***	**% financial conditions**	**% financial conditions**	**STI financial condition *$000***	**STI financial condition *$000***	**% of the financial condition achieved**	**% of the non-financial condition achieved**	**STI payable *$000***
Non-executive Directors								
Michael Gurry	-	-	-	-	-	-	-	-
Karen Gadsby	-	-	-	-	-	-	-	-
Daniel Smetana	-	-	-	-	-	-	-	-
Timothy Hantke	-	-	-	-	-	-	-	-
Total Non-Executive Directors	**-**			**-**	**-**			**-**
Executive Director								
Anthony Mankarios	120,000	100%	-	-	120,000	100%	-	120,000
Total Directors	**120,000**			**-**	**120,000**		**-**	**120,000**
Other Key Management Personnel								
Keith Smith	-	-	-	-	-	-	-	-
Keith Gray	19,752	100%	-	19,752	-	100%	-	19,752
John Bourke	94,767	100%	-	94,767	-	100%	-	94,767
Chris Palin	74,897	100%	-	74,897	-	100%	-	74,897
Lee Hames	-	-	-	-	-	-	-	-
Gavin Culmsee	70,095	88%	12%	61,683	8,411	100%	0%	61,683
Total Other Key Management Personnel	**259,511**			**251,099**	**8,411**			**251,099**
Total Cash Bonus	**379,511**			**251,099**	**128,411**			**371,099**

D. SHARE-BASED COMPENSATION

Performance rights granted as compensation

During the Financial Year, 137,032 performance rights were issued to Keith Smith and 76,387 issued to Gavin Culmsee. These are subject to continued employment and meeting predetermined performance criteria.

During the previous financial year, 263,158 'FY18 performance rights' and 272,109 'FY19 performance rights' were granted to Anthony Mankarios as compensation.

Recognition and measurement

The agreements in place can only be equity-settled and are accounted for accordingly. The cost of equity-settled transactions with employees is measured using their fair value at the date which they were granted. In determining the fair value, where non-market-based conditions are attached, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions are met, ending on the date on which the employee becomes fully entitled to the award (vesting date).The cumulative expense recognised for these transactions at each reporting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest.

No expense is recognised for awards that do not ultimately vest due to a performance condition not being met.

On conversion the performance right converts to one ordinary share which carries no voting or dividend rights.

Terms and conditions

Details of the performance rights on issue are summarised below.

Beneficiary	Keith Smith (a)	Gavin Culmsee
Number of Rights Granted	137,032	76,387
Fair Value per right	$1.55	$1.55
Total fair value	$212,400	$118,400
Grant date	1 July 2019	
Expected vesting date	30 June 2022 (3 years)	
Vesting conditions	Profit metric over 3 years as described below.	
No. of rights expected to vest	Nil	38,194
Expense recorded	$Nil	$19,733

(a) In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

D. SHARE-BASED COMPENSATION (CONTINUED)

Performance rights granted as compensation (continued)

Reconciliation of performance rights

The reconciliation of the performance rights is set out below.

	Year granted	Balance at start of year Number	Granted during year Number	Rights to deferred shares Vested Number	%	Forfeited Number	%	Balance at end of year Number	Maximum value yet to vest $
Anthony Mankarios	FY18	263,158	-	-	-	263,158	100%	nil	nil
Anthony Mankarios	FY19	272,109	-	-	-	272,109	100%	nil	nil
Keith Smith	FY20	-	137,032	-	-	-	-	137,032	$212,400
Gavin Culmsee	FY20	-	76,387	-	-	-	-	76,387	$98,667

In the ASX announcement dated 24 July 2019 the Company communicated the Performance Rights allocated to Anthony Mankarios at the 2018 AGM had been cancelled.

Keith Smith and Gavin Culmsee share-based payment

The expense recognised in respect of the performance rights is based on the Board's assessment of the probability that certain milestone earnings will be achieved, measured cumulatively over the three-year period commencing 1 July 2019 and ending 30 June 2022. There are three milestones: "threshold"; "target"; and "stretch and above". Meeting these milestones results in, respectively, 25%, an additional 25%, and the final 50% of the rights vesting into ordinary shares.

Keith Smith - 137,032 performance rights (a)

Consolidated Entity net profit after tax cumulative over 3 years greater than ($000):		No. vesting (%)	Expected Probability of occurring (%)	Total number expected to vest
Threshold	$32,184	25%	0%	Nil
Target	$35,760	25%	0%	Nil
Stretch and above	$42,912	50%	0%	Nil

Total expense expected to be recorded over the three-year vesting period $Nil

(a) In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

Gavin Culmsee - 76,387 performance rights

Bedshed EBIT cumulative over 3 years greater than ($000):		No. vesting (%)	Expected Probability of occurring (%)	Total number expected to vest
Threshold	$6,570	25%	100%	19,097
Target	$7,300	25%	100%	19,097
Stretch and above	$8,760	50%	0%	Nil

Total expense expected to be recorded over the three-year vesting period $59,200

D. SHARE-BASED COMPENSATION (CONTINUED)

Anthony Mankarios fully paid ordinary share-based payment

In the 2019 Annual General Meeting on 25 November 2019, the members approved the issue of 131,579 fully paid ordinary shares to Starball Pty Ltd. Starball Pty Ltd is an entity controlled by Anthony Mankarios, the former Joyce Corporation Ltd Executive Director who held that position for nine years. In recognition of the effort that Anthony Mankarios has put into the Consolidated Entity over that period, the members resolved it was appropriate to issue 131,579 ordinary shares in the Company to Starball Pty Ltd.

The shares rank equally with the ordinary shares already on issue by the Company. No funds were received or applied in the issue, as the shares were issued in recognition of Anthony Mankarios' contribution to the Company. The fair value of the shares is determined as per the spot rate on grant date, being $1.44 on 25 November 2019.

The cost of the share-based payment is recognised, together with a corresponding increase in equity, in the period in which the shares were issued (December 2019). An expense of $189,474 was recognised in the Consolidated Statement of Profit or Loss.

Option and holding rights granted as compensation

During the Financial Year no options were granted or vested as equity compensation benefits to any Director or Executive of the Consolidated Entity (2019: nil).

Option holdings as compensation

During the Financial Year there were no options on issue to any Director or Executive of the Consolidated Entity (2019: nil).

Partly paid ordinary shares as compensation

There were no partly paid ordinary shares held or granted during the Financial Year as compensation (2019: nil).

D. SHARE-BASED COMPENSATION (CONTINUED)

Share holdings

The number of shares in the Company held during the Financial Year by each Director and KMP of the Consolidated Entity, including their personally related parties, are set out below.

During the Financial Year, 131,579 shares were granted as compensation to Anthony Mankarios (2019: nil).

2020	Balance 1 July 2019	Granted as remuneration	On exercise of options	Other net change	Balance 30 June 2020
Michael Gurry	56,878	-	-	-	56,878
Karen Gadsby	20,000	-	-	-	20,000
Daniel Smetana (a)	10,254,129	-	-	772,311	11,026,440
Timothy Hantke	20,000	-	-	-	20,000
Travis McKenzie	-	-	-	15,086	15,086
Jeremy Kirkwood	-	-	-	-	-
Anthony Mankarios (b)	741,323	131,579	-	(872,902)	-
Keith Smith	40,000	-	-	22,500	62,500
Derek Fowler	-	-	-	-	-
John Bourke	65,359	-	-	-	65,359
Chris Palin	-	-	-	-	-
Lee Hames	-	-	-	-	-
Gavin Culmsee	10,000	-	-	10,000	20,000
TOTAL	**11,207,689**	**131,579**	**-**	**(53,005)**	**11,286,263**

(a) The Other net change reflects changes in indirect holdings of associated parties.
(b) Anthony Mankarios resigned on 24 November 2019.

E. LINK BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The Consolidated Entity provided executives with variable remuneration in the form of short-term and long-term incentives as described in Part A of the Remuneration Report. These incentives are payable upon the achievement of certain goals covering both financial and non-financial, corporate and individual measures of performance. Included in the measures are contributions to profit, cash targets and departmental functional KPI's.

The following table shows the revenue, profit and dividends for the last five years for the Consolidated Entity, as well as the share price at the end of the respective financial year. The dividend includes ordinary and special dividends paid or payable in respect of each financial year.

	FY20 *$000*	FY19 *$000*	FY18 *$000*	FY17 *$000*	FY16 *$000*
Revenue from continuing operations (a)	87,594	84,205	78,093	64,726	56,544
Profit from continuing operations after tax (a)	2,674	6,385	6,204	3,794	3,460
Share price at year-end $	1.10	1.53	1.42	1.60	1.01
Dividends (cents) paid or payable	10.0	12.7	11.0	11.5	16.0

(a) Revenue and profit exclude discontinued operations.

F. VOTING AT THE 2019 ANNUAL GENERAL MEETING ON THE REMUNERATION REPORT

The Remuneration Report in the 2019 Annual Report to shareholders was voted on in the November 2019 Annual General Meeting, 58.40% of the eligible votes were cast against the resolution, being the first strike against the Company.

G. INDEPENDENT SALARY AND INCENTIVE REVIEW

During the prior financial year, the Company undertook an independent review of executive salary and incentive levels to benchmark against market. The review was undertaken by the independent professional firm of Godfrey Remuneration Group. The majority of the recommendations were enacted with the remaining changes being the subject of an ongoing project.

H. LOANS OR OTHER TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

There are no loans outstanding with any Director as at 30 June 2020 (2019: $nil).

During the Financial Year the entities of the Consolidated Entity entered into the following transactions with related parties who are not members of the group:

Key Management Personnel	Type of transaction
(i) Key Management Personnel	Received dividend payments totalling $600,625.
(ii) Key Management Personnel	Director fee and/or salary deferred due to the COVID-19 pandemic. Amount owing to KMP and Executive at 30 June 2020 totalling $47,681.

Other than the items disclosed above, there are no other material transactions with KMP not in the ordinary course of business.

End of Audited Remuneration Report.

INSURANCE OF OFFICERS

During the Financial Year, Joyce Corporation Ltd paid a premium to insure the Directors, Secretaries and KMP of the Consolidated Entity. A clause in the relevant insurance policy prevents the disclosure of the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers of the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company or more broadly to the Consolidated Entity. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for taking responsibility on behalf of the Company for all or part of those proceedings.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

Joyce Corporation Ltd is party to licenses issued by the Environmental Protection Authority as per NGER Act 2007 and various other authorities throughout Australia. These licenses regulate the management of air and water quality, the storage and carriage of hazardous materials and disposal of wastes associated with the Consolidated Entity’s properties. There have been no new or material known breaches associated with the Consolidated Entity’s license conditions.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the Financial Year by the auditor are outlined in Note 33.

The Directors are satisfied that the provision of non-audit services during the Financial Year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 33 do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 41.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

M A Gurry
Chair
Perth, 27 August 2020

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Australia

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF JOYCE CORPORATION LTD

As lead auditor of Joyce Corporation Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Joyce Corporation Ltd and the entities it controlled during the period.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2020

CORPORATE GOVERNANCE STATEMENT

Joyce Corporation Ltd ("the Company") and the Board are committed to achieving and demonstrating a high standard of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance policy and statement reflects the corporate governance practices in place throughout the Financial Year. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statements, which can be viewed at www.joycecorp.com.au.

Joyce Corporation Ltd

AND CONTROLLED ENTITIES

ABN: 80 009 116 269

Annual Financial Report

For the Year Ended 30 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

			Consolidated
	Note	2020 *$000*	2019 restated * *$000*
Continuing operations			
Revenue	6	87,594	84,205
Cost of sales	6	(42,557)	(41,373)
Gross Profit		45,037	42,832
Other revenue	6	3,938	1,545
Variable costs	6	(4,838)	(4,277)
Contribution Margin		44,137	40,100
Expenses from continuing operations			
Employment expenses	6	(19,828)	(19,161)
Occupancy expenses		(1,444)	(1,299)
Marketing expenses		(2,654)	(2,779)
Administration expenses	6	(3,608)	(2,706)
Profit before depreciation, impairment, interest, tax		16,603	14,155
Depreciation and amortisation	6	(4,606)	(4,186)
Profit before impairment, interest, tax		11,997	9,969
Impairment of non-financial assets	6	(5,526)	-
Profit before interest, tax		6,471	9,969
Net interest	6	(699)	(850)
Profit before tax		5,772	9,119
Income tax expense	8	(3,098)	(2,734)
Profit for the year from continuing operations		2,674	6,385
(Loss) / profit for the year from discontinued operations	7	(2,319)	126
Profit for the year		355	6,511
Profit is attributable to:			
Continuing operations:			
Ordinary equity holders of the company		(1,107)	3,281
Non-controlling interests		3,781	3,104
		2,674	6,385
Discontinued operations:			
Ordinary equity holders of the company		(1,655)	70
Non-controlling interests		(664)	56
		(2,319)	126

* Refer to Note 2 in relation to details of restatement.

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2020

			Consolidated
	Note	2020 *$000*	2019 restated * *$000*
(Loss) / earnings per share (cents per share) for (loss) / profit attributable to ordinary equity holders of the Company:			
Basic (loss) / earnings per share:			
(Loss) / earnings from continuing operations	10	(3.95)	11.73
(Loss) / earnings from discontinued operations		(5.90)	0.25
		(9.85)	11.98
Diluted (loss) / earnings per share:			
(Loss) / earnings from continuing operations	10	(3.95)	11.73
(Loss) / earnings from discontinued operations		(5.90)	0.25
		(9.85)	11.98
Basic earnings / (loss) per share excluding impairment expense amount:			
Earnings from continuing operations	*10*	*15.76*	*11.73*
Earnings from discontinued operations		*(5.90)*	*0.25*
		9.86	*11.98*

* Refer to Note 2 in relation to details of restatement.

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

		Consolidated	
	Note	2020 *$000*	2019 restated * *$000*
Profit for the year		355	6,511
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		355	6,511
Total comprehensive income for the year arises from:			
Continuing operations		2,674	6,385
Discontinued operations	7	(2,319)	126
Total comprehensive income for the year		355	6,511
Total comprehensive income for the year attributable to:			
Continuing operations:			
Ordinary equity holders of the company		(1,107)	3,281
Non-controlling interests		3,781	3,104
		2,674	6,385
Discontinued operations:			
Ordinary equity holders of the company		(1,655)	70
Non-controlling interests		(664)	56
		(2,319)	126

* Refer to Note 2 in relation to details of restatement.

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 $000	Consolidated 2019 restated * $000
ASSETS			
Current assets			
Cash and cash equivalents	11	10,643	6,975
Trade receivables	12	886	2,355
Inventories	13	2,974	3,185
Other receivables and prepayments	14	4,168	1,459
Other financial assets	15	179	31
Total current assets		18,850	14,005
Non-current assets			
Other receivables and prepayments	14	157	399
Deferred tax assets	8	5,564	6,202
Right-of-use assets	9	10,195	12,503
Property, plant and equipment	16	8,807	11,501
Investment property	17	9,623	9,623
Intangible assets	18	7,510	18,369
Total non-current assets		41,856	58,597
TOTAL ASSETS		60,706	72,602
LIABILITIES			
Current liabilities			
Trade and other payables	19	12,774	14,197
Dividend payable	20	1,405	-
Provisions	21	1,575	1,751
Loans and borrowings	22	521	694
Lease liabilities	9	3,370	4,401
Provision for income tax	8	484	128
Total current liabilities		20,129	21,171
Non-current liabilities			
Loans and borrowings	22	5,230	9,622
Lease liabilities	9	8,587	10,069
Deferred tax liabilities	8	3,851	4,508
Provisions	21	1,256	1,016
Total non-current liabilities		18,924	25,215
TOTAL LIABILITIES		39,053	46,386
NET ASSETS		21,653	26,216
EQUITY			
Issued capital	24	18,280	18,090
Reserve	29(ii)	20	-
Retained (losses) / earnings		(305)	5,258
Parent entity interest		17,995	23,348
Non-controlling interest	30(b)	3,658	2,868
TOTAL EQUITY		21,653	26,216

* Refer to Note 2 in relation to details of restatement.

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020 $000	Consolidated 2019 restated * $000
Cash flows from / (used in) operating activities			
Receipts from customers		91,117	85,513
Payments to suppliers and employees		(73,525)	(68,482)
Income tax paid		(3,535)	(3,363)
Interest paid		(700)	(850)
Net cash flows from operating activities	34	**13,357**	**12,818**
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(645)	(1,250)
Purchase of intangible assets		(180)	-
Proceeds from sale of discontinued operations		1,957	
Proceeds from sale of property, plant and equipment		67	60
Net cash flows from / (used in) investing activities		**1,199**	**(1,190)**
Cash flows from / (used in) financing activities			
Dividends paid		(1,398)	(3,552)
Dividends paid to non-controlling interests		(1,465)	(3,609)
Proceeds from partly paid shares		-	30
Payment of lease liabilities		(3,711)	(3,692)
Proceeds from related party loan		-	400
Repayment of related party loan		-	(400)
Repayment of borrowings		(16,498)	(575)
Proceeds from borrowings		12,300	509
Net cash flows (used in) financing activities		**(10,772)**	**(10,889)**
Net increase in cash and cash equivalents		3,784	739
Cash and cash equivalents at beginning of year		6,859	6,120
Cash and cash equivalents at end of year	11	**10,643**	**6,859**
Reconciliation of cash			
Cash at bank and in hand relating to continuing operations		10,643	6,859
Cash at bank and in hand relating to discontinued operation	7	-	116
Total cash at bank and in hand	11	**10,643**	**6,975**

* Refer to Note 2 in relation to details of restatement.

Refer to Note 7 in relation to the cash flows from the discontinued operations.

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

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

	Note	Contributed Equity *$000*	Reserves *$000*	Retained Earnings / (Losses) *$000*	Non-Controlling Interest *$000*	Total Equity *$000*
Balance at 1 July 2018 (as previously reported)		18,060	-	6,975	3,073	28,108
Adjustment on adoption of AASB		-	-	(95)	-	(95)
Adjustment on adoption of AASB	2	-	-	(961)	(215)	(1,176)
Restated total equity at the beginning of the financial year *		18,060	-	5,919	2,858	26,837
Total comprehensive income / (loss) for the year:						
Profit attributable to members of the parent entity		-	-	3,351	-	3,351
Profit attributable to non-controlling interests		-	-	-	3,160	3,160
Total comprehensive income / (loss) for the year		-	-	3,351	3,160	6,511
Transactions with owners in their capacity as owners:						
Transactions with non-controlling interests	30(b)	-	-	(459)	459	-
Payment for partly paid shares	24	30	-	-	-	30
Dividends paid or provided for	30(b), 31	-	-	(3,553)	(3,609)	(7,162)
Balance at 30 June 2019 restated *		18,090	-	5,258	2,868	26,216

* Refer to Note 2 in relation to details of restatement.

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

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

	Note	Contributed Equity $000	Reserves $000	Retained Earnings / (Losses) $000	Non-Controlling Interest $000	Total Equity $000
Balance at 1 July 2019		18,090	-	5,258	2,868	26,216
Total comprehensive income / (loss) for the year:						
Loss attributable to members of the parent entity		-	-	(2,762)	-	(2,762)
Profit attributable to non-controlling interests		-	-	-	3,117	3,117
Total comprehensive income / (loss) for the year		-	-	(2,762)	3,117	355
Transactions with owners in their capacity as owners:						
Carrying value of non-controlling interests disposed	7, 30(b)	-	-	-	(862)	(862)
Shares issued	24	190	-	-	-	190
Share-based payments	29(i)	-	20	-	-	20
Dividends paid or provided for	30(b), 31	-	-	(2,801)	(1,465)	(4,266)
Balance at 30 June 2020		18,280	20	(305)	3,658	21,653

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements set out on pages 51 to 114.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Joyce Corporation Ltd ("the Company") for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors of the Company dated 27 August 2020. Joyce Corporation Ltd is a Company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity for the purpose of this financial report.

The nature of the operation and principal activities of the Company and its controlled entities are described in Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of Joyce Corporation Ltd and its controlled subsidiaries ("the Consolidated Entity"). Below is a summary of significant accounting policies. More accounting policies are presented in the notes following.

(a) Basis of preparation

These general-purpose financial statements for the financial year ended 30 June 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Historical cost convention
These financial statements have been prepared under the historical cost convention, except for the investment property and certain other financial instruments which are measured at fair value.

New or revised standards and interpretations that are first effective in the current reporting year
A number of new or amended standards became applicable for the current reporting period and the Consolidated Entity had to change its accounting policies as a result of the adoption of the following standards:

- AASB 16 Leases; and
- AASB Interpretation 23 Uncertainty over Income Tax Treatments.

The impact of the adoption of these standards and the new accounting policies is disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(i) AASB 16 Leases
AASB 16 Leases replaces AASB 117 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

In accordance with the transitional provisions of AASB 16, the Consolidated Entity has elected to adopt AASB 16 using the Full Retrospective approach, with the date of initial application being 1 July 2019. AASB 16 is applied retrospectively to each prior reporting period presented.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an effect for leases where the Consolidated Entity is the lessor.

Consolidated Entity as lessee
All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Consolidated Entity's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Consolidated Entity if it is reasonably certain to exercise that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(i) AASB 16 Leases (continued)
Right-of-use-assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Consolidated Entity is required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, if rarely, this is judged to be shorter than the lease term.

When the Consolidated Entity revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted using a revised discount rate (being the interest rate implicit in the lease for the remainder of the lease term or, if that cannot be readily determined, the Consolidated Entity's incremental borrowing rate at the re-assessment date). An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised or there is a revision to the estimate of amounts payable under a residual value guarantee. In both cases an unchanged discount rate is used. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Consolidated Entity renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure the carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items such as IT-equipment and small items of office furniture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(i) AASB 16 Leases (continued)

Consolidated Entity as lessor
Leases in which the Consolidated Entity does not transfer substantially all the risks and rewards incidental to ownership of an asset (or of a right-of-use asset) are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The effect of adopting AASB 16 is as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(ii) AASB 16 Leases (continued)

Impact on the consolidated statement of profit and loss and other comprehensive income (increase / (decrease)):

	2019 restated $000
Cost of sales	(381)
Gross profit	381
Other revenue	19
Contribution margin	400
Occupancy expenses	(3,174)
Earnings before depreciation, impairment, interest, tax	3,574
Depreciation and amortisation	3,190
Earnings before impairment, interest, tax	384
Earnings before interest and tax	384
Net interest expense	669
Earnings before tax	(285)
Income tax expense	-
Profit / (loss) from continuing operations after tax	(285)
Profit / (loss) from discontinued operations	-
Profit / (loss) for the year	(285)
Profit is attributable to:	
Continuing operations	
Ordinary equity holders of the Company	(145)
Non-controlling interests	(140)
	(285)
Discontinued operations	
Ordinary equity holders of the Company	-
Non-controlling interests	-
	-
Earnings per share (cents per share) for profit attributable to ordinary	
Basic earnings per share	
Earnings from continuing operations	(0.52)
Earnings from discontinued operations	-
	(0.52)
Diluted earnings per share	
Earnings from continuing operations	(0.52)
Earnings from discontinued operations	-
	(0.52)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(i) AASB 16 Leases (continued)

Impact on the consolidated statement of financial position (increase / (decrease)):

	30 June 2019 restated $000	1 July 2018 restated $000
Current assets		
Other receivables and prepayments	(126)	(13)
Total current assets	(126)	(13)
Non-current assets		
Deferred tax assets	4,660	4,960
Right-of-use assets	12,503	13,185
Property, plant & equipment	(394)	-
Total non-current assets	16,769	18,145
Total assets	16,643	18,132
Current liabilities		
Interest bearing loans and borrowings	(198)	-
Lease liabilities	4,401	3,852
Provision for income tax	(3)	-
Total current liabilities	4,200	3,852
Non-current liabilities		
Interest bearing loans and borrowings	(187)	-
Lease liabilities	10,069	11,227
Deferred tax liabilities	3,939	4,236
Provisions	26	(7)
Total non-current liabilities	13,847	15,456
Total liabilities	18,047	19,308
Net assets	(1,404)	(1,176)
Equity		
Retained (losses) / earnings	(1,075)	(961)
Parent entity interests	(1,075)	(961)
Non-controlling interests	(329)	(215)
Total equity	(1,404)	(1,176)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(i) AASB 16 Leases (continued)
Impact on the consolidated statement of changes in equity:

	Contributed equity	Reserves	Retained earnings	Non-controlling interest	Total
	$000	*$000*	*$000*	*$000*	*$000*
At 1 July 2018 (as previously reported)	18,060	-	6,975	3,073	28,108
Adjustment on adoption of AASB 9 (net of tax)	-	-	(95)	-	(95)
Adjustment on adoption of AASB 16 (net of tax)	-	-	(961)	(215)	(1,176)
At 1 July 2018 (as restated)	18,060	-	5,919	2,858	26,837

Impact on the consolidated statement of cash flows (increase / (decrease)):

	2019 restated
	$000
Cash flows from / (used in) operating activities	
Payments to suppliers and employees	(12,582)
Interest paid	892
Net cash flows (used in) operating activities	(11,753)
Cash flows from / (used in) financing activities	
Payment of lease liabilities	4,334
Net cash flows from financing activities	4,334

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New or revised standards and interpretations that are first effective in the current reporting year (continued)
(ii) AASB Interpretation 23 Uncertainty over Income Tax Treatments
AASB Interpretation 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- The Consolidated Entity to contemplate whether uncertain tax treatments should be considered separately, or together as a Consolidated Entity, based on which approach provides better predictions of the resolution;
- The Consolidated Entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of AASB Interpretation 23 has not resulted in a change to the tax liabilities of the Consolidated Entity. $Nil effect was recorded in retained earnings at the date of application being 1 July 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its investment with the entity and can affect those returns through its power to direct the activities of the entity. All controlled entities have a 30 June financial year end. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Consolidated Entity controls another entity.

Refer to Note 30 in relation to the list of controlled entities.

Consolidated financial statements are the financial statements of the Consolidated Entity presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All significant intra-group balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation.

The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal. On disposal, the attributable amount of goodwill, if any, is included in the determination of the gain or loss on disposal.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Consolidated Entity, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

Amounts held on trust for the Bedshed ‘Marketing Fund’ and Bedshed ‘Approved Purposes Fund’ are not funds of the Consolidated Entity and have not been consolidated.

(c) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

(d) Investments and other financial assets

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

(e) Comparatives

When required by accounting standards, comparative figures have been adjusted to conform with classification and presentation for the current financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(g) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operation ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is the Company's functional and presentation currency.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The Statement of Cash Flows includes cash flows on a gross basis.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(i) Presentation of government grants

Government grants relating to JobKeeper are recognised in profit or loss in other revenue over the period necessary to match them with the costs that they are intended to compensate.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Consolidated Entity will comply with all attached conditions.

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

The Consolidated Entity makes occasional use of derivative financial instruments such as foreign exchange contracts to manage foreign currency risk. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by the CFO under the supervision of the Board of Directors.

The Board provides principles for overall risk management, as well as policies and supervision covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Consolidated Entity holds the following financial instruments:

			Consolidated
	Note	2020 *$000*	2019 restated *$000*
Financial assets			
Cash and cash equivalents	11	10,643	6,975
Trade receivables	12	886	2,355
Other receivables	14	3,240	724
Other financial assets	15	179	31
		14,948	10,085
Financial liabilities			
Trade and other payables	19	12,774	14,197
Loans and borrowings	22	5,751	10,316
Dividend payable	20	1,405	-
Lease liabilities	9	11,957	14,470
		31,887	38,983

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign exchange risk
The Consolidated Entity's exposure to foreign currency risk is not material. It is principally limited to purchases of goods in the five company-owned Bedshed stores.

(ii) Cash flow interest rate risks
The Consolidated Entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Consolidated Entity to cash flow interest rate risk. The Consolidated Entity's polices seek to manage both risks, interest rate and liquidity (see below), by assessment of the current state of the yield curve and expectations about interest rates in the medium term and the Entity's need for flexibility to minimise the Consolidated Entity's interest expense.

As at the reporting date, the Consolidated Entity had the following variable and fixed rate financial instruments:

	2020			2019 restated		
	Average interest rate			Average interest rate		
	Variable	Fixed	$000	Variable	Fixed	$000
Financial assets						
Cash and cash equivalents	0.01%	-	10,643	0.03%	-	6,975
Financial liabilities						
St George commercial bill	-	-	-	4.73%	-	4,716
CBA market rate loan 1	3.12%	-	4,751	-	-	-
CBA market rate loan 2	3.08%	-	1,000	-	-	-
CBA business loan	-	-	-	3.77%	-	5,600
			5,751			10,316

An analysis by maturities is provided in (c) below.

The Consolidated Entity analyses its interest rate exposure on a dynamic basis. Various scenarios are modelled taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Consolidated Entity calculates the impact on profit or loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the various scenarios, the Consolidated Entity manages its cash flow interest rate risk adopting an appropriate mix of fixed versus variable rate debt and an appropriate mix of debt maturities to provide it with flexibility to repay debt as quickly as possible whilst having liquidity available to take advantage of business opportunities as they arise.

Consolidated Entity sensitivity
The major debt facility drawn at 30 June 2020 is at a variable interest rate (see above).

On balances held at 30 June 2020, if interest rates had changed by -/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $0.05 million higher or lower (2019: $0.07 million). This is a result of a higher or lower interest expense arising from borrowings, offset by higher or lower interest income from cash and cash equivalents.

Equity would have been $0.05 million higher or lower (2019: $0.07 million), for the same reasons.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is limited to high credit quality financial institutions with which deposits are held and high credit quality wholesale customers with which the Consolidated Entity trades.

Credit risk is managed on a Consolidated Entity basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set internally. The compliance with credit limits by wholesale customers is regularly monitored by line management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in each applicable note. For wholesale customers without credit rating the Consolidated Entity generally retains title over the goods sold until full payment is received. For some trade receivables the Consolidated Entity may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Consolidated Entity does not hold any credit derivatives to offset its credit exposure. The Consolidated Entity trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade receivables.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		Consolidated	
		2020	**2019 restated**
		$000	***$000***
Cash and cash equivalents	AA-	10,643	6,975
Trade receivables	Non-rated	886	2,355
Other receivables	Non-rated	3,240	724
Other financial assets	Non-rated	179	31
		14,948	10,085

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Consolidated Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Consolidated Entity aims at maintaining flexibility in funding by keeping committed credit lines available and, where possible, with a variety of counterparties. Surplus funds are generally invested in term deposits or used to repay debt.

Financing arrangements
Refer to Note 23 in relation to the financing facilities available at reporting date.

Maturities of financial assets and financial liabilities
The tables below analyses the Consolidated Entity's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	≤ 6 months	6-12 months	1-5 years	>5 years	Total
	$000	*$000*	*$000*	*$000*	*$000*
Year ended 30 June 2020					
Consolidated financial assets					
Cash and cash equivalents	10,643	-	-	-	10,643
Trade receivables	886	-	-	-	886
Other receivables	3,083	-	157	-	3,240
Other financial assets	179	-	-	-	179
	14,791	-	157	-	14,948
Consolidated financial liabilities					
Trade and other payables	12,774	-	-	-	12,774
Loans and borrowings	521	-	5,230	-	5,751
Dividend payable	1,405	-	-	-	1,405
Lease liabilities	1,786	1,584	8,531	56	11,957
	16,486	1,584	13,761	56	31,887
Net maturity	**(1,695)**	**(1,584)**	**(13,604)**	**(56)**	**(16,939)**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	≤ 6 months $000	6-12 months $000	1-5 years $000	>5 years $000	Total restated $000
Year ended 30 June 2019					
Consolidated financial assets					
Cash and cash equivalents	6,975	-	-	-	6,975
Trade receivables	2,355	-	-	-	2,355
Other receivables	325	-	399	-	724
Other financial assets	31	-	-	-	31
	9,686	-	399	-	10,085
Consolidated financial liabilities					
Trade and other payables	14,197	-	-	-	14,197
Loans and borrowings	694	-	9,622	-	10,316
Lease liabilities	2,267	2,133	9,287	782	14,469
	17,158	2,133	18,909	782	38,982
Net maturity	**(7,472)**	**(2,133)**	**(18,510)**	**(782)**	**(28,897)**

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management

Management controls the capital of the Consolidated Entity to maintain a good debt to equity ratio, to provide shareholders with adequate returns and ensure that the Consolidated Entity can fund its operations and continue as a going concern. The Consolidated Entity's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Consolidated Entity is not subject to any externally imposed capital requirements.

Management effectively manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, dividends to shareholders and share issues. There have been no changes in the strategy adopted by Management to control the capital of the Consolidated Entity since the prior year. This strategy is to ensure that the Consolidated Entity's gearing ratio remains below 40%.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Consolidated Entity and that are believed to be reasonable under the circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Leases

Determining the incremental borrowing rate
Where the interest rate implicit in a lease is not known, the Consolidated Entity is required to determine the incremental borrowing rate, being the rate of interest the Consolidated Entity would have to pay to borrow a similar amount, over a similar term, with similar security to obtain an asset of similar value in a similar economic environment. As this information may not be readily available, the Consolidated Entity is required to estimate its incremental borrowing rate, using such information as is available, and making adjustments to reflect the particular circumstances of each lease.

Determining the lease term
The Consolidated Entity has in place, a number of leases of property with terms that can be renewed for an additional term, equal to the period of the original lease. In determining the lease term, the Consolidated Entity is required to determine:

- Whether there is an actual or implied extension or renewal option. An implied extension or renewal option will exist if both the lessee and lessor would incur a more than insignificant penalty if the lease were not extended or renewed; and
- Whether the Consolidated Entity is reasonably certain to exercise any actual or implied extension options, taking into account, all facts and circumstances relating to the lease.

(b) Nature of leasing activities

As a lessee
The Consolidated Entity leases a number of properties. The lease contracts provide for payments to increase each year by a fixed percentage, to increase each year by inflation, to be reset periodically to market rental rates, or to remain fixed over the lease term.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Share-based payments

The Consolidated Entity initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model as well as an assessment of the probability of achieving non-market based vesting conditions. The probability of achieving non-market based vesting conditions of performance options is assessed at each reporting period.

(d) Impairment of non-financial assets

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and judgements or fair value less cost of disposal.

(e) Determining control of subsidiaries (AASB 10)

In determining whether the Consolidated Entity has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the Company to control the day-to-day activities of the partly owned subsidiary and its economic outcomes. In exercising judgement, the commercial and legal relationships that the Company has with other owners of partly owned subsidiaries are taken into consideration. Whilst the Company is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the Consolidated Entity where it is determined that the Company controls the day-to-day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

Upon acquisition of partly owned subsidiaries by the Company, judgement is exercised concerning the value of net assets acquired on the date of acquisition. The non-controlling interest’s share of net assets acquired, fair value of consideration transferred and subsequent period movements in value thereof, are disclosed as outside equity interest.

(f) Net realisable value of inventory

In determining the number of write-downs required for inventory, the Consolidated Entity has made judgements based on the expected net realisable value of that inventory. Historic experience and current knowledge of the products has been used in determining any write-downs to net realisable value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) Capital development investments

Discounted cash flow models are used for business cases, these include assumptions and estimates of business outcomes and are used for capital investments, such as software. The Consolidated Entity has made an assessment to amortise software development costs over 5 years. Refer to Note 18 in relation to the recognition of intangible assets.

(h) Treatment of investment property in Lytton, QLD

The property located at 97 Trade Street, Lytton, QLD has the majority of the site rented to a third party at market rates. KWB occupy a minority of the site (42%). The Consolidated Entity has determined the occupation of the majority of the site by a third party is the key factor in determining its treatment as an investment property.

(i) Revaluation of investment property

The Consolidated Entity values the investment property at fair value. The fair value in the financial statements is informed by valuation performed by either an independent external valuation or a Management valuation.

The market value of the investment property has been adopted as the fair value of that investment property in the financial statements of the Consolidated Entity.

(j) Expected credit loss

Debtors in each part of the Consolidated Entity have been reviewed for the potential of non-recovery. The review is based on, the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 12 and 14, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

The Consolidated Entity assessed the various circumstances of each group of debtors and determined that full recovery has a high likelihood.

In assessing the debtor in relation to the disposal of Lloyds Online Auctions Pty Ltd, the Consolidated Entity has recognised an expected credit loss of $0.21 million (2019: nil).

(k) COVID-19 pandemic

Judgement has been exercised in considering the impacts the COVID-19 pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at the reporting date or subsequently as a result of COVID-19.

(l) Disposal transaction

Judgement has been exercised in treatment of the Lloyds Online Auctions Pty Ltd disposal on 2 March 2020 and 17 June 2020 as a single transaction due to the one commercial outcome intended.

5. SEGMENT INFORMATION

(a) Operating segments

Operating Segments are identified based on internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision makers (The Board of Directors and the CEO) in order to allocate resources to the segments and to assess their performance.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Consolidated Entity has the following operating segments:

- Bedshed retail bedding franchise operation;
- Company-owned retail bedding stores;
- Operation of retail kitchen showrooms; and
- Operation of valuation, online and physical auction sites (became a discontinued operation on 17 June 2020).

Transfer prices between operating segments are set on an arms-length basis and in a manner consistent with transactions with third parties.

5. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2020.

	Continuing operations			Continuing operations	Discontinued operations
	Bedshed Franchise $000	Retail Bedding Stores $000	Retail Kitchen Showrooms $000	Total $000	Total $000
Year Ended	**2020**	**2020**	**2020**	**2020**	**2020**
Revenue					
Revenue	5,833	14,263	67,498	87,594	15,595
Inter-segment sales	-	-	-	-	-
Total segment revenue	5,833	14,263	67,498	**87,594**	**15,595**
Timing of revenue recognition:					
At a point in time	140	14,263	67,498	81,901	15,595
Over time	5,693	-	-	5,693	-
	5,833	14,263	67,498	87,594	15,595
Unallocated revenue				-	-
Total consolidated revenue				**87,594**	**15,595**
Result					
Segment result	1,992	(201)	11,269	13,060	(1,700)
Unallocated expenses net of unallocated income				(7,288)	(1,060)
Income tax expense				(3,098)	441
Net consolidated profit/(loss) for the year				**2,674**	**(2,319)**
As at	**30 Jun 2020**	**30 Jun 2020**	**30 Jun 2020**	**30 Jun 2020**	**30 Jun 2020**
Assets and liabilities					
Segment assets	8,417	10,148	30,613	49,178	-
Unallocated assets				11,528	-
Total assets				**60,706**	-
Segment liabilities	2,002	7,703	22,123	31,828	-
Unallocated liabilities				7,225	-
Total liabilities				**39,053**	-
Other segment information for the year ended	**30 Jun 2020**	**30 Jun 2020**	**30 Jun 2020**	**30 Jun 2020**	**30 Jun 2020**
Capital expenditure on PPE and intangibles	191	41	588	820	-
Depreciation and amortisation	21	1,285	3,201	4,507	1,250

5. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments (continued)

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2019.

	Continuing operations			Continuing operations	Discontinued operations
	Bedshed Franchise	Retail Bedding Stores	Retail Kitchen Showrooms	Total	Total
	$000	$000	$000	$000	$000
Year Ended	**2019**	**2019**	**2019**	**2019**	**2019**
Revenue					
Revenue	5,465	13,776	64,964	84,205	19,499
Inter-segment sales	-	-	-	-	-
Total segment revenue	5,465	13,776	64,964	**84,205**	**19,499**
Timing of revenue recognition:					
At a point in time	146	13,776	64,964	78,886	19,499
Over time	5,319	-	-	5,319	-
	5,465	13,776	64,964	84,205	19,499
Unallocated revenue				-	-
Total consolidated revenue				**84,205**	**19,499**
Result					
Segment result	1,645	779	9,480	11,904	415
Unallocated expenses net of unallocated income				(2,785)	(228)
Income tax expense				(2,734)	(61)
Net consolidated profit/(loss) for the year				**6,385**	**126**
As at	**30 Jun 2019**	**30 Jun 2019**	**30 Jun 2019**	**30 Jun 2019**	**30 Jun 2019**
Assets and liabilities					
Segment assets	7,376	11,245	30,972	49,593	14,959
Unallocated assets				7,330	720
Total assets				**56,923**	**15,679**
Segment liabilities	1,295	6,562	24,448	32,305	4,269
Unallocated liabilities				9,371	441
Total liabilities				**41,676**	**4,710**
Other segment information for the year ended	**30 Jun 2019**	**30 Jun 2019**	**30 Jun 2019**	**30 Jun 2019**	**30 Jun 2019**
Capital expenditure on PPE and intangibles	23	90	1,074	1,187	1,127
Depreciation and amortisation	20	1,363	2,695	4,078	1,060

5. SEGMENT INFORMATION (CONTINUED)

(b) Geographic segments

The Consolidated Entity operates in one principal geographical area namely that of Australia (country of domicile).

(c) Information about major customers

No single customer of the Consolidated Entity generated more than 10% of the Consolidated Entity's revenue during the year ended 30 June 2020 (2019: none).

6. REVENUE, INCOME AND EXPENSES

(a) Revenue from continuing operations

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Revenue from contracts with customers		
Sale of goods	83,598	80,748
Franchise revenue	3,996	3,457
	87,594	84,205
Other revenue		
Rental revenue	569	438
Freight recovered	189	142
Gain / (loss) on lease modification	45	-
Other revenue	435	965
Government grants	2,700	-
	3,938	1,545

Government grants
There are no unfulfilled conditions or other contingencies attaching to these grants. The Consolidated Entity did not benefit directly from any other forms of government assistance.

Disaggregation of revenue
The Executive review the business at the level of disaggregation shown as per Note 5 Segment Information. The disaggregation of revenue follows the operating segments identified, being revenue from the following activities and arrangements:

- Franchising, the majority of revenue is earnt through payments made by the Franchisees for the services Bedshed provide in connection with the Franchise; and
- Retail Bedding Stores and Retail Kitchen Showrooms, revenue is earnt at the point of product delivery.

In understanding the segments, the organisation rarely considers the geographic location of the customer as being the driver to an increased understanding.

6. REVENUE, INCOME AND EXPENSES (CONTINUED)

(a) Revenue from continuing operations (continued)

Disaggregation of revenue (continued)
In the Bedshed company-owned-stores entity, we have three trading locations in Queensland and two in Western Australia. Their location is not the driver of understanding the business, greater insight comes from consideration of the broader macro-economic factors in play that would influence demand, and in the case of company-owned stores this would be the mining and resource cycle, housing market and consumer confidence.

KWB, an operator of retail kitchen and wardrobe showrooms is exposed to fluctuations in overall consumer renovation spend.

There were no new revenue streams during the financial year ended 30 June 2020 (2019: nil).

The following table lays out the facts and circumstances that pertain to the Company's contracts for continuing operations with customers and depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Operating segment / Factor	Bedshed Franchise	Retail Bedding Stores	Retail Kitchen Showrooms	Joyce Corp
Nature of the revenue	Franchise revenue	Sale of goods	Sale of goods	Rental revenue
Market	Franchising in specialty retail	Specialty retail	Renovations	Commercial real estate
Economic drivers of revenue	Consumer confidence; and Growth in disposable income.	Consumer confidence; Growth in disposable income; and Mining cycle.	Consumer confidence; Growth in disposable income; and Consumer-spend on renovations.	Property cycle.
Contractual arrangements	Standard form contract	Standard form contract	Standard form contract	Lease agreement
Specific revenue recognition criteria	Recognition based on business written sales from franchised stores	Recognition at the point of product delivery	Recognition at the point of product delivery	Recognition is monthly as defined in the relevant lease agreement
Contractual assets or liabilities	Nil	Bank guarantees, customer deposits	Bank guarantees, customer deposits	Nil

The recognition of revenue for lease income from the investment property in Lytton, QLD and the office/warehouse in Osborne Park, WA is made in line with the contractual terms laid out in the leasing arrangements, principally paid on the first of the month in advance.

6. REVENUE, INCOME AND EXPENSES (CONTINUED)

(b) Expenses from continuing operations

	Consolidated	
	2020 *$000*	2019 restated *$000*
Cost of sales		
Cost of goods	(41,385)	(40,147)
Cost of services	(1,172)	(1,226)
Total cost of sales	(42,557)	(41,373)
Variable costs		
Freight	(190)	(239)
Wages - commissions	(3,738)	(3,240)
Warranty costs	(910)	(798)
Total variable costs	(4,838)	(4,277)
Employment expenses		
Superannuation contributions	(1,690)	(1,675)
Payroll tax	(1,053)	(1,049)
Wages and other employee benefits	(17,085)	(16,437)
Total employment expenses	(19,828)	(19,161)
Impairment of non-financial assets		
Bedshed Joondalup goodwill (Note 18)	(1,820)	-
Lloyds Online Auctions Pty Ltd goodwill (Note 18)	(2,557)	-
Howe St property (Note 16)	(1,149)	-
Total impairment of non-financial assets	(5,526)	-
Net interest income / (expense)		
Interest income	30	86
Interest expense	(729)	(936)
Net interest expense	(699)	(850)
Depreciation and amortisation		
Depreciation – property, plant & equipment	(1,346)	(989)
Amortisation – Right-of-use asset	(3,260)	(3,197)
Total depreciation and amortisation	(4,606)	(4,186)

6. REVENUE, INCOME AND EXPENSES (CONTINUED)

(b) Expenses from continuing operations (continued)

	Consolidated	
	2020 *$000*	**2019 restated** *$000*
Administration expenses		
IT, communications and network costs	(1,001)	(893)
Bank charges	(527)	(461)
Consultancy fees	(130)	(195)
Travel expenses	(400)	(488)
Postage and stationery	(79)	(104)
Insurance	(243)	(214)
Accounting and audit fees	(319)	(174)
Motor vehicle expenses	(62)	(61)
Legal fees	(60)	12
(Loss) / profit on sale of fixed assets	(14)	10
Other administration expenses	(562)	(138)
Expected credit loss (Note 14)	(210)	-
Low value asset lease expense	(1)	-
Total administration expenses	(3,608)	(2,706)

Lease payments and other expenses included in the statement of profit or loss and other comprehensive income – continuing operations

	Consolidated	
	2020 *$000*	**2019 restated** *$000*
Lease payments	(3,711)	(3,693)

7. DISCONTINUED OPERATIONS

During the Financial Year the Consolidated Entity ceased ownership of its Online Auctions segment. The subsidiary was sold in multiple transactions with effect from 17 June 2020 and is reported in the current year as discontinued operations.

The comparative year, 30 June 2019 has been restated as a discontinued operation for comparability.

Disposal of 10% interest
On 2 March 2020, Joyce Corporation Ltd sold 10% of its interest in Lloyds Online Auctions Pty Ltd to the Lloyds Legacy Trust for $1.44 million.

Disposal of 46% interest
On 17 June 2020, Joyce Corporation Ltd sold its remaining 46% interest in Lloyds Online Auctions Pty Ltd to Jacqst Enterprises Pty Ltd as trustee for the Sarkis Family Trust No 6 (being an entity controlled by Steve Sarkis, a Director of Lloyds Online Auctions Pty Ltd), for $3.80 million.

The material terms the transaction for the sale of the 46% interest are set out below:

- Joyce Corporation Ltd through its wholly owned subsidiary, Joyce International Pty Ltd has agreed to sell 3,151,830 fully paid ordinary shares in Lloyds Online Auctions Pty Ltd (representing a 46% shareholding in Lloyds Online Auctions Pty Ltd) to Jacqst Enterprises Pty Ltd as trustee for the Sarkis Family Trust No 6 (“the Buyer”).
- The Buyer must pay an aggregate consideration of $3.80 million for the acquisition of the shares:
    - A $0.50 million non-refundable deposit was payable by the Buyer to Joyce (“Deposit”) on execution of the sale agreement.
    - The remaining $3.30 million of the purchase price is payable by the Buyer to an escrow account, with the full amount being payable by 24 September 2020.
- The $3.3 million will be released to Joyce on completion of the transaction. The receivable amount is secured via the share investment.

At reporting date, a total of $1.95 million had been received according to the payment schedule, being:

- $1.44 million relating to the 10% interest; and
- $0.51 million relating to the 46% interest.

These multiple transactions have been treated as a single event in the Financial Statements, as they were all designed to achieve a single overall commercial effect.

7. DISCONTINUED OPERATIONS (CONTINUED)

The financial performance and cash flow information are for the period 1 July 2019 to 17 June 2020 (2020 column) and the year ended 30 June 2019.

	Consolidated	
Discontinued operations	**2020** *$000*	**2019 restated** *$000*
Revenue	15,595	19,499
Expenses	(17,463)	(19,312)
(Loss) / profit before income tax benefit / (expense)	(1,868)	187
Income tax benefit / (expense)	358	(61)
(Loss) / profit of discontinued operation after income tax	(1,510)	126
(Loss) on disposal of the division after income tax (a)	(809)	-
(Loss) / profit from discontinued operations	(2,319)	126

The net cash flows of the discontinued division, which have been incorporated into the statement of cash flows, are as follows:

	Consolidated	
	2020 *$000*	**2019 restated** *$000*
Net cash inflow from operating activities	1,147	1,511
Net cash (outflow) from investing activities	(198)	(1,078)
Net cash (outflow) from financing activities	(309)	(413)
Net increase in cash generated by the discontinued division	640	20

(a) Details of the disposal of the division:	
Consideration received or receivable:	
Received	1,957
Deferred	3,290
Total disposal consideration	5,247
Carrying amount of net assets sold (b)	2,775
Carrying amount of non-controlling interest	(862)
Goodwill	4,226
(Loss) on sale before income tax	(892)
Income tax (expense) / benefit	83
(Loss) on sale after income tax	(809)

7. DISCONTINUED OPERATIONS (CONTINUED)

(b) The carrying amount of assets and liabilities as at the date of disposal (17 June 2020) were:

	$000
Current assets	2,698
Current liabilities	(3,956)
Current net assets / (liabilities)	(1,258)
Non-current assets	5,104
Non-current liabilities	(1,071)
Non-current net assets / (liabilities)	4,033
Net assets	2,775

8. INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The major components of income tax expense for the financial year ended 30 June are:

	Consolidated	
	2020 *$000*	**2019 restated** *$000*
Current Income tax		
Current income tax expense	3,619	2,822
Deferred income tax		
Relating to origination and reversal of temporary differences	(531)	(136)
Utilisation of unused tax losses	26	37
Under / (over) provision in respect of prior years	(16)	11
Income tax expense relating to continuing operations	3,098	2,734
Income tax (benefit) / expense relating to discontinued operations	(441)	61
Income tax expense relating to overall operations	2,657	2,795

8. INCOME TAX (CONTINUED)

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Consolidated Entity's effective income tax rate for the financial years ended 30 June 2020 and 30 June 2019 is as follows:

	Consolidated	
	2020 $000	2019 restated $000
Profit before income tax – continuing operations	5,772	9,119
Income tax expense calculated at the statutory income tax rate of 30% (2019: 30%)	1,732	2,736
Impairment expense	1,658	-
Other items not allowed / (not assessable) for income tax purposes	(34)	(2)
(Under) / over provision in respect of prior years	(258)	-
Income tax expense recognised in profit or loss – continuing operations	3,098	2,734

Tax consolidation
Joyce Corporation Ltd and its 100% Australian owned subsidiaries are a tax group. Members of the group have not entered into any tax sharing or tax funding arrangements. At the reporting date, the possibility that the head entity will default on its tax payment obligations is remote. The head entity of the tax group is Joyce Corporation Ltd.

Measurement method adopted under UIG 1052 Tax Consolidation Accounting
The head entity and the controlled entities in the tax group continues to account for their own current and deferred tax amounts. The group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes.*

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax group.

Tax consolidation contributions / (distributions)
The Consolidated Entity has recognised no consolidation contribution or distribution adjustments.

Taxation of financial arrangements
Legislation is in place which changes the tax treatment of financial arrangements including the tax treatment of hedging transactions. The Consolidated Entity has assessed the potential impact of these changes on the Consolidated Entity's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 June 2020 (2019: $nil).

8. INCOME TAX (CONTINUED)

Deferred income tax
Deferred income tax at 30 June 2020 relates to the following:

				Consolidated
	Opening balance 1 July 2019	Recognised in profit or loss statement	De-recognition of Lloyds Online Auctions Pty Ltd	Closing balance 30 June 2020
	$000	*$000*	*$000*	*$000*
Deferred tax liabilities				
Investment property	(304)	(28)	-	(332)
Trade & other receivables	(5)	(179)	(20)	(204)
Fair value gains on other intangible assets	(260)	-	-	(260)
Right-of-use asset	(3,939)	643	241	(3,055)
Balance at 30 June 2020	**(4,508)**	**436**	**221**	**(3,851)**
Deferred tax assets				
Property, plant and equipment	324	563	-	887
Trade and other payables	155	(30)	-	125
Pensions and other employer obligations	842	197	(245)	794
Provisions	162	(20)	-	142
Lease liabilities	4,660	(774)	(306)	3,580
Other	4	(40)	72	36
Unused Tax losses	55	543	(598)	-
Balance at 30 June 2020	**6,202**	**439**	**(1,077)**	**5,564**

The Consolidated Entity has accounted for all deferred tax assets and liabilities.

8. INCOME TAX (CONTINUED)

Deferred income tax (continued)
Deferred income tax at 30 June 2019 relates to the following:

	Consolidated		
	Opening balance 1 July 2018 restated	Recognised in profit or loss statement	Closing balance 30 June 2019 restated
	$000	*$000*	*$000*
Deferred tax liabilities			
Investment property	(291)	(13)	(304)
Trade & other receivables	(3)	(2)	(5)
Fair value gains on other intangible assets	(260)	-	(260)
Right-of-use asset	(4,237)	298	(3,939)
Balance at 30 June 2019	**(4,791)**	**283**	**(4,508)**
Deferred tax assets			
Property, plant and equipment	251	73	324
Trade and other payables	241	(86)	155
Pensions and other employer obligations	753	89	842
Provisions	91	71	162
Lease liabilities	4,825	(165)	4,660
Other	5	(1)	4
Unused Tax losses	103	(48)	55
Balance at 30 June 2019	**6,269**	**(67)**	**6,202**

8. INCOME TAX (CONTINUED)

Provision for income tax
Provision for income tax relates to the following:

	Consolidated	
	2020 *$000*	2019 restated *$000*
Balance at 30 June	484	128

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets relates to the following:

	Property and buildings *$000*	Plant and equipment *$000*	Total *$000*
Year ended 30 June 2020			
At 1 July 2019, net of accumulated amortisation (restated)	12,129	374	12,503
Additions	2,780	-	2,780
Amortisation charge for the year (a)	(3,246)	(14)	(3,260)
Modifications to lease terms	(164)	-	(164)
Variable lease payment adjustments	(327)	-	(327)
Disposals	(1,024)	(313)	(1,337)
At 30 June 2020, net of accumulated amortisation	10,148	47	10,195

(a) Relates solely to continuing operations.

	Property and buildings *$000*	Plant and equipment *$000*	Total *$000*
Year ended 30 June 2019			
At 1 July 2018, net of accumulated amortisation (restated)	13,185	-	13,185
Additions	2,206	497	2,703
Amortisation charge for the year (a)	(3,538)	(123)	(3,661)
Variable lease payment adjustments	276	-	276
At 30 June 2019, net of accumulated amortisation	12,129	374	12,503

(a) Being continuing operations of $3.20 million and discontinued operations of $0.46 million.

9. RIGHT-OF-USE ASSETS (CONTINUED)

The following amounts relating to leased assets have been included as income or expense in the consolidated statement of profit or loss and other comprehensive income during the year:

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Rental income (included in Other income)	569	439
Gain / (loss) on lease modification (included in Other income)	45	-
Interest expense (included in Net interest expense)	593	671
Expense relating to short term leases (included in Occupancy expenses)	3	-
Expense relating to leases of low value assets that are not short-term leases (included in Administration expenses)	1	-
Expense relating to variable lease payments not included in lease liabilities (included in Occupancy expenses	-	-

Lease liabilities relates to the following:

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Current		
Lease liabilities	3,370	4,401
Non-current		
Lease liabilities	8,587	10,069

10. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings per share are calculated based on a weighted average of any shares issued during the financial year.

The following reflects the income and share numbers used in the continuing operations basic and diluted earnings per share computations:

		Consolidated	
		2020	2019 restated
Basic earnings per share:			
Net (loss) / profit attributable to ordinary Joyce shareholders from continuing operations	$000	(1,107)	3,281
Weighted average number of ordinary shares including partly paid shares	Number	28,047,202	27,968,255
(Loss) / earnings per share	Cents per share	(3.95)	11.73
Diluted earnings per share:			
Net (loss) / profit attributable to ordinary Joyce shareholders from continuing operations	$000	(1,107)	3,281
Weighted average number of ordinary shares including partly paid shares (a)	Number	28,047,202	27,968,255
(Loss) / earnings per share	Cents per share	(3.95)	11.73
Basic earnings per share excluding impairment expense amount:			
Net profit attributable to ordinary Joyce shareholders from continuing operations excluding impairment expense amount	$000	4,419	3,281
Weighted average number of ordinary shares including partly paid shares	Number	28,047,202	27,968,255
Earnings per share	Cents per share	15.76	11.73

(a) The Performance Rights have not been included in the denominator of the diluted shares.

(Loss) / earnings per share are included at the foot of the Consolidated Statement of Profit or Loss.

Movement in number of shares
In the 2019 Annual General Meeting on 25 November 2019, the members approved the issue of 131,579 fully paid ordinary shares to Starball Pty Ltd. Refer to Note 29(i) in relation to details of the shared-based payment.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Refer to Note 3 in relation to the management of financial risks of cash. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Funds held in Trust
Consolidated cash and cash equivalents balance exclude funds allocated for the specific use of operating the Approved Purposes activities on behalf of the Company's franchisees. Approved Purposes cash is included in Other Financial Assets. At 30 June 2020, the total of this balance was $0.18 million (2019: $0.03 million).

For the purposes of the statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	2020	**2019**
	$000	***$000***
Cash at bank and in hand	10,643	6,975

12. TRADE RECEIVABLES

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Current		
Trade receivables	892	2,375
Allowance for expected credit loss	(6)	(20)
Total current trade receivables	886	2,355

Trade and other receivables are non-interest bearing. Trade and other receivables are recognised at amortised cost, less an allowance for expected credit loss. Each operating segment's policy requires customers to pay in accordance within agreed payment terms. Depending on the customer segment, trade receivables are generally due for settlement within 30 days.

An allowance for the expected credit loss of $6,000 (2019: $20,000) has been recognised by the Consolidated Entity in the Financial Year for trade and other receivables. This amount has been included in the other expenses line item in the Consolidated Statement of Profit and Loss.

12. TRADE RECEIVABLES (CONTINUED)

At 30 June, the ageing analysis of current trade receivables is as follows:

	Consolidated	
	2020	2019 restated
	$000	*$000*
Within one year	886	2,355

At reporting date, trade receivables with a carrying amount of $0.17 million (2019: $0.32 million) were past due but not considered impaired. Payment terms on these amounts have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtors and is satisfied that payment will be received in full.

Other balances within trade and other receivables are neither impaired nor past due. It is expected that these other balances will be received when due.

Movements in the allowance for expected credit loss for trade and other receivables were as follows:

	Consolidated	
	2020	2019 restated
	$000	*$000*
At 1 July	20	6
(Credit) / charge for the year	196	14
At 30 June	216	20

13. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises expenditure incurred in acquiring the inventories and in bringing them to their existing condition and location.

Costs are assigned to individual items of inventory on a basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale.

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Current		
Stock on hand at cost	3,092	3,283
Provision for impairment (a)	(118)	(98)
	2,974	3,185

(a) Write-downs of inventories to net realisable value recognised as an expense during the Financial Year amounted to $20,000 (2019: $nil).

14. OTHER RECEIVABLES AND PREPAYMENTS

	Consolidated	
	2020	2019 restated
	$000	$000
Current		
Debtor – disposal of Lloyds Online Auctions Pty Ltd (a)	3,290	-
Allowance for expected credit loss (b)	(210)	-
Accrued revenue	877	807
Prepayments	208	327
Other receivables	3	325
Total current other assets	4,168	1,459
Non-current		
Other receivables (c)	157	399

(a) Refer to Note 7 in relation to the material terms of the disposal transaction.
(b) This allowance is for the expected credit loss associated with any shortfall on the debtor for the Lloyds Online Auctions Pty Ltd sale made on 17 June 2020. The assumptions applied to this amount include historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available.
(c) Non-current other receivables are cash-backed rental deposits for the KWB Group.

15. OTHER FINANCIAL ASSETS

	Consolidated	
	2020	2019 restated
	$000	$000
Current		
Funds held in trust (Note 11)	179	31

16. PROPERTY, PLANT AND EQUIPMENT

Land and buildings are shown at carrying value/cost, based on periodic, but at least triennial, valuations by external, professionally qualified valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. In June 2020 an independent valuation was obtained for the land & buildings. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Refer to Note 28 in relation to the fair value measurement and valuation technique used.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is calculated over the estimated useful life of the asset as follows:

- Plant and equipment – 1 to 20 years;
- Leasehold improvements – 3 to 15 years;
- Buildings – 30 to 50 years; and
- Motor Vehicles – 3 to 6 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss. On the sale of revalued assets, the profit element of the revalued amount is taken through the Consolidated Statement of Profit or Loss.

				Consolidated
	Property and buildings (a) *$000*	Plant and equipment *$000*	Leasehold improvements *$000*	Total *$000*
Year ended 30 June 2020				
At 1 July 2019, net of depreciation (restated)	6,709	2,557	2,235	11,501
Additions	-	337	308	645
Impairment	(1,149)	-	-	(1,149)
Disposals	-	(336)	(507)	(843)
Depreciation charge for the year (b)	(60)	(672)	(615)	(1,347)
At 30 June 2020, net of accumulated depreciation	5,500	1,886	1,421	8,807
At 30 June 2020				
Cost	6,845	4,269	3,777	14,891
Accumulated depreciation	(196)	(2,383)	(2,356)	(4,935)
Accumulated impairment	(1,149)	-	-	(1,149)
Net carrying amount	5,500	1,886	1,421	8,807

(a) Property and buildings – leased includes an office/warehouse property which is owned by the Company and is partially leased to unrelated third parties.
(b) Relates solely to continuing operations.

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Consolidated			
	Property and buildings (a) *$000*	**Plant and equipment** *$000*	**Leasehold improvements** *$000*	**Total** *$000*
Year ended 30 June 2019				
At 1 July 2018, net of depreciation (restated)	6,768	2,013	1,965	10,746
Additions	6	914	880	1,800
Impairment	-	-	-	-
Disposals	-	(56)	-	(56)
Depreciation charge for the year (b)	(65)	(314)	(610)	(989)
At 30 June 2019, net of accumulated depreciation	6,709	2,557	2,235	11,501
At 30 June 2019				
Cost	6,844	3,973	4,063	14,880
Accumulated depreciation and impairment	(135)	(1,416)	(1,828)	(3,379)
Net carrying amount	6,709	2,557	2,235	11,501

(a) Property and buildings – leased includes property which is owned by the Company and is leased to unrelated third parties.
(b) Relates solely to continuing operations.

17. INVESTMENT PROPERTY

	Consolidated	
	2020	**2019**
	$000	***$000***
Balance at 30 June	9,623	9,623

In accordance with AASB 140 Investment Property, the KWB property located in Lytton, QLD is classified as an investment property. An insignificant portion of the Lytton premise is owner-occupied, being 42%, as the significant portion is under an operating lease to an external third-party manufacturer earning rental income.

Fair value measurement

The investment property is subject to an annual review to fair market value at each reporting period by either an independent expert valuation or Management's valuation. The aim of the valuation process is to ensure that the investment property is held at fair value and the Consolidated Entity is compliant with applicable accounting standards.

The independent valuation is performed by an external, professionally qualified valuer who holds a recognised relevant professional qualification and has specialised expertise in the property being valued.

For the financial year ended 30 June 2020, the Directors of the Company performed an internal Management valuation.

Refer to Note 28 in relation to the fair value measurement and valuation technique used.

18. INTANGIBLE ASSETS

	Consolidated	
	2020	**2019**
	$000	***$000***
Software development	180	2,437
Goodwill	7,330	15,932
Total intangible assets	7,510	18,369

Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to the class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to the Consolidated Statement of Profit or Loss through the 'depreciation and amortisation' expense line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are tested for impairment where an indicator of impairment exists and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

18. INTANGIBLE ASSETS (CONTINUED)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised, instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGU's) for impairment testing. Each of those CGU's represents the Consolidated Entity's investment in Australia by each operating segment. CGU's to which goodwill is allocated as at 30 June 2020 are as follows:

- Bedshed Franchising cash generating unit; and
- KWB Group Pty Ltd cash generating unit.

Software development

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Consolidated Entity has an intention and ability to use the asset.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

18. INTANGIBLE ASSETS (CONTINUED)

Impairment of non-financial assets (continued)

An analysis of intangible assets is presented below.

	Goodwill		Software Development		Consolidated	
	2020	2019 restated	2020	2019 restated	2020	2019 restated
	$000	$000	$000	$000	$000	$000
Year ended 30 June						
Net of accumulated impairment and amortisation at 1 July	15,933	15,933	2,436	2,230	18,369	18,163
Additions	-	-	180	528	180	528
Impairment	(4,377)	-	-	-	(4,377)	-
Disposals	(4,226)	-	(2,436)	-	(6,662)	-
Amortisation (a)	-	-	-	(322)	-	(322)
Net of accumulated impairment and amortisation at 30 June	7,330	15,933	180	2,436	7,510	18,369
At 30 June						
Cost (gross carrying amount)	17,778	17,778	2,616	2,758	20,394	20,536
Disposals	(4,226)	-	(2,436)	-	(6,662)	-
Accumulated impairment	(6,222)	(1,845)	-	-	(6,222)	(1,845)
Accumulated amortisation (a)	-	-	-	(322)	-	(322)
Net carrying amount	7,330	15,933	180	2,436	7,510	18,369

(a) Relates to discontinued operations.

Goodwill
Goodwill as at 30 June 2020 reflects the value of the Bedshed Franchising Pty Ltd activities, purchased in 2006 and the interest in the KWB Group, acquired in October 2014.

Software development
Software development as at 30 June 2020 reflects the value of the HarmoniQ point of sale system in the Bedshed Franchise and Retail Bedding Stores segments.

As at 30 June 2019 software development reflects the value of the Auctionator platform, Lead Generation Platform and the European Union Bidding Platform in the Online Auctions segment.

Impairment
The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Impairment of $4.38 million (2019: $nil) has been recognised in respect of goodwill and impairment of $nil (2019: $nil) has been recognised in respect of software development for the year ended 30 June 2020.

18. INTANGIBLE ASSETS (CONTINUED)

Allocation of goodwill

Goodwill is allocated to cash-generating units which are based on the Consolidated Entity's operating segments:

	Consolidated	
	2020	**2019**
	$000	***$000***
Bedshed Franchising segment	6,307	6,307
Bedshed Stores segment (a)	-	1,820
Kitchen Showrooms segment	1,023	1,023
Online Auctions segment (b)	-	6,783
Total goodwill	7,330	15,933

(a) Refer to 'impairment of goodwill' for movement during the Financial Year. The Bedshed Stores segment was impaired by an amount of $1.82 million (2019: $nil).
(b) Refer to Note 7 in relation to the disposal of the Online Auctions segment and discontinued operation. The Online Auctions segment was impaired by an amount of $2.56 million (2019: $nil), prior to disposal of the balance of goodwill of $4.22 million on 17 June 2020.

Impairment of goodwill

The recoverable amount of each CGU above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond the existing budget for FY20 extrapolated using estimated growth rates. The cash flows are discounted using risk-adjusted pre-tax discount rate.

The following assumptions were used in the value-in-use calculations:

	Pre –tax Discount Rate 2020	Pre –tax Discount Rate 2019	Sales Growth Rate 2020	Sales Growth Rate 2019	Expense Growth Rate 2020	Expense Growth Rate 2019
Bedshed Franchising segment	9.7%	10.7%	2.0%	5.0%	1.5%	1.5%
Bedshed Stores segment	9.7%	10.7%	2.0%	5.0%	1.5%	1.5%
Kitchen Showrooms segment	9.7%	10.7%	5.0%	5.0%	1.5%	1.5%
Online Auctions segment (a)	-	10.7%	-	5.0%	-	1.5%

(a) Refer to Note 7 in relation to the disposal of the Online Auctions segment and discontinued operation.

The Online Auctions segment was assessed in the year ended 30 June 2019 using the discounted cashflow method. For the year ended 30 June 2020, the fair value less cost of disposal method was used.

The Consolidated Entity's value-in-use calculations incorporated a terminal value component beyond the 5-year projection period for all the operating segments. The principal assumption used to estimate the terminal value of each operating segment was a multiple of two to eight times earnings (Bedshed Stores 2, Franchising 3 and Kitchen Showrooms 8) before interest, taxation, depreciation and amortisation for the financial year ended 30 June 2020.

Impairment of Goodwill for the financial year ended 30 June 2020 was $4.38 million (2019: $nil), due to changes in the estimates of future results and terminal value for the Bedshed Stores segment and the sale of the majority ownership of Lloyds Online Auctions Pty Ltd.

18. INTANGIBLE ASSETS (CONTINUED)

Impact of possible changes in key assumptions

Sensitivity analysis was conducted on all CGU's, from this the Bedshed Franchising segment was identified as having the lowest headroom and is the only one reported. For the Bedshed Franchising segment:

- If the pre-tax discount rate applied was 10% higher than used in the Consolidated Entity's estimates, then the Consolidated Entity would recognise an impairment of $nil.
- If the growth rate applied was 10% lower than used in the Consolidated Entity's estimates, then the Consolidated Entity would recognise an impairment of $nil.

The discount rate above which an impairment could occur is 12.96%, which is above the rate used in both FY19 and FY20.

19. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Unsecured liabilities		
Trade payables	2,227	3,771
Sundry creditors	35	98
Contract liabilities (a)	7,980	6,351
Accruals and other payables	2,532	3,977
	12,774	14,197

(a) These are deposits from customers for goods and services to be provided by the Consolidated Entity after reporting date.

20. DIVIDEND PAYABLE

	Consolidated	
	2020	**2019**
	$000	***$000***
Dividend payable at 30 June	1,405	-

The FY20 interim fully franked dividend of $1.40 million resolved on 25 February 2020 is payable on 25 September 2020, (deferred from 6 May 2020 due to the commercial uncertainty surrounding the COVID-19 pandemic).

The Directors resolved that a FY20 final dividend of 2.7 cents per share, fully franked, be paid by Joyce Corporation Limited on 16 November 2020 to all shareholders registered as at the record date of 10 November 2020.

21. PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provision for fixed assets used in KWB showrooms

The provision relates to assets used in KWB's retail kitchen and wardrobe showrooms and is reduced in value over five years and at the time of sale.

Provision for employee benefits

Wages and salaries and annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields of corporate bonds at the reporting date, with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Provisions are comprised of the following:

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Current		
Make good provision	60	-
Employee benefits	1,515	1,751
	1,575	1,751
Non-current		
Make good provision	288	240
Employee benefits	968	776
	1,256	1,016

21. PROVISIONS (CONTINUED)

Provision for employee benefits (continued)

Calculation of employee benefits
A provision has been recognised for employee benefits relating to long service leave and annual leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

Movement in provisions

The movement in provisions during the Financial Year is set out in the table below.

	Employee Benefits	Make good provision	Total
	$000	*$000*	*$000*
Opening balance at 1 July 2019	2,528	240	2,768
Additional / (amount released)	(45)	108	63
Closing balance at 30 June 2020	2,483	348	2,831

22. LOANS AND BORROWINGS

	Consolidated	
	2020	2019 restated
	$000	*$000*
Current		
Bank loans	521	694
Non-current		
Bank loans	5,230	9,622
Total loans and borrowings	5,751	10,316

Secured liabilities and assets pledged as security
The bank loans are secured by first mortgages over the Consolidation Entity's freehold land and buildings, including those classified as investment properties. Refer to Note 23 in relation to facility details.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. Refer to Note 9 in relation to lease liabilities.

Compliance with loan covenants
The Consolidated Entity has complied with the financial covenants of its borrowing facilities during the Financial Year. The financier assesses the financial covenants bi-annually based on the audited annual report and reviewed half-yearly report. There are no breaches of the facility as of the date of this report.

23. FINANCING FACILITIES AVAILABLE

At reporting date, the following financing facilities had been negotiated and were available:

	Consolidated	
	2020	2019 restated
	$000	*$000*
Total facilities:		
CBA market rate loan 1	4,751	-
CBA market rate loan 2	1,000	-
CBA multi option facility	415	-
St George commercial bill	-	5,000
NAB business loan	4,000	-
CBA business loan	-	5,600
Total available facilities	10,166	10,600
Facilities used at reporting date:		
CBA market rate loan 1	4,751	-
CBA market rate loan 2	1,000	-
CBA multi option facility	-	-
St George commercial bill	-	4,716
NAB business loan	-	-
CBA business loan	-	5,600
Total used facilities	5,751	10,316
Facilities unused at reporting date:		
CBA market rate loan 1	-	-
CBA market rate loan 2	-	-
CBA multi option facility	415	-
St George commercial bill	-	284
NAB business loan	4,000	-
CBA business loan	-	-
Total unused facilities	4,415	284

Key terms of finance facilities

Facility	Loan term	Expiry date
CBA market rate loan 1	2 years	27/09/2021
CBA market rate loan 2	2 years	27/09/2021
CBA multi option facility	2 years	27/09/2021
NAB business loan	1 year	31/07/2020 (a)

(a) Refer to Note 32 in relation to the extension of the expiry date after reporting date.

24. ISSUED CAPITAL

Ordinary shares carry one vote per share and carry the right to dividends.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

	Consolidated	
	2020	**2019**
	$000	***$000***
Opening share capital	18,090	18,090
Fully paid ordinary shares issued during the year	190	-
Closing share capital	18,280	18,090

Movement in ordinary shares on issue:

	Consolidated	
	Number	***$000***
At 1 July 2019	27,968,255	18,090
Fully paid ordinary shares issued during the year	131,579	190
At 30 June 2020	28,099,834	18,280

Unmarketable share sale facility

During the Financial Year, the Company offered a share sale facility of ordinary shares for holders of unmarketable parcels, to assist those holders to sell their shares without having to use a broker or pay brokerage. The final number of shares sold under the facility was 17,274 shares from 89 holders, which represents approximately 11.6% of the total number of shareholders who held shares in the company prior to disposal of the unmarketable parcels of shares.

25. CASH FLOW STATEMENT RECONCILIATIONS

Reconciliation of non-cash investing and financing activities

	Consolidated	
	2020	**2019 restated**
	$000	***$000***
Acquisition of property, plant and equipment by means of finance leases	-	377

Non-cash investing and financing activities disclosed in other notes are:

- Acquisition of right-of-use assets, refer to Note 9.

25. CASH FLOW STATEMENT RECONCILIATIONS (CONTINUED)

Reconciliation of net debt

	Consolidated	
	2020	2019 restated
	$000	*$000*
Cash and cash equivalents	10,643	6,975
Loans and borrowings - repayable within one year	(521)	(694)
Loans and borrowings - repayable after one year	(5,230)	(9,622)
Net debt	**4,892**	**(3,341)**
Cash and liquid investments	10,643	6,975
Gross debt - floating	(5,751)	(10,316)
Net debt	**4,892**	**(3,341)**
Reconciliation of net cash flow to movement in net debt:		
Net debt at beginning of year	(3,341)	(4,276)
Increase / (decrease) in cash	3,668	760
Net repayment of / (increase) in short-term loans	-	-
Net repayment of / (increase) in long-term loans	4,565	175
Net repayment of / (increase) under finance leases	-	-
Other non-cash movements	-	-
Movements in net debt	8,233	935
Net debt at end of year	**4,892**	**(3,341)**

Reconciliation of lease liability

	Consolidated	
	2020	2019 restated
	$000	*$000*
Current lease liability	3,370	4,401
Loans and borrowings - repayable within one year	8,587	10,069
Net debt	**11,957**	**14,470**
Reconciliation of net cash flow to movement in lease liability:		
Lease liability at beginning of year	14,470	15,078
Lease (payments) in cash	(3,711)	(4,334)
Interest	583	783
Lease additions	2,754	2,666
Variable lease payment adjustments and modifications to leases	(533)	277
Leases associated with discontinued operations	(1,606)	-
Movements in lease liabilities	(2,513)	(608)
Lease liabilities at end of year	**11,957**	**14,470**

26. CAPITAL AND LEASING COMMITMENTS

There have been significant changes to commitments during the Financial Year. These are driven by the following changes:

Retail Kitchen Showrooms segment:
- One new showroom lease;
- The renewal of 3 leases for existing showrooms; and
- The extension of 8 leases for existing showrooms related to agreements reached for rent assistance during COVID-19 negotiations.

There were no significant changes to capital and leasing commitments in the Retail Bedding and Franchising segments.

27. CONTINGENT LIABILITIES

Financial guarantees

Where material, financial guarantees are issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 Financial Instruments and the amount initially recognised less, where appropriate, cumulative amounts recognised in accordance with AASB 15 Revenue from Contracts with Customers. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- The likelihood of the guaranteed party defaulting in a year period;
- The proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- The maximum loss exposed if the guaranteed party were to default.

At 30 June 2020, the Consolidated Entity had entered into the following guarantees:

(a) Bedshed Franchise and Bedshed Retail Stores have bank guarantees relating to payment of lease obligations as at 30 June 2020 for $0.83 million (30 June 2019: $0.68 million).

(b) KWB Group has retail lease bank guarantees held against the equity in the 97 Trade Street, Lytton property as at 30 June 2020 of $0.62 million (30 June 2019: $0.55 million).

No provision has been made in the financial statements in respect of these contingencies as the possibility of a probable outflow under these guarantees is considered remote.

The KWB Group also has cash backed rental deposits supporting showroom leases as at 30 June 2020 of $98,000 (30 June 2019: $190,000). Refer to Note 14 in relation to the cash-backed rental deposits.

28. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The Consolidated Entity uses various methods in estimating the fair value of instruments. The methods comprise:

Level 1: The fair value is based on quoted market prices (unadjusted) in active markets for identical assets or liabilities at the end of the reporting period.

Level 2: The fair value is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the asset is included in level 3.

The fair value measurement, valuation technique and inputs used in fair valuing the non-financial instruments are set out as follows:

Class of property	Fair value hierarchy	Fair value June 2020 *$000*	Valuation technique	Key unobservable inputs	Range of unobservable inputs
Property and buildings					
Office and warehouse, Osborne Park WA	Level 2	5,500	Independent expert valuation	Capitalisation rate	5.25%-5.75%
Investment property					
Office and factory, Lytton QLD	Level 2	9,623	Management valuation	Capitalisation rate	7.75%

The Consolidated Entity has a number of financial instruments which are not measured at fair value in the Statement of Financial Position.

The carrying amount of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

For the loans and borrowings, the fair values are not materiality different to their carrying values, since their interest payable on these borrowings are wither close to market rates.

29. SHARE-BASED PAYMENTS

(i) Starball Pty Ltd share-based payment

In the 2019 Annual General Meeting on 25 November 2019, the members approved the issue of 131,579 fully paid ordinary shares to Starball Pty Ltd. Starball Pty Ltd is an entity controlled by Anthony Mankarios, the former Joyce Corporation Ltd Executive Director who held that position for nine years. In recognition of the effort that Anthony Mankarios has put into the Consolidated Entity over that period, the members resolved it was appropriate to issue 131,579 ordinary shares in the Company to Starball Pty Ltd.

The shares rank equally with the ordinary shares already on issue by the Company. No funds were received or applied in the issue, as the shares were issued in recognition of Anthony Mankarios' contribution to the Company. The fair value of the shares is determined as per the spot rate on grant date, being $1.44 on 25 November 2019.

Recognition and measurement
The cost of the share-based payment is recognised, together with a corresponding increase in equity, in the period in which the shares were issued (December 2019). An expense of $189,474 was recognised in the Consolidated Statement of Profit or Loss.

(ii) Key Management Personnel performance rights

The performance rights offered are designed to provide long-term incentives for Key Management Personnel to deliver long-term shareholder returns. Under the agreement, participants are granted options which only vest if certain performance standards are met.

Details of the performance rights issued are summarised below.

Beneficiary	Keith Smith (a)	Gavin Culmsee
Number of Rights Granted	137,032	76,387
Fair Value per right	$1.55	$1.55
Total fair value	$212,400	$118,400
Commencement date	1 Jul 2019	
Expected vesting date	30 June 2022 (3 years)	
Vesting conditions	Profit metric over 3 years as described below.	
No. of rights expected to vest	Nil	38,194
Expense recorded at reporting date	$Nil	$19,833

(a) Refer to Note 32 in relation to significant events after reporting date.

29. SHARE-BASED PAYMENTS (CONTINUED)

(ii) Key Management Personnel performance rights (continued)

The expense recognised in respect of the performance rights is based on the Board's assessment of the probability that certain milestone earnings will be achieved, measured cumulatively over the three-year period commencing 1 July 2019 and ending 30 June 2022. There are three milestones: "threshold"; "target"; and "stretch and above". Meeting these milestones results in, respectively, 25%, an additional 25%, and the final 50% of the rights vesting into ordinary shares.

Keith Smith - 137,032 performance rights (a)

Consolidated Entity net profit after tax cumulative over 3 years greater than ($000):		No. vesting (%)	Expected Probability of occurring (%)	Total number expected to vest
Threshold	$32,184	25%	0%	Nil
Target	$35,760	25%	0%	Nil
Stretch and above	$42,912	50%	0%	Nil

Total expense expected to be recorded over the three-year vesting period $Nil

(a) In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

Gavin Culmsee - 76,387 performance rights

Bedshed EBIT cumulative over 3 years greater than ($000):		No. vesting (%)	Expected Probability of occurring (%)	Total number expected to vest
Threshold	$6,570	25%	100%	19,097
Target	$7,300	25%	100%	19,097
Stretch and above	$8,760	50%	0%	Nil

Total expense expected to be recorded over the three-year vesting period $59,200

Recognition and Measurement

The schemes in place can only be equity-settled and are accounted for accordingly. The cost of equity-settled transactions with employees is measured using their fair value at the date which they were granted. In determining the fair value, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions are met, ending on the date on which the employee becomes fully entitled to the award (vesting date).The cumulative expense recognised for these transactions at each reporting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest.

No expense is recognised for awards that do not ultimately vest due to a performance condition not being met.

30. RELATED PARTY DISCLOSURES

Ultimate controlling entity

The ultimate controlling entity of the Consolidated Entity is Joyce Corporation Ltd.

Shares held by Joyce Corporation Ltd

The consolidated financial statements include the financial statements of Joyce Corporation Ltd and the subsidiaries listed in the following table.

		Country of incorporation	% Equity interest	
			2020	**2019**
Joyce International Pty Ltd		Australia	100	100
Sierra Bedding Pty Ltd		Australia	100	100
Bedshed Franchising Pty Ltd		Australia	100	100
Joyce Investments 1 Pty Ltd (previously named Joyce Industries Pty Ltd)	(a)	Australia	100	100
Joyce Investments 2 Pty Ltd	(b)	Australia	100	-
Joyce Investments 3 Pty Ltd	(b)	Australia	100	-
Joyce Investments 4 Pty Ltd	(b)	Australia	100	-
Joyce Consolidated Holdings Pty Ltd		Australia	100	100
KWB Group Pty Ltd		Australia	51	51
KWB Property Holdings Pty Ltd		Australia	51	51
Brisbane Investment Holdings Pty Ltd		Australia	51	51
Trade Gold Installations Qld Pty Ltd		Australia	51	51
Trade Gold Installations NSW Pty Ltd		Australia	51	51
Trade Gold Installations SA Pty Ltd		Australia	51	51
Lloyds EU Online Pty Ltd	(c)	Australia	-	45
Lloyds Online Auctions Pty Ltd	(c)	Australia	-	56
Lloyds Auctions & Valuers Pty Ltd	(c)	Australia	-	56
LAAV Group Pty Ltd	(c)	Australia	-	56

(a) These entities were renamed on 29 July 2020.
(b) These entities were incorporated on 17 June 2020.
(c) These entities form the Lloyds Online Auctions Pty Ltd consolidated group. Joyce Corporation Ltd sold its majority ownership of Lloyds Online Auctions Pty Ltd on 17 June 2020. Refer to Note 7 in relation to the transaction details.

30. RELATED PARTY DISCLOSURES (CONTINUED)

(a) Related Party Transactions

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

During the Financial Year the entities of the Consolidated Entity entered into the following transactions with related parties who are not members of the group:

Key Management Personnel compensation

	2020 $	2019 $
Short-term employee benefits	2,743,365	2,518,804
Post-employment benefits	211,627	195,350
Long-term benefits	65,242	95,097
Share-based payments (Note 29)	209,307	-
	3,229,541	2,809,251

Amounts owing at 30 June 2020

As at 30 June 2020 an amount of $0.04 million (2019: $nil) was owing to Directors and Key Management Personnel. As a result of the COVID-19 pandemic, Directors, KMP and Executive of the Consolidated Entity agreed to modify their remuneration arrangement to defer 50% of their director fee and/or salary until the trading environment normalised. In each case, the fee and/or salary deferred during the COVID-19 pandemic period will be aggregated and paid to the KMP or Executive once the trading environment has normalised.

Other transactions

	2020 $	2019 $
Dividends paid to KMP	600,625	1,423,376

Other than the items disclosed above, there are no other material related party transactions during the Financial Year.

30. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Non-controlling interest

The effect on the equity attributable to the owners of Joyce Corporation Ltd during the year is as follows:

	2020 $000	2019 restated $000
Carrying amount of non-controlling interests acquired	2,868	2,860
Transactions with non-controlling interests	-	458
Profits attributable to non-controlling interests	3,117	3,159
Carrying value of non-controlling interests disposed (Note 7)	(862)	-
Dividends paid to non-controlling interest	(1,465)	(3,609)
Closing carrying amount of non-controlling interest	3,658	2,868

Acquisitions
On 22 January 2019, Joyce Corporation Ltd acquired an additional 5% of the issued capital in Lloyds Online Auctions Pty Ltd for $1.15 million. The consideration for the acquisition was offset against the loan owed by Lloyds Online Auctions Pty Ltd to the Company. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interest was $1.06 million.

Disposals
Refer to Note 7 in relation to the Consolidated Entity's discontinued operations.

30. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Non-controlling interest (continued)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Consolidated Entity. The amounts disclosed for each subsidiary are before inter-group eliminations.

Statement of financial position	KWB Consolidated Group		Lloyds Consolidated Group	
	2020	2019 restated	2020	2019 restated
	$000	*$000*	*$000*	*$000*
Current assets	6,820	6,129	-	2,619
Current liabilities	(13,122)	(12,214)	-	(3,456)
Current net assets	(6,302)	(6,085)	-	(837)
Non-current assets	22,769	23,818	-	5,558
Non-current liabilities	(9,001)	(14,993)	-	(1,255)
Non-current net assets	13,768	8,825	-	4,303
Net assets	7,466	2,740	-	3,466
Accumulated NCI	3,658	1,343	-	1,525

Statement of financial performance	KWB Consolidated Group		Lloyds Consolidated Group	
(including discontinued operations)	2020	2019 restated	2020	2019 restated
	$000	*$000*	*$000*	*$000*
Revenue	67,498	64,964	15,595	19,499
Profit / (loss) for the year	7,717	6,335	(1,510)	126
Total comprehensive income	7,717	6,335	(1,510)	126
Profit allocated to NCI	3,781	3,104	(664)	55
Dividends paid to NCI	(1,465)	(3,609)	-	-

Statement of cash flow	KWB Consolidated Group		Lloyds Consolidated Group	
	2020	2019 restated	2020	2019 restated
	$000	*$000*	*$000*	*$000*
Cash flow from operating activities	11,769	10,837	1,147	1,511
Cash flow (used in) investing activities	(702)	(1,507)	(198)	(1,078)
Cash flow (used in) financing activities	(10,940)	(9,363)	(309)	(413)
Net increase / (decrease) in cash and cash equivalents	127	(33)	640	20

31. DIVIDENDS

Dividends declared or paid during the Financial Year are as follows:

	2020 $000	2019 $000
Dividends paid or payable		
Ordinary shares:		
FY18 final fully franked dividend of 6.0 cents per share	-	1,678
FY19 interim fully franked dividend of 5.0 cents per share	-	1,399
FY19 second interim fully franked dividend of 1.7 cents per share	-	476
FY19 final fully franked dividend of 5.0 cents per share	1,397	-
FY20 interim fully franked dividend of 5.0 cents per share (a)	1,404	-
Total dividends declared or paid	2,801	3,553

(a) The FY20 interim fully franked dividend of 5.0 cents per share resolved on 25 February 2020 is payable on 25 September 2020, (deferred from 6 May 2020 due to the commercial uncertainty surrounding the COVID-19 pandemic).

The Directors resolved that a FY20 final dividend of 2.7 cents per share, fully franked, be paid by Joyce Corporation Limited on 16 November 2020 to all shareholders registered as at the record date of 10 November 2020.

Franking account balance

The amount franking credits available for subsequent financial years from continued operations are:

	Consolidated		Parent entity	
	2020	2019 restated	2020	2019
	$000	*$000*	*$000*	*$000*
Franking credits available for subsequent financial years at 30%	5,539	3,639	2,384	2,330

32. SIGNIFICANT AFTER REPORTING DATE EVENTS

The FY20 interim fully franked dividend of 5.0 cents per share resolved on 25 February 2020 is payable on 25 September 2020, (deferred from 6 May 2020 due to the commercial uncertainty surrounding the COVID-19 pandemic).

In July 2020, KWB Group Pty Ltd updated the expiry date of its bank guarantee facility and business markets loan held with the National Australia Bank to 31 July 2021. All other limits and terms remain the same.

In the ASX announcement dated 20 July 2020, the Company communicated the planned transition of the Chair. Michael Gurry announced that he will be standing down as Chair at this year's Annual General Meeting in November. Jeremy Kirkwood will take over as the Joyce Chair following the 2020 Annual General Meeting.

In the ASX announcement dated 5 August 2020, the Company communicated that Keith Smith has advised his intention to step down as Joyce CEO (and Group Company Secretary) later in the 2020 year.

In August 2020, Derek Fowler left as CFO at the end of his fixed term contract.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. The Consolidated Entity is therefore uncertain as to the full impact the pandemic will have on the wider economy and as a result on its financial condition, liquidity, and future results of operations.

In August 2020 the 10 Bedshed stores located in Melbourne closed to the public for 6 weeks as per the government directive, they have maintained a presence online.

The Directors resolved that a FY20 final dividend of 2.7 cents per share, fully franked, be paid by Joyce Corporation Limited on 16 November 2020 to all shareholders registered as at the record date of 10 November 2020.

Management is actively monitoring the global and national situation and its impact on the Consolidated Entity's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 pandemic and government's responses to curb its spread, at this point the Consolidated Entity is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity for future financial years.

Other than disclosed above, no event has occurred since the reporting date to the date of this report that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs.

33. AUDITOR'S REMUNERATION

	Consolidated	
	2020	**2019**
	$000	***$000***
Auditors of the Consolidated Entity		
Audit or review of the financial statements:		
Group	118	115
Total audit or review of the financial statements	118	115
Non-audit services:		
Consulting services	10	-
Total non-audit services	10	-
Total services provided by BDO	128	115

34. RECONCILIATION OF NET PROFIT AFTER TAX TO NET CASH FLOWS FROM CONTINUING OPERATIONS

	Consolidated	
Reconciliation of net profit / (loss) after tax to the net cash flows from continuing operations	**2020** *$000*	**2019 restated** *$000*
Net profit after taxation	2,674	6,385
Adjustments for:		
Depreciation and amortisation	4,606	4,186
Issue of shares	190	-
Impairment of Howe St	1,149	-
Impairment of goodwill	4,377	-
Share-based payment	20	-
Changes in assets and liabilities:		
Decrease in inventories	172	758
(Increase) in trade and other receivables *(excluding receivable for discontinued operations)*	(282)	(213)
(Increase) / decrease in other assets	(148)	37
Decrease / (increase) in net deferred tax assets and liabilities	(437)	(629)
(Decrease) / increase in trade and other payables	(87)	2,168
Increase / (decrease) in provisions	1,123	126
Net cash flows from operating activities	**13,357**	**12,818**

35. PARENT ENTITY DISCLOSURES

a. Financial position

	As at 30 June	
	2020	2019 restated
	$000	*$000*
Assets		
Current assets	2,356	1,001
Non-current assets	26,701	23,726
Total assets	**29,057**	**24,727**
Liabilities		
Current liabilities	2,560	1,136
Non-current liabilities	5,233	4,024
Total liabilities	**7,793**	**5,160**
Net assets	**21,264**	**19,567**
Equity		
Issued capital	18,280	18,090
Reserve	20	-
Retained earnings	2,964	1,477
Net equity	**21,264**	**19,567**

b. Financial performance

	Year ended 30 June	
	2020	2019 restated
	$000	*$000*
Profit for the year	2,817	2,962
Total comprehensive profit	**2,817**	**2,962**

c. Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

No such guarantees existed at 30 June 2020 (2019: $nil).

d. Contingent liabilities of the parent entity

No contingent liabilities existed within the parent entity as at 30 June 2020 (2019: $nil).

e. Commitments for the acquisition of property plant and equipment by the parent entity

No commitments existed for the acquisition of property plant and equipment by the parent entity as at 30 June 2020 (2019: $nil).

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new / amended accounting standards and interpretations have been issued but are not mandatory for financial year ended 30 June 2020. They have not been adopted in preparing the financial statements for the financial year ended 30 June 2020.

The following amended standards and interpretations are not expected to have a significant impact on the Consolidated Entity's consolidated financial statements.

- AASB 17 Insurance Contracts;
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments (AASB 1 impact only);
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation;
- AASB 2017-7 Amendments to Australian Accounting Standards - Long-term Interests in Associates and Joint Ventures;
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle;
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement;
- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business; and
- AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Joyce Corporation Ltd, I state that:

(a) in the Directors' opinion, the financial statements and notes thereto of the Consolidated Entity have been prepared in accordance with the Corporations Act 2001, including that they:

   (i) comply with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) give a true and fair view of the financial position of the Consolidated Entity as at 30 June 2020 and of its performance as represented by the results of its operations and its cash flows for the year ended on that date; and

(b) the Directors have been given the declarations by the CEO and Group Financial Controller required by section 295A;

(c) 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; and

(d) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

M A Gurry
Chair
Perth, 27 August 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Joyce Corporation Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Joyce Corporation Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) 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 Group in accordance with 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Adoption of AASB 16 Leases

Key audit matter	How the matter was addressed in our audit
On 1 July 2019, the Group adopted AASB 16 Leases ("AASB 16") which replaced AASB 117 Leases ("AASB 117"). As disclosed in notes 2, 4 and 9 in the financial statements, the Group applied the retrospective method on adoption. We considered the adoption of AASB 16 to be a key audit matter due to the quantum of the balances recognised, its significance to the Group, and the complexities inherent in the new accounting standard, including: • Determining whether contractual arrangements constitute a lease under the standards; • Determining the appropriate discount rate to be applied in the calculation of right-of-use asses and lease liabilities; • The likelihood of exercise of any lease renewal options; and • Determining whether any rental concessions received meet the practical expedient requirements.	Our procedures included, but were not limited to, the following: • Assessing the appropriateness of key assumptions applied in calculating the right-of-use assets and lease liability, including discount rates applied and the expected lease period; • Verifying the accuracy of the underlying lease calculations by agreeing a sample of leases to supporting documentation; • Assessing the mathematical accuracy of the AASB 16 calculations for each lease sampled through recalculation of the expected right-of-use asset and lease liability; • Assessing the accuracy of the related interest and depreciation expense; • Assessing the underlying nature of any rental concessions granted and the accounting treatment applied; and • Assessing the appropriateness of the disclosures in notes 2, 4 and 9 in the financial statements.

Accounting for the disposal of subsidiary

Key audit matter	How the matter was addressed in our audit
During the year ended 30 June 2020, the Group disposed of its interests in its controlled entity, Lloyds Online Auctions Pty Ltd and its controlled entities ("Lloyds"). As disclosed in notes 4 and 7 in the financial statements, the Group completed the disposal in two transactions ("transactions") and presented the business unit's financial performance as a discontinued operation. In addition, under the transaction terms, consideration is receivable by the Group under a deferred payment arrangement. We considered accounting for the disposal of Lloyds to be a key audit matter due to: • The significance of the total balances disposed; • The significance of the receivable recognised at 30 June 2020 in relation to the deferred payment arrangement; • The determination of whether the two disposal transactions were completed for a common commercial outcome and therefore eligible for recognition as one transaction under the requirements of AASB 10 Consolidated Financial Statements ("AASB 10"); and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 5 Non-Current Assets Held-for-Sale and Discontinued Operations ("AASB 5").	Our procedures included, but were not limited to, the following: • Reviewing key executed transaction documents to understand the key terms and conditions of the transactions; • Agreeing the cash consideration received to respective bank statements; • Evaluating management's assessment of the consideration received for the disposal, the carrying amount of the net assets sold, including any non-controlling interests, and the gain on disposal; • Evaluating the appropriateness of the transactions to be recognised as a single accounting transaction; • Evaluating the reasonableness of the discontinued operation criteria satisfaction determined by management; • Evaluating the reasonableness of management's expected credit loss assessment for the receivable recognised; and • Assessing the appropriateness of the disclosures in notes 4 and 7 in the financial statements.

BDO

Carrying Value of Goodwill and Other Assets

Key audit matter	*How the matter was addressed in our audit*
The Group is required under Australian Accounting Standard AASB 136 *Impairment of Assets* ("AASB 136"), to perform an annual impairment test of the carrying value of goodwill. For the year ended 30 June 2020, impairment charges have been recognised by the Group. As set out in notes 4, 16 and 18 in the financial statements, the Directors' assessment of the recoverability of goodwill using the value in use ("VIU") methodology requires the exercise of significant judgement, in particular in estimating future growth rates, discount rates and the expected cash flows of cash generating units ("CGUs") to which the goodwill has been allocated. In addition, where management applied the fair value less cost to sell ("FVLCS") methodology, significant estimation is required.	Our procedures included, but were not limited to the following: • Evaluating the Group's categorisation of CGUs and the allocation of goodwill and other assets to the carrying value of the CGUs based on our understanding of the Group's businesses; and • Assessing the appropriateness of the disclosures in notes 4, 16 and 18 in the financial statements. For CGUs and individual assets supported by a VIU model, our procedures included, but were not limited to the following: • Evaluating management's ability to accurately forecast cash flows by assessing the precision of the prior year forecasts against actual outcomes; • Comparing the Group's forecast cash flows to the board approved budget; • Using our valuation specialists to assess management's discount rates based on external data available; • Performing sensitivity analysis on the growth and discount rates; and • Testing the mathematical accuracy of the impairment models. For CGUs and individual assets supported by valuations at a FVLCS, our procedures included, but were not limited to the following: • Agreeing the FVLCS of particular CGUs and business units to underlying valuations; and • Assessing the Directors' valuations at reporting date, as supported by external independent valuations for reasonableness.

BDO

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 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 ability of the group 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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

BDO

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 38 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Joyce Corporation Ltd, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO AUDIT (WA) PTY LTD

BDO

Neil Smith

Director

Perth, 27 August 2020

ASX ADDITIONAL INFORMATION

AS AT 27 AUGUST 2020

Additional information is required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report. The information is provided below.

(a) Distribution of shareholders

Category	Holders	Fully Paid	%
1 - 1,000	192	93,434	0.33
1,001 – 5,000	228	614,214	2.19
5,001 - 10,000	108	878,398	3.13
10,001 – 100,000	176	5,161,594	18.37
100,001 – and over	30	21,352,194	75.99
Rounding			**-0.01**
Total	**734**	**28,099,834**	**100.00**

(b) Substantial shareholdings

The number of shares held or controlled at the report date by substantial shareholders were as follows:

Ordinary Shareholder	Fully Paid	%
Daniel Smetana (a)	11,171,579	39.76
UFBA – John Roy Westwood	2,350,000	8.36
Total	**13,521,579**	**48.12**

(a) As at 27 August 2020 Daniel Smetana has a direct interest in 10,254,129 fully paid ordinary shares (2019: 10,254,129).

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares
Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ASX ADDITIONAL INFORMATION (CONTINUED)

AS AT 27 AUGUST 2020

(d) Shareholdings - Twenty Largest Holders of Quoted Equity Securities – ungrouped

The number of shares held at the report date by the twenty largest holders of quoted equity securities:

	Ordinary Shareholder	Fully paid	%
1	ADAMIC PTY LTD	7,711,568	27.44
2	UFBA PTY LTD	2,328,000	8.28
3	PEDUNCLE PTY LTD	1,948,312	6.93
4	ONE MANAGED INVT FUNDS LTD <1 A/C>	1,000,000	3.56
5	TRAFALGAR PLACE NOMINEES PTY LTD	990,233	3.52
6	DONALD TEO	990,000	3.52
7	DANIEL SMETANA	734,022	2.61
8	STARBALL PTY LTD	665,610	2.37
9	VANWARD INVESTMENTS LIMITED <EQUITIES A/C>	607,474	2.16
10	DANIEL ALEXANDER SMETANA	563,726	2.01
11	TREASURE ISLAND HIRE BOAT COMPANY PTY LTD <STAFF SUPER FUND	504,291	1.79
12	KEITH KNOWLES	354,501	1.26
13	CONARD HOLDING PTY LTD	347,940	1.24
14	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	220,005	0.78
15	MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	213,800	0.76
16	MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND A/C>	207,292	0.74
17	EPIC TRUSTEES LIMITED	201,695	0.72
18	FELIX SMETANA	190,050	0.68
19	DMX CAPITAL PARTNERS LIMITED	174,362	0.62
20	FLINGMO PTY LTD <HOFFMAN SUPERFUND A/C>	167,106	0.59
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**20,119,987**	**71.60**
Total Remaining Holders Balance		**7,979,847**	**28.40**

ASX ADDITIONAL INFORMATION (CONTINUED)

AS AT 27 AUGUST 2020

(e) Secretary

Keith Smith	Group Company Secretary
Anita Hollenberg	Company Secretary

(f) Registered Office

75 Howe Street
Osborne Park, WA 6017
Tel: +61 8 9445 1055

(g) Share Registry

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth, WA 6000
(Within Australia) 1300 850 505
(Outside Australia) +61 3 9415 4000

(h) Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, WA 6008
Tel: +61 8 6382 4600

ABN: 80 009 116 269

Email: investors@joycecorp.com.au
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JOYCE CORPORATION LTD
SINCE 1886