2021 ANNUAL REPORT

JOYCE CORPORATION LTD
SINCE 1886
ABN: 80 009 116 269

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CHAIRMAN'S LETTER

Joyce Corporation has continued to strengthen in 2021 – weathering the storm of COVID-19, and ultimately emerging stronger than ever. We are well positioned to look forward with optimism and confidence about our Company's prospects.

During the 2021 Financial Year the Company benefited greatly from strong consumer spending as Australians spent an increased proportion of their disposable income on their homes. When COVID-19 first arrived no one was sure of its impact on the economy, but most were concerned about the negative potential. Our businesses took steps to keep our staff and customers safe, preserve cash, manage our supplier relationships, and, where possible, keep our businesses trading to maintain our connection with our customers.

It is right to acknowledge the swift and significant initiative of the Federal Government introducing JobKeeper that extensively cushioned the Australian economy. As one of the many retail oriented businesses that benefitted from this policy, the Board believed it was right and proper to return JobKeeper funds to the Government. This reflects our values in action.

Whilst the response to COVID-19 was the dominant issue of the year, the Board and senior management continued their focus on strategic decision-making and execution to position Joyce Corporation for the near and long-term.

The KWB Group expansion in NSW has been hugely successful, with four stores opening during the year, and further expansion into the Sydney suburbs underway. KWB has a wide range of highly skilled people covering the design, build and installation of kitchen and wardrobe solutions in existing homes, giving it a unique place in Australia's home renovation market. The KWB Group now has a reach extending across Queensland, South Australia and New South Wales, with longer-term opportunities in untapped locations including in Victoria and Western Australia.

With a 'capital light' business model, strong margins, excellent cash flow and significant organic growth potential, our investment in KWB in 2013 has been spectacularly successful and I would like to acknowledge the dedication and hard work of everyone at KWB, led by its Managing Director, John Bourke.
With revenue more than doubling between 2016 and 2021, our partnership with KWB has evolved into KWB becoming a core asset for Joyce Corporation.

Bedshed's expansion in NSW was led by the opening of an online E-store, supported by a creative media and marketing campaign. The E-store is to be followed by two bricks and mortar stores in the first half of the 2022 Financial Year. The E-store will complement the new openings, creating a strong brand presence in Sydney to ensure new franchisees can get off to the best possible start in a new market.

Bedshed's franchisee model is one of Australian businesses' enduring success stories. Our franchisees are the heart and soul of Bedshed, and on behalf of the Board and shareholders I thank them for their hard work and professionalism, which ultimately drives the success of the brand.

At the Group level we commenced the process of Board renewal. I assumed the Chair's role in November 2020 from Mike Gurry, who has remained on the board to ensure a smooth transition. On behalf of shareholders I sincerely thank him for his leadership of the Company through some challenging issues and setting the Company on its current trajectory.

The Board recognises the need for further changes in the near term as the business foundations are strong, allowing the Board to consider the needs for the company moving forward. I thank all Board members for their valuable insights, experience and collegiality.

In December we appointed Dan Madden as CEO, replacing Keith Smith. Dan has excellent corporate experience, having previously held the positions of Managing Director and CFO at ASX listed entities. His leadership and focus on adopting a collegiate and collaborative approach with all stakeholders has been most welcome, and the Board looks forward to continuing to work closely with Dan and the rest of the leadership team.

Following the divestment of Lloyds Auctions in 2020 and faced with the uncertainty of COVID-19, the Board focused on consolidation, strengthening the balance sheet and maintaining liquidity. As the strength of the businesses became clear, our focus shifted to driving strong operational performance and positioning the Company for the next phase of its journey.

The Board has resolved to pay a fully franked final dividend of 10 cents per share, bringing our total dividend for the 2021 Financial Year to 17 cents per share. This is an increase of 7 cents from prior year and a record for Joyce Corporation. The total dividend of 17 cents per share represents 63% of normalised profit and is consistent with our stated intention of aiming for full year dividend payments to be between 60-80% of normalised NPAT.

Joyce will continue to focus on organic revenue growth in 2022 through further expansion of KWB showrooms in NSW and Bedshed franchisee network expansion in NSW and across Australia. We will also consider attractive inorganic growth opportunities in complementary areas that may offer synergies, or the potential to leverage our current strengths, in order to drive our growth ambitions. Whilst we approach 2022 with confidence we also remain mindful that COVID-19 continues to create a number of challenges as a result of the uncertain and volatile retail environment for operators, consumers and suppliers. As a Board and leadership team we will continue to proactively address these challenges.

I would like to thank the hundreds of people who come to work for Joyce and our partner businesses every day. As we know, there have been, and remain, some acute challenges in parts of Australia over the past 12 months and our people have been resilient and committed throughout. Without this we would not have been able to deliver the success we have had over the last Financial Year.

Finally, my thanks to you, Joyce Corporation's shareholders, for your ongoing and valued support of the Company. I can assure you that the Board remains driven to continue to pursue a high level of operational performance and long- term sustainable revenue growth, to drive share price appreciation and healthy dividends to our shareholders.

Jeremy Kirkwood
Chair

CEO ADDRESS

In 2021 the strength of Joyce Corporation's partnerships, strong brands and talented people combined to produce an exceptional result for shareholders.

We entered this financial year facing a lot of uncertainty, but with a clear strategy to manage the effects of COVID-19, and the architecture in place to take advantage of what became very strong trading conditions.

When I joined the Company in December 2020, I was struck by the willingness of everyone in the business to roll their sleeves up and get to work, making sure that no matter what the external environment produced, we would be prepared and ready to take advantage. The effort and hard work of our staff, business partners and franchisees allowed us to remain steadfast, committed and dedicated to our shareholders, customers, partners and colleagues. In doing so, we were able to deliver a strong financial result for the 2021 Financial Year with record revenue, profit and dividends for our shareholders.

Ultimately, this has been a successful year for Joyce Corporation with strong Group revenue growth, which has increased by 30% against the 2020 Financial year, to $111.2 million. Our revenue outcome was driven by a combination of positive market conditions, strong operational performance and strategic organic growth which led us to recognise EBITDA of $24.3 million, an increase of 46% on the 2020 Financial Year.

Net Profit After Tax attributable to Joyce Shareholders for the financial year is a record at $7.6 million and we remain well placed to continue our performance into 2022 and beyond.

Pleasingly, earnings per share of $0.27 increased by 71% from the prior year, and we have declared a record full year dividend at 17 cents per share, which represents 63% of normalised NPAT and a 10 cent increase from the prior year.

As a result, we have closed the year in a good position with a healthy balance sheet. As at 30 June 2021 the Group had a strong net consolidated cash position of $19.9 million compared to $4.9 million at 30 June 2020. Funds will be used for the payment of the final dividend (approx. $2.8 million) and working capital and growth purposes.

Our business has been particularly resilient to the COVID-19 pandemic. Both KWB Group and Bedshed have benefited from a lift in Australian consumer spending, but this only tells part of the story. With an overriding focus on organic growth, we have been able to continue to open new stores within the KWB Group and deliver record revenue and profit in that business. When coupled with strategic decisions, such as keeping Bedshed's supply chains active during the early stages of the pandemic, and developing Bedshed's e-commerce platform, we have gained market share and emerged stronger as a result.

KWB Financial Results

KWB continued to see strong growth, with revenue increasing by 33% from $67.5 million in the 2020 financial year to $89.7 million by 30 June 2021. Earnings Before Interest and Tax (EBIT) of $16.3 million was up by 45% from the prior financial year, and the consistent trend of improving profit margins continued with EBIT at 18% of revenue (compared to 17% in 2020 and 15% in 2019).

KWB continued to deliver its store expansion plan, with four new showrooms opened in NSW, all of which traded strongly compared to historic early trading volumes of previous newly established stores.

These new stores are delivering an accelerated payback on the investment required for their establishment. The new showroom openings demonstrate that KWB can deliver high levels of sales from the outset, and approximately four stores per annum are planned for the 2022 and 2023 financial years.

Bedshed Financial Results

Both the Bedshed Franchising and Company-Owned Store businesses performed strongly in the 2021 Financial Year.

Combined Bedshed Franchising and Company-Owned operations revenue grew from $18.3 million to $21.5 million over the 2021 Financial Year and EBIT increased by over 200% to $5.9 million, up from $1.8 million.

The Franchising operation increased EBIT to $2.6 million compared to $2 million in the 2020 Financial Year and continued its trend of improving profit margins with EBIT at 54% of revenue (compared to 50% in 2020 and 48% in 2019).

Other

The strong financial performance also allowed us to hand back $1.5 million in JobKeeper payments we received during the year, which we believe this was the right thing to do and was in accordance with our values. JobKeeper was treated as a one-off income in the first half of the financial year, with a corresponding expense in the second half of the financial year.

During the year we streamlined the Joyce Group structure following the finalisation of the divestment of Lloyds Online Auctions and receipt of $3.3 million associated with the transaction.

Outlook

The continued and consistent revenue growth across our businesses provides a robust platform for both capital appreciation and strong dividends for Joyce Corporation investors.

Looking ahead, we approach 2022 with confidence. Joyce will continue to invest in growing its network, with a near term focus on expanding KWB in growth areas of NSW and converting the strong interest from potential new Bedshed franchisees into network growth in NSW and across Australia in 2022. In addition to the primary focus on organic revenue growth, the Company will continue to apply a disciplined approach when evaluating other potential investment opportunities that have a natural fit to our expertise and existing portfolio.

Whilst we have a great recipe for growth, we remain mindful that COVID-19 creates an uncertain retail environment, due to current and potential future lockdowns within Australia and overseas sourcing countries, and by giving rise to challenges such as the continuing escalation of global shipping costs. Together with the Board, the leadership team will continue to proactively assess and manage these risks.

I thank the leadership group within our network for their valued contribution and support, as well as the entire Joyce family of staff and business partners who work together to get the best outcomes for both our customers and shareholders.

Finally, I would like to thank Chairman Jeremy Kirkwood and the Board for their faith in me to lead this company.

Sincerely,
Dan Madden

Joyce Corporation Consolidated Results	FY 21 ($'000)	FY 20 ($'000)	*Variance ($)*	*Variance (%)*
Revenue (from continuing operations)	111,224	85,757	*25,467*	*30%*
Gross Profit (from continuing operations)	58,807	45,037	*13,770*	*31%*
Total Group Expenses	30,870	27,534	*(3,336)*	*-12%*
Expenses (% of revenue)	28%	33%	*n/a*	*5%*
EBITDA (from continuing operations)	24,292	16,603	*7,689*	*46%*
EBITDA Margin	22%	19%	*n/a*	*3%*
Net Profit After Tax (from continuing operations)	12,995	2,674	*10,321*	*386%*
NPAT Attributable to JYC Members	**7,574**	**(1,107)**	***8,681***	***784%***
EPS - cents (from continuing operations)[1]	26.92	15.76	*11.16*	*71%*
Joyce Corporation Consolidated Results	**Jun '21 ($'000)**	**Jun '20 ($'000)**	**Variance ($)**	**Variance (%)**
Closing Group Cash	19,881	10,643		
Debt	-	(5,751)		
Net Cash/(Debt)	19,881	4,892	14,989	306%

1 – FY20 EPS is based on NPAT attributable to JYC Shareholders from Continuing Operations net of impairment loss.

WHO WE ARE

Fast growing ASX-listed company invested in and operating quality Australian businesses with exciting organic growth potential.

Committed to delivering increased earnings while establishing a solid platform for future growth.

Ongoing success comes from partnering with successful businesses that have a strong potential to grow and be market leaders.

OUR VISION

We seek to make a meaningful positive difference to the lives of our shareholders, partners, franchisees, employees and customers.

OUR PURPOSE

Prosper in business together

We help quality small to medium Australian businesses unlock their growth potential and succeed on the national stage.

OUR PRIMARY OBJECTIVE

To drive revenue growth and deliver above average returns.

UNIQUE VALUE PROPOSITIONS

WORKING TOGETHER IS KEY TO SUCCESS

Shareholders

Track record of Total Shareholder Returns.

Partners

Track record of growth and long-term mindset.

Franchises

Deep sector and operational knowledge and supportive growth-focused approach.

Employees

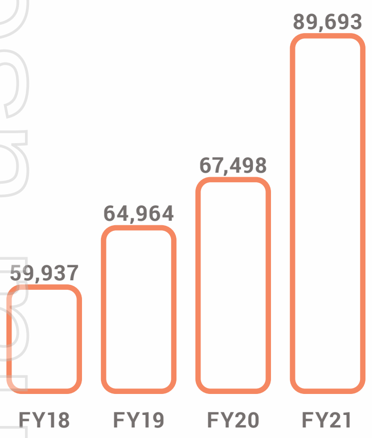
Ability to make an impact growing national brands in a supportive team environment.

Customers

Quality products and services, deep product knowledge and convenience.

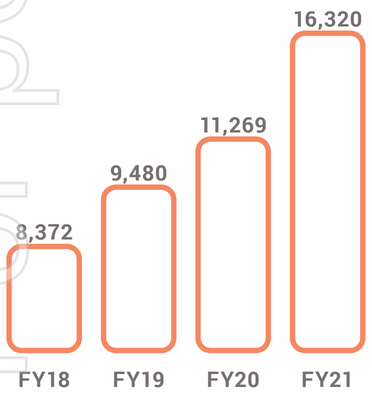
FY21 BUSINESS UNIT PERFORMANCE

SALES



NET REVENUE ($000s)
FY18 – FY21 CAGR 10.6%

EBIT



EBIT ($000s)
FY18 – FY21 CAGR 18.2%

JOHN BOURKE
MANAGING DIRECTOR - KWB GROUP

CHRIS PALIN
FINANCIAL DIRECTOR - KWB GROUP

KWB Group Commentary

KWB is a leader in Australia's home renovation market, delivering outstanding kitchen and wardrobe solutions to customers renovating their homes. Our Kitchen Connection and Wallspan brands operate a network of 25 sites across Queensland, NSW and South Australia. We are proudly the only Kitchen and Wardrobe renovation company to achieve over 1,500 Five Star reviews on Productreview.com.au - Australia's largest independent consumer review website.

COVID-19 saw Australians spending more time in their homes - and more of that time renovating them. In the past 12 months the KWB Group has designed and installed more than 4,000 kitchens and 2,000 wardrobes in Australian homes. A combination of strong demand, and an expansion of our footprint, saw our orders grow by more than 40% year-on-year. This had a flow on effect to installations, which saw sales revenue increase by over 30% compared to 2020.

This year we pushed ahead with our expansion in NSW, with new stores opening in Tweed Heads, Tuggerah, Castle Hill and Artarmon. The location of each store has been strategically chosen to take advantage of existing or emerging renovation markets.

The combination of timing, a strong marketing campaign and the excellent performance of our team, saw each of these new stores exceed their targets and make a significant contribution to the Group's final result.

Our business survives and thrives on the referrals of our customers, and we can only do that if we consistently deliver a superior product and service. We are fortunate that we have the people in place to do this, and I personally thank everyone who is a part of the KWB Group – employees, suppliers, and contractors, as well as our colleagues in Joyce Corporation, who have contributed every day to deliver our results.

The outlook for KWB Group for 2022 is positive. Market conditions entering the new financial year appear to be maintaining the momentum we built through 2021. We will continue to increase our installation capacity to match the strong consumer demand, which will give us the best opportunity to grow sales over FY22.

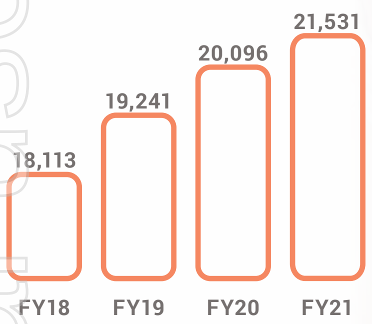
We have plans to add another four showrooms in the 2022 Financial Year – in Penrith, Belrose, Casula and Auburn – which will put us in a position to reach our goal of being Sydney's number one kitchen renovator by the end of this year, building our network to a total of 28 stores.

KWB Group is looking forward with optimism to FY22. We are well placed, with a great team, a fantastic product suite and a loyal customer base that is helping us continue to grow.

John Bourke
Managing Director KWB

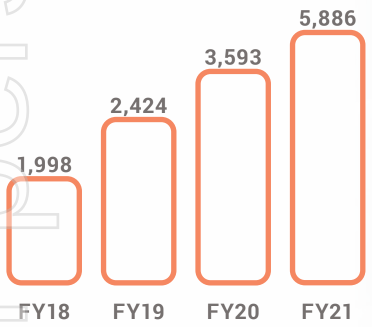
FY21 BUSINESS UNIT PERFORMANCE

SALES



NET REVENUE ($000s)
FY18 - FY21 CAGR 4.4%

EBIT



EBIT ($000s)
FY18 - FY21 CAGR 31.0%

Gavin Culmsee
GENERAL MANAGER - BEDSHED

Bedshed Commentary

Bedshed is one of Australia's leading brands, supplying quality bedding and furnishings to generations of Australian families. Bedshed operates a 37 store network, including 32 franchise stores, instantly recognisable by their distinctive purple colour and tagline of "No one's better in the bedroom." Bedshed also operates a new and growing e-commerce business that complements and supports our bricks and mortar stores.

2021 was another strong year for Bedshed, with record revenue of $21.5 million across our 37 store network. Despite the COVID-19 pandemic, retail spending in Australia has been robust, as government stimulus measures and restrictions on travel, saw consumers spend more money at home. Pleasingly, revenue from our franchisee network increased by more than 20% from the prior year and EBIT by more than 30%.

Bedshed, with its award-winning marketing campaigns, trusted product range, and commitment to customer service, was well positioned to cater to strong demand for homewares and home furnishings. An updated marketing campaign – with the key message "No one uses the bedroom quite like you" – helped drive brand awareness, store traffic and sales growth.

Our franchise model is a key driver of our success. Our franchisees are very committed, and loyal, with a number of partners staying with us since the 1980's, and just one franchised store up for sale in nine years. This year we transferred our Company-Owned store in Helensvale to an existing Bedshed franchisee, and we continue to manage inquiries from potential new franchisees – a positive reflection on the Bedshed brand and the success of the franchise model.

Bedshed's e-commerce platform, launched in Sydney during the year, gave us a low-cost entry to the Sydney market. Supported by a marketing campaign, the e-commerce offering is building brand awareness and creating an attractive environment for new franchise operators as we build our presence in Australia's biggest consumer market.

We continued to focus on improving our business, developing our systems, and refreshing our sales training, giving our people the best opportunity to succeed.

Ultimately, we are a people business – connecting our customers to the products they need to have a great night's sleep. Our people, including our franchisees and company store staff, are resilient and committed. Their dedication and professionalism have helped us navigate the challenges of COVID-19 and successfully execute our strategy.

Looking ahead, we are entering 2022 with confidence after a strong finish to 2021. Retail spending in Australia remains strong, although we always need to be mindful that economic circumstances could be volatile over the short to medium term. We are in a great position to leverage the opportunities before us and grow our network, with two new franchise stores planned for NSW, opening in the lead up to Christmas 2021.

Gavin Culmsee
Bedshed General Manager

BOARD OF DIRECTORS

Jeremy Kirkwood

Chair *(appointed Chair 30 November 2020)*
Bachelor of Commerce ANU

Jeremy was appointed a Non-Executive Director in January 2020. He has extensive experience in corporate strategy, investment banking and global capital market and provides invaluable strategic input and guidance to the Company's board and management team. Jeremy is a principal of Pilot Advisory Group and was previously a Managing Director at Credit Suisse, Morgan Stanley and Austock. He has primarily worked in public markets, undertaking merger and acquisitions and capital raisings for companies principally in the metals and mining, energy and infrastructure sectors. Jeremy is a Director of Talisman Mining Limited (Chair until July 2020), Trustee of the RE Ross Trust and Director of Hillview Quarries Pty Ltd, Nurture care Pty Ltd and Independent Schools Victoria.

Other current directorships of listed entities
Talisman Mining Ltd

Former directorships of listed companies in the last 3 years
Kin Mining NL
(resigned 31 July 2019)
Zenitas Healthcare Ltd
(resigned 2 March 2018)

Special responsibilities
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
132,978 ordinary shares

Karen Gadsby

Deputy Chair *(appointed Deputy Chair 1 May 2019)*
Bachelor of Commerce, FCA, MAICD

Karen has had 17 years' Chair/Non-Executive Director experience and has held directorships across the publicly-listed, private, government and not-for-profit sectors in Western Australia and Victoria. Karen has a finance background. She was a Chartered Accountant with Coopers and Lybrand and then worked as a senior executive with North Limited for 13 years, in various executive roles across the areas of finance, commercial, risk, IT and human resources.

Other current directorships of listed entities
None

Former directorships of listed companies in the last 3 years
Talisman Mining Ltd
(retired 4 November 2020)

Special responsibilities
Chair KWB Board
Chair 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
87,500 ordinary shares

Michael Gurry

Non-Executive Director, former Chair
(November 2018 - November 2020)
Bachelor of Science (UWA),
Dip AICD, FAIM, SF Fin, FAICD

Mike Gurry is a Non-Executive Director of Joyce Corporation Ltd and Bedshed Franchising Pty Ltd and has over 25 years' experience as a chairman and non-executive Director. Mike was Chairman of Joyce Corproation from Dec 2018 to Dec 2020 having joined the Board in 2008. He has served on numerous Boards, including listed, Government and not-for-profit organisations. Currently, he serves on the St John Ambulance Board and is a Councilor of HBF Ltd. Mike's business career included involvement in a broad range of industries in which he enjoyed considerable success. Mike is an exceptional business strategist with outstanding stakeholder and change management skills. In 2018 he was awarded the Order of Australia (AM).

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Member of the Audit and Risk Committee
Member of the Remuneration Committee
Member of the Nomination Committee
Member KWB Board

Interests in shares and options held directly, indirectly, or beneficially
140,593 ordinary shares

Daniel Smetana

Non-Executive Director, former Chair
(January 1985 to November 2018)
Diploma of Commerce,
FCPA, FAIM, FAICD

Dan is a Non-Executive Director and former Chairman of Joyce Corporation Ltd and Bedshed Franchising Pty Ltd. He has had 50 years' Chair/Non Executive Director experience and has held directorships across various sectors including Defence Reserves Support Council – WA, Youth Focus, Western Power, WASO, Edge Employment, IFAP, WA Federation of PCYC and Korab Resources Limited. Dan is a visionary leader who has been deeply involved with Joyce Corporation in Executive, Chair or NED roles since 1984.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
Korab Resources Ltd
(retired 1 January 2020)

Special responsibilities
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
Bachelor of Commerce, FAIM, FAICD

Tim specialises in mentoring and coaching CEOs, senior executives and business owners, along with being a commercial mediator and professional company director. Having held a broad variety of roles within organisations of all sizes, Tim now focuses on key board positions and mentoring others. His focus is to work with leaders and to get to the source of their thinking and behaviours, and help them find new ways of communicating, collaborating, and negotiating to meet their organisational, professional and personal goals.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Chair Bedshed Franchising Pty Ltd
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
Bachelor of Law, Bachelor of Commerce, GAICD

Travis has had extensive experience on private boards since 2009. These organisations operated in multiple industries including marketing, education and property development. This experience, particularly in the marketing and property space, will be particularly relevant to the Joyce Board. His work in derivatives and foreign exchange trading has allowed Travis to experience business and operating in Europe and the Americas, as well as here in Australia. This exposure to international thinking allows Travis to bring new perspectives to the Group and fresh approaches. His original career as a Lawyer brings new skills to the Board and provides thought leadership for management in issue resolution.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

Special responsibilities
Alternate Director Bedshed Franchising Pty Ltd
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

INFORMATION ON SECRETARIES

Daniel Madden

CEO and Group Company Secretary
(appointed 1 December 2020)
Bachelor of Commerce, ACC, ACA, Governance Institute of Australia

Dan was appointed as CEO of Joyce Corporation Ltd on 1 December 2020 and has a reputation as a values driven, people oriented manager with a collaborative approach which is consistent with the Joyce Way. Dan was previously the Managing Director and CEO of Talisman Mining Ltd, an ASX listed mineral exploration and development company with a track record of creating shareholder value. Dan was appointed as Managing Director of Talisman in 2016, having been Chief Financial Officer and Company Secretary since 2009. Dan's prior background was in finance as CFO/General Manager Finance in ASX listed and large international organisations, including more than 17 years' experience in the resource sector, including Xstrata Nickel Australasia, Jubilee Mines NL and Perilya Ltd. Dan is an Associate Member of the Institute of Chartered Accountants of England and Wales and a member of the Governance Institute of Australia. He graduated from the University of Birmingham with a degree in Commerce and Accounting.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
Talisman Mining Ltd (resigned 4 November 2020)

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

Tim Allison

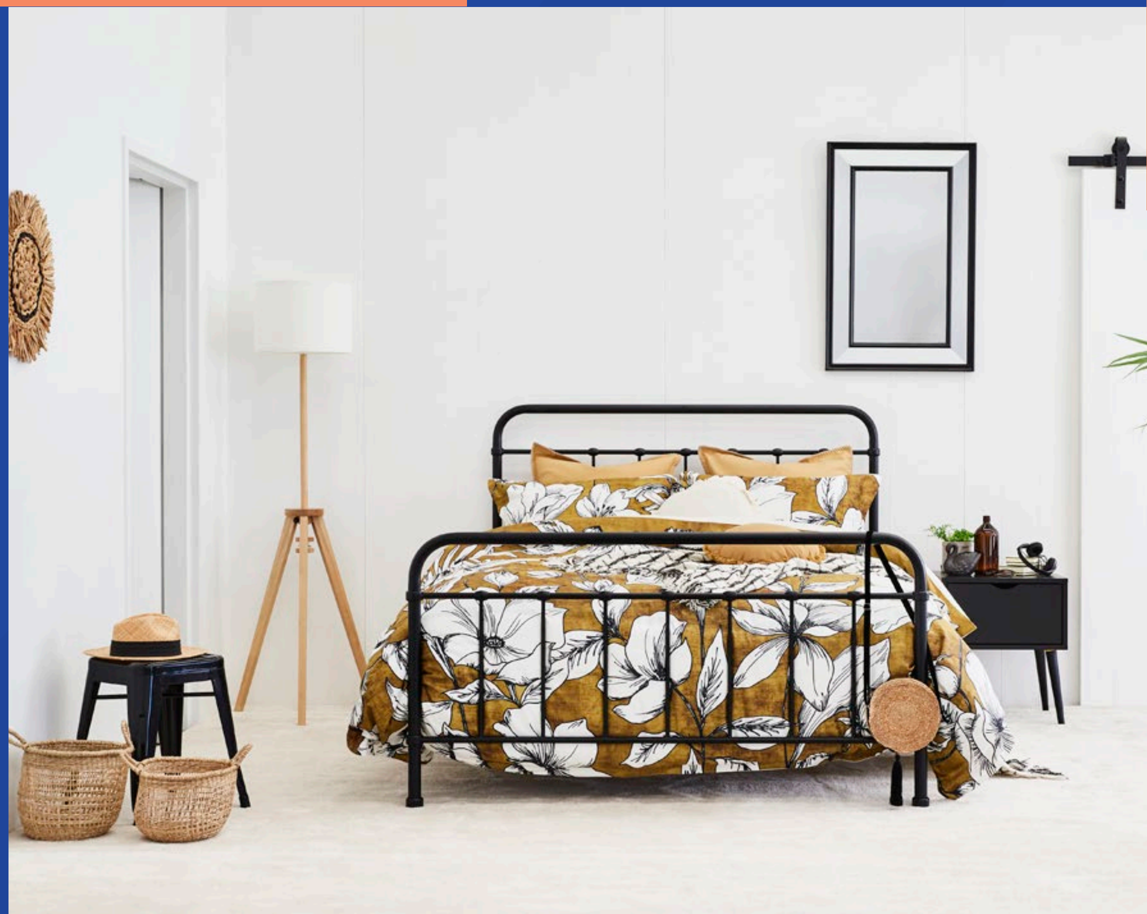
CFO and Group Company Secretary
(appointed 1 April 2021).
Bachelor of Commerce, CAANZ, AGIA, ACG, GradDip Applied Finance

Tim was appointed as CFO and Company Secretary of Joyce on 1 April 2021. His career spans more than 10 years across multiple industries with a focus on finance, including roles as CFO, General Manager of Finance and in CFO Advisory consulting. Tim is Chartered Accountant, having qualified at BDO Audit in Perth, WA. Tim is also a member of the Governance Institute of Australia, has a Graduate Diploma in Applied Finance from Kaplan and is an invited member of the Advisory Board Centre. Tim brings to Joyce a diverse skill set including process automation; big data analysis; enhancement of strategic reporting and enhancing governance standards.

Other current directorships of listed companies
None

Former directorships of listed companies in last 3 years
None

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



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 2021 ("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
Jeremy Kirkwood	Non-Executive Director (Chair)	14 January 2020
Karen Gadsby	Non-Executive Director (Deputy Chair)	1 July 2017
Daniel Smetana	Non-Executive Director	30 November 1984
Michael Gurry	Non-Executive Director	8 May 2007
Timothy Hantke	Non-Executive Director	9 June 2006
Travis McKenzie	Non-Executive Director	1 July 2019

SECRETARIES

Daniel Madden	CEO and Group Company Secretary (appointed 1 December 2020)
Tim Allison	CFO and Group Company Secretary (appointed 1 April 2021)

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 four Bedshed retail stores.

DIRECTORS' REPORT YEAR ENDED 30 JUNE 2021

REVIEW AND RESULTS OF OPERATIONS

During the financial year, the Consolidated Entity achieved revenue from continuing operations of $111.22 million (2020: $85.76 million) and a profit from continuing operations before tax of $19.11 million (2020: $5.77 million) and after tax of $13.00 million (2020: $2.67 million). The FY20 profit numbers were after deducting $5.53 million of impairments.

Financial position

At 30 June 2021, the Consolidated Entity had total equity of $26.64 million (2020: $21.65 million). Cash and cash equivalents increased from $10.64 million at 30 June 2020 to $19.88 million at 30 June 2021. Unused finance facilities were $9.84 million (2020: $4.41 million).

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Consolidated Entity plans to further develop the KWB business and continue to invest to grow the showroom network in New South Wales. The Bedshed business will develop through a planned expansion of its network of franchised stores with a particular focus in New South Wales. In addition to the focus on organic revenue growth the Company will continue to evaluate other investment opportunities that have a natural fit to its expertise and existing portfolio.

DIVIDENDS

Dividends declared or paid during the financial year are as follows:

	2021 *$000*	2020 *$000*
FY19 final fully franked dividend of 5.0 cents per share	-	1,397
FY20 interim fully franked dividend of 5.0 cents per share	-	1,404
FY20 final fully franked dividend of 5.0 cents per share	1,405	-
FY21 interim fully franked dividend of 7.0 cents per share	1,971	-
Total dividends paid	3,376	2,801

The Directors resolved that a FY21 final dividend of 10 cents per share, fully franked, be paid by Joyce Corporation Limited on 1 October 2021 to all shareholders registered as at the record date of 14 September 2021.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Throughout the year, a number of KWB showrooms and Bedshed stores experienced intermittent closures and trading restrictions as a result of the impact of COVID-19 outbreaks across Australia.

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 2021.

SIGNIFICANT AFTER REPORTING DATE EVENTS

The Directors resolved that a FY21 final dividend of 10 cents per share, fully franked, be paid by Joyce Corporation Limited on 1 October 2021 to all shareholders registered as at the record date of 14 September 2021.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. 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 2022 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.

MEETING 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
Jeremy Kirkwood	13	13	4	4	3	3	1	1
Karen Gadsby	13	13	4	4	3	3	1	1
Michael Gurry	13	13	4	4	3	3	1	1
Daniel Smetana	13	13	4	4	3	3	1	1
Timothy Hantke	13	11	4	4	3	2	1	1
Travis McKenzie	13	13	4	4	3	3	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 reports details the key management personnel (KMP) remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
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 2020 Annual General Meeting
G. Independent salary and incentive review
H. Loans or other transactions with directors and KMP

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:

KMP	Position Held
Daniel Madden	CEO and Group Company Secretary, Joyce Corporation Ltd from 1 December 2020
Tim Allison	CFO and Group Company Secretary, Joyce Corporation Ltd from 1 April 2021
John Bourke	Managing Director, KWB Group Pty Ltd
Chris Palin	Finance Director, KWB Group Pty Ltd
Gavin Culmsee	General Manager, Bedshed Franchising Pty Ltd
Derek Fowler	CFO, Joyce Corporation Ltd from 19 August 2019 to 7 August 2020
Keith Smith[(a)]	Acting CEO, Joyce Corporation Ltd from 1 July 2019 to 30 March 2020 CEO, Joyce Corporation Ltd from 31 March 2020 to 30 November 2020 Group Company Secretary, Joyce Corporation Ltd to 1 April 2021

[(a)] Refer to the ASX announcement dated 5 August 2020 for further details.

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 KMP.

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 Remuneration Committee 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 updated its Charter. A copy of the Remuneration Committee Charter is available on the Joyce Corporation website.

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 the Consolidated Entity's strategic objectives and the creation of value for shareholders. The Remuneration Committee and Board ensure that executive reward satisfies the following key criteria:

- 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 the framework's 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 calibre executives.

The framework 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 comparable entities. The Chair's fees are determined independently to the fees of Non-Executive Directors, based on appropriately comparable roles. The Chair is not present at any discussions relating to the determination of their own remuneration.

The current base remuneration was last independently reviewed by Godfrey Remuneration Group in April 2021 and is effective 1 July 2021. Fees incurred for this reviewed totalled $12,000. From 1 July 2021, Non-Executive Directors will receive additional fees for the Chairing of a committee.

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.

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 with appropriately comparable roles. Fixed remuneration is reviewed annually by the Remuneration Committee and the process involves review of the Consolidated Entity's performance, the segment within which the executive operates and the individual's performance.

Variable Component – Short-Term Incentives
Goals are agreed at the start of each financial year and consist of one or more key performance indicators (KPI's) incorporating both financial and non-financial corporate and individual-specific measures of performance. These measures are aligned to the Consolidated Entity's strategic objectives at the time. Examples of the types of measures used are targets for safety, profit, cash balances and segment specific KPI's. At the end of the financial year, the Remuneration Committee assesses the actual performance of the Consolidated Entity, the relevant segment and the individual against the agreed KPI targets. When the Consolidated Entity, or the relevant segment and the individual achieve their KPI's, the Board will reward the KMP with a cash bonus paid after the end of the financial year being assessed.

The amount paid is a discretionary percentage of a pre-determined (by the Board) maximum amount contingent on the results achieved. No bonus is awarded where performance falls below the minimum threshold set.

Variable Component - Long Term Incentives
The Remuneration Committee offers Performance Rights in the Joyce Corporation Ltd Rights Plan (JRP). The JRP was approved by shareholders at the Annual General Meeting on 27 November 2018. KPI's set under the JRP are linked to achievement of targeted shareholder return measures over a rolling 3-year period.

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 of the Consolidated Entity.

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

The employment conditions of all KMP are formalised in contracts. The directors, CEO and CFO are engaged by Joyce Corporation Ltd. All Executives 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
Daniel Madden	rolling	3	3
Tim Allison	rolling	3	3
John Bourke	rolling	3	3
Chris Palin	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.

C. DETAILS OF REMUNERATION

The remuneration summary of KMP for the current and prior financial year is set out below.

			Fixed remuneration					Variable remuneration				
Name	Note	Year	Salary	Non-monetary benefits	Annual and long service leave	Post-employment benefits	Other	Cash bonus paid	Equity-settled shares	Equity-settled performance rights	Total	Performance related
Non-executive Directors												
Jeremy Kirkwood	(a)	**2021**	**105,559**	**-**	**-**	**10,028**	**-**	**-**	**-**	**-**	**115,587**	**0.0%**
		2020	30,893	-	-	2,935	-	-	-	-	33,828	0.0%
Karen Gadsby	(b)	**2021**	**104,862**	**-**	**-**	**9,962**	**-**	**-**	**-**	**-**	**114,824**	**0.0%**
		2020	80,667	-	-	7,663	-	-	-	-	88,330	0.0%
Daniel Smetana		**2021**	**82,031**	**-**	**-**	**7,793**	**-**	**-**	**-**	**-**	**89,824**	**0.0%**
		2020	80,667	-	-	7,663	-	-	-	-	88,330	0.0%
Michael Gurry	(c)	**2021**	**116,704**	**-**	**-**	**11,087**	**-**	**-**	**-**	**-**	**127,791**	**0.0%**
		2020	132,429	-	-	12,581	-	-	-	-	145,010	0.0%
Timothy Hantke		**2021**	**82,031**	**-**	**-**	**7,793**	**-**	**-**	**-**	**-**	**89,824**	**0.0%**
		2020	80,667	-	-	7,663	-	-	-	-	88,330	0.0%
Travis McKenzie		**2021**	**72,264**	**-**	**-**	**6,865**	**-**	**-**	**-**	**-**	**79,129**	**0.0%**
		2020	35,650	-	-	3,387	-	-	-	-	39,037	0.0%
Anthony Mankarios		**2021**	-	-	-	-	-	-	-	-	-	0.0%
	(d)	2020	353,386	-	-	8,305	-	-	189,474	-	551,165	34.4%
		2021	**563,451**	**-**	**-**	**53,528**	**-**	**-**	**-**	**-**	**616,979**	**0.0%**
		2020	794,359	-	-	50,197	-	-	189,474	-	1,034,030	18.3%
Other Key Management Personnel												
Daniel Madden	(e)	**2021**	**229,250**	**-**	**12,230**	**15,939**	**-**	**-**	**-**	**23,518**	**280,937**	**8.4%**
		2020	-	-	-	-	-	-	-	-	-	0.0%
Tim Allison	(f)	**2021**	**58,750**	**-**	**3,616**	**5,424**	**-**	**-**	**-**	**-**	**67,790**	**0.0%**
		2020	-	-	-	-	-	-	-	-	-	0.0%
John Bourke		**2021**	**334,247**	**-**	**10,642**	**45,079**	**-**	**140,274**	**-**	**344,945**	**875,187**	**55.4%**
		2020	333,966	-	31,328	41,071	-	98,084	-	-	504,449	19.4%
Chris Palin		**2021**	**264,200**	**-**	**12,490**	**35,640**	**-**	**110,959**	**-**	**272,847**	**696,136**	**55.1%**
		2020	264,429	-	26,443	32,463	-	77,518	-	-	400,853	19.3%
Gavin Culmsee		**2021**	**272,617**	**-**	**2,655**	**25,899**	**-**	**81,400**	**-**	**85,084**	**467,655**	**35.6%**
		2020	270,320	-	27,552	25,680	-	59,270	-	19,833	402,655	19.6%
Lee Hames		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0%**
	(g)	2020	171,923	7,057	-	14,745	-	47,620	-	-	241,345	19.7%
Derek Fowler	(h)	**2021**	**37,179**	**-**	**(10,513)**	**4,628**	**23,630**	**-**	**-**	**-**	**54,924**	**0.0%**
		2020	154,545	-	12,821	14,682	-	-	-	-	182,048	0.0%
Keith Smith	(i)	**2021**	**173,211**	**-**	**(50,725)**	**16,455**	**161,646**	**-**	**95,596**	**-**	**396,183**	**24.1%**
		2020	296,347	-	24,869	28,153	-	120,000	-	-	469,369	25.6%
		2021	**1,369,454**	**-**	**(19,605)**	**149,064**	**185,276**	**332,633**	**95,596**	**726,394**	**2,838,812**	**40.7%**
		2020	1,491,530	7,057	123,013	156,794	-	402,492	-	19,833	2,200,719	19.2%
Totals		**2021**	**1,932,905**	**-**	**(19,605)**	**202,592**	**185,276**	**332,633**	**95,596**	**726,394**	**3,455,791**	**33.4%**
		2020	2,285,889	7,057	123,013	206,991	-	402,492	189,474	19,833	3,234,749	18.9%

(a) Chair effective 30 November 2020.
(b) Karen Gadsby received fees for additional duties performed over and above her duties as a NED.
(c) Chair to 30 November 2020.
(d) Resigned 24 November 2019. Salary consisted of termination payment ($245,966) and NED fees ($107,420).
(e) Appointed CEO and Joint Group Company Secretary, Joyce Corporation Ltd effective 1 December 2020.
(f) Appointed CFO and Joint Group Company Secretary, Joyce Corporation Ltd effective 1 April 2021.
(g) Interest in Lloyds Online Auction Pty Ltd disposed effective 17 June 2020.
(h) Contract ended effective 7 August 2020. Other payments consisted of payment in lieu of notice ($11,538) and unused annul leave ($12,091).
(i) CEO, Joyce Corporation Ltd from 31 March 2020 to 30 November 2020; Group Company Secretary, Joyce Corporation Ltd to 1 April 2021. Other payments consisted of $100,000 paid on conclusion of modified contract and unused annual leave ($61,646).

STI - Cash Bonus

The details of the STI variable component of KMP remuneration paid during the current and prior financial year is set out below.

Name	Note	Year	100% level STI	% financial conditions	% non-financial conditions	STI financial condition	STI non-financial condition	% of the financial condition achieved	% of the non-financial condition achieved	STI payable
Non-executive Directors										
Jeremy Kirkwood		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Karen Gadsby		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Daniel Smetana		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Michael Gurry		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Timothy Hantke		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Travis McKenzie		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Anthony Mankarios		**2021**	-	-	-	-	-	-	-	-
		2020	-	-	-	-	-	-	-	-
		2021	**-**			**-**	**-**			**-**
		2020	-			-	-			-
Other Key Management Personnel										
Daniel Madden		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Tim Allison		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
John Bourke	(a)	**2021**	**140,274**	**92.84%**	**7.16%**	**130,235**	**10,039**	**100.00%**	**100.00%**	**140,274**
		2020	98,084	100.00%	0%	98,084	-	100.00%	0%	98,084
Chris Palin	(a)	**2021**	**110,959**	**92.83%**	**7.17%**	**103,007**	**7,952**	**100.00%**	**100.00%**	**110,959**
		2020	77,518	100.00%	0%	77,518	-	100.00%	0%	77,518
Gavin Culmsee	(a)	**2021**	**111,000**	**66.67%**	**33.33%**	**74,000**	**37,000**	**100.00%**	**20.00%**	**81,400**
		2020	72,280	76.00%	24.00%	54,933	17,347	100.00%	25.00%	59,270
Lee Hames		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	47,620	100.00%	0%	47,620	-	100.00%	0%	47,620
Derek Fowler		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		2020	-	-	-	-	-	-	-	-
Keith Smith		**2021**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(a)	2020	120,000	0%	100.00%	-	120,000	0%	100.00%	120,000
		2021	**362,233**			**307,242**	**54,991**			**332,633**
		2020	415,502			278,155	137,347			402,492
Totals		**2021**	**362,233**			**307,242**	**54,991**			**332.633**
		2020	415,502			278,155	137,347			402,492

(a) KMP cash bonus STI's are payable at the discretion of the directors and are based on key performance criteria, which require performance to meet or exceed predetermined targets. Key performance criteria include both financial and non-financial criteria.

D. SHARE-BASED COMPENSATION

Performance rights granted as compensation under the JRP

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 rights convert to one ordinary share.

Terms and conditions

During the current financial year, 127,002 'FY21 performance rights' were issued to Daniel Madden, 208,448 to John Bourke, 164,879 to Chris Palin and 140,484 issued to Gavin Culmsee. In addition and in recognition of past performance, 141,677 'FY20 performance rights' were issued to John Bourke and 112,065 to Chris Palin. These are subject to continued employment and meeting pre-determined performance criteria.

During the prior financial year, 137,032 'FY20 performance rights' were issued to Keith Smith and 76,387 issued to Gavin Culmsee. Rights are subject to continued employment and meeting pre-determined performance criteria.

Reconciliation of performance rights

The reconciliation of the performance rights is set out below.

	Year Granted	Balance at start of year	Granted during year	Vested	Forfeited	Other	Balance at end of year	Maximum value yet to vest
		Number	Number	Number	Number	Number	Number	$000
Daniel Madden	FY21	-	127,002	-	-	-	127,002	185
John Bourke	FY21	-	208,448	-	-	-	208,448	464
John Bourke	FY20[b]	-	141,677	-	-	-	141,677	126
Chris Palin	FY21	-	164,879	-	-	-	164,879	367
Chris Palin	FY20[b]	-	112,065	-	-	-	112,065	100
Gavin Culmsee	FY21	-	140,484	-	-	-	140,484	130
Gavin Culmsee	FY20	76,387	-	-	-	-	76,387	39
Keith Smith	FY20	137,032	-	-	-	(137,032)[a]	-	-
		213,419	**894,555**	**-**	**-**	**(137,032)**	**970,942**	**1,411**

(a) Keith Smith share-based payment
In the contractual arrangements finalised and signed on 9 October 2020 it was agreed to issue Joyce Corporation Ordinary Shares to Keith Smith in lieu of his performance rights upon his departure from the Company.

(b) As the granting of the 'FY20 performance rights' to the KWB KMP's was in recognition of past performance, the share-based payment expense relating to these rights for the previous financial year was fully expensed in the current year.

Details of performance rights

Details of the performance rights on issue as at 30 June 2021 are summarised below.

FY20 Rights			
Beneficiary	**John Bourke**	**Chris Palin**	**Gavin Culmsee**
Number of Rights Granted	141,677	112,065	76,387
Fair Value per right (JYC share price on grant date)	$2.67	$2.67	$1.55
Total fair value	$378,278	$299,214	$118,400
Commencement date	1 July 2019[b]	1 July 2019[b]	1 July 2019
Expected vesting date	30 June 2022 (3 years)	30 June 2022 (3 years)	30 June 2022 (3 years)
Vesting conditions	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of Bedshed EBIT cumulative over 3 years[a]
No. of rights expected to vest	141,677	112,065	76,387

(a) 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 2020 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.

(b) As the granting of the 'FY20 performance rights' to the KWB KMP's was in recognition of past performance, the share-based payment expense relating to these rights for the previous financial year was fully expensed in the current year. The formal grant date of the FY20 Rights to John Bourke and Chris Palin was determined post year end and under the requirements of the Australian Accounting Standards, the associated accounting expense is based on the underlying share price at formal grant date.

FY21 Rights				
Beneficiary	**Daniel Madden**	**John Bourke**	**Chris Palin**	**Gavin Culmsee**
Number of Rights Granted	127,002	208,448	164,879	140,484
Fair Value per right (JYC share price on grant date)	$1.64	$2.67[c]	$2.67[c]	$1.11
Total fair value	$208,283	$556,556	$440,227	$155,937
Commencement date	1 December 2020[b]	1 July 2020	1 July 2020	1 July 2020
Expected vesting date	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)
Vesting conditions	Profit metric of Group NPAT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of Bedshed EBIT cumulative over 3 years[a]
No. of rights expected to vest	63,501 - 127,002	104,224 - 208,448	82,440 - 164,879	70,242 - 140,484

(a) 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 2021 and ending 30 June 2023. 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.

(b) Daniel Madden's contract of employment commenced on 1 December 2020 and as a result for the year 30 June 2021 only a prorated expense was recognised.

(c) The formal grant date of the 'FY21 performance rights' to John Bourke and Chris Palin was determined post year end and under the requirements of the Australian Accounting Standards, the associated accounting expense is based on the underlying share price at formal grant date.

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 (2020: nil).

Option holdings

During the financial year, there were no options on issue to any Director or Executive of the Consolidated Entity (2020: nil).

Partly paid ordinary shares as compensation

There were no partly paid ordinary shares held or granted during the financial year as compensation (2020: nil).

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.

	Balance 1 July 2020	Granted as remuneration	On exercise of options	On-market purchases	Other net change	Balance 30 June 2021
Jeremy Kirkwood	-	-	-	132,978	-	132,978
Karen Gadsby	20,000	-	-	67,500	-	87,500
Daniel Smetana	11,062,440	-	-	-	109,139	11,171,579
Michael Gurry	56,878	-	-	83,715	-	140,593
Timothy Hantke	20,000	-	-	-	-	20,000
Travis McKenzie	15,086	-	-	-	-	15,086
Daniel Madden	-	-	-	-	-	-
Tim Allison	-	-	-	-	-	-
John Bourke	65,359	-	-	100,000	-	165,359
Chris Palin	-	-	-	-	-	-
Gavin Culmsee	20,000	-	-	20,000	-	40,000
Derek Fowler	-	-	-	-	-	-
Keith Smith[(a)]	62,500	63,731	-	-	(126,231)	-
TOTAL	**11,322,263**	**63,731**	**-**	**404,193**	**(17,092)**	**11,773,095**

(a) Keith Smith resigned on 30 November 2020 and ceased to be a KMP at that date.

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.

	FY21 $000	FY20 $000	FY19 $000	FY18 $000	FY17 $000
Revenue from continuing operations (a)	111,224	85,757	84,205	78,093	64,726
Profit from continuing operations after tax (a)	12,995	2,674	6,385	6,204	3,794
Share price at year-end $	2.65	1.10	1.53	1.42	1.60
Dividends (cents)	17.0	10.0	12.7	11.0	11.5

(a) Revenue and profit exclude discontinued operations.

REMUNERATION REPORT – AUDITED
YEAR ENDED 30 JUNE 2021

F. VOTING AT THE 2020 ANNUAL GENERAL MEETING (AGM)

At the 2020 Annual General Meeting ("AGM"), the majority of shareholders votes cast, 62.53%, were in favour of adopting the 2020 Remuneration Report – Audited ("Remuneration Report"). However, 37.47% of the votes cast were against the Remuneration Report, constituting a "second strike" under the Corporations Act 2001 (Cth) ("Corporations Act"). The subsequent board spill resolution required to be held under the Corporations Act was not carried.

Shareholders should note that the 2021 Remuneration Report requires a 75% majority vote at the FY2021 AGM, otherwise the Company will receive a "first strike".

As with previous years, during FY2021, the Remuneration Committee and the Board considered the views of shareholders and continues to assess the appropriateness of the Company's remuneration policies and competitiveness to ensure it aligns with the Company's performance against key business goals and objectives. While no changes have been made to the remuneration policy for the Board during FY2021, the Board is committed to ensuring there is continued demonstrable alignment between performance and compensation for key management personnel.

G. INDEPENDENT SALARY AND INCENTIVE REVIEW

There was independent advice sought in November 2020 with respect to the CEO's LTI. The review was undertaken by independent professional firm, Godfrey Remuneration Group in conjunction with the review of NED fees referred to in part A above.

H. LOANS OR OTHER TRANSACTIONS WITH DIRECTORS AND KMP

There are no loans outstanding with any Director as at 30 June 2021 (2020: $nil).

During the financial year, the entities of the Consolidated Entity entered into the following transactions with related parties:

Related Party	Type of transaction
Key Management Personnel	Received dividend payments totalling $1,974,236, with $8,628 reinvested under the Company's DRP.

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 wilful 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 29.

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 $36,000 of non-audit services provided by BDO during the year (as disclosed in Note 29) 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 32.

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.

J Kirkwood
Chair
Perth, 31 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
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 2021, 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, 31 August 2021

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 (4th edition) published by the ASX Corporate Governance Council.

The 2021 Corporate Governance Statement reflects the corporate governance practices in place throughout the financial year. The Company's current Corporate Governance Statement 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 2021

ANNUAL FINANCIAL REPORT
YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

		Consolidated	
		2021	**2020**
	Note	***$000***	***$000***
Continuing operations			
Revenue	22	111,224	85,757
Cost of sales	22	(52,417)	(40,720)
Gross profit		**58,807**	**45,037**
Other revenue	22	4,385	3,938
Variable costs	22	(8,030)	(4,838)
Contribution margin		**55,162**	**44,137**
Expenses from continuing operations			
Employment expenses	22	(22,031)	(19,828)
Occupancy expenses		(1,238)	(1,444)
Marketing expenses		(2,694)	(2,654)
Administration expenses	22	(4,907)	(3,608)
Profit before depreciation, impairment, interest, tax		**24,292**	**16,603**
Depreciation and amortisation	22	(4,663)	(4,606)
Profit before impairment, interest, tax		**19,629**	**11,997**
Impairment of non-financial assets	22	-	(5,526)
Profit before interest, tax		**19,629**	**6,471**
Net interest	22	(521)	(699)
Profit before tax		**19,108**	**5,772**
Income tax expense	23	(6,113)	(3,098)
Profit for the year from continuing operations		**12,995**	**2,674**
Profit / (loss) for the year from discontinued operations	26	**-**	**(2,319)**
Profit for the year		**12,995**	**355**
Profit is attributable to:			
Continuing operations:			
Ordinary equity holders of the company		7,574	(1,107)
Non-controlling interests		5,421	3,781
		12,995	**2,674**
Discontinued operations:			
Ordinary equity holders of the company		-	(1,655)
Non-controlling interests		-	(664)
		-	**(2,319)**

The consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 *cents*	2020 *cents*
Earnings / (loss) per share (cents per share) for profit / (loss) attributable to ordinary equity holders of the Company:			
Basic earnings / (loss) per share:			
Earnings / (loss) from continuing operations	19	26.92	(3.95)
Earnings / (loss) from discontinued operations		-	(5.90)
		26.92	**(9.85)**
Diluted earnings / (loss) per share:			
Earnings / (loss) from continuing operations	19	26.92	(3.95)
Earnings / (loss) from discontinued operations		-	(5.90)
		26.92	**(9.85)**
Basic earnings / (loss) per share excluding impairment expense amount:			
Earnings from continuing operations	*19*	*26.92*	*15.76*
Earnings / (loss) from discontinued operations		*-*	*(5.90)*
		26.92	***9.86***

The consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 *$000*	2020 *$000*
Profit for the year		12,995	355
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		**12,995**	**355**
Total comprehensive income for the year arises from:			
Continuing operations		12,995	2,674
Discontinued operations	26	-	(2,319)
Total comprehensive income for the year		**12,995**	**355**
Total comprehensive income for the year attributable to:			
Continuing operations:			
Ordinary equity holders of the company		7,574	(1,107)
Non-controlling interests		5,421	3,781
		12,995	**2,674**
Discontinued operations:			
Ordinary equity holders of the company		-	(1,655)
Non-controlling interests		-	(664)
		-	**(2,319)**

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated 2021 $000	2020 $000
ASSETS			
Current assets			
Cash and cash equivalents	9	19,881	10,643
Trade receivables	10	591	886
Inventories	11	3,225	2,974
Other receivables and prepayments	12	464	4,168
Other financial assets	13	582	179
Total current assets		**24,743**	**18,850**
Non-current assets			
Other receivables and prepayments	12	114	157
Deferred tax assets	23	6,005	5,564
Right-of-use assets	24	12,454	10,195
Property, plant and equipment	14	8,892	8,807
Investment property	15	9,623	9,623
Intangible assets	5	7,450	7,510
Total non-current assets		**44,538**	**41,856**
TOTAL ASSETS		**69,281**	**60,706**
LIABILITIES			
Current liabilities			
Trade and other payables	16	19,747	12,774
Dividend payable	21	-	1,405
Provisions	17	2,410	1,575
Loans and borrowings	6	-	521
Lease liabilities	24	3,974	3,370
Provision for income tax	23	1,710	484
Total current liabilities		**27,841**	**20,129**
Non-current liabilities			
Loans and borrowings	6	-	5,230
Lease liabilities	24	9,788	8,587
Deferred tax liabilities	23	4,364	3,851
Provisions	17	649	1,256
Total non-current liabilities		**14,801**	**18,924**
TOTAL LIABILITIES		**42,642**	**39,053**
NET ASSETS		**26,639**	**21,653**
EQUITY			
Issued capital	18	18,397	18,280
Reserve	20	742	20
Retained earnings / (accumulated losses)		3,893	(305)
Parent entity interest		23,032	17,995
Non-controlling interest	27	3,607	3,658
TOTAL EQUITY		**26,639**	**21,653**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

ANNUAL FINANCIAL REPORT
YEAR ENDED 30 JUNE 2021

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021 $000	2020 $000
Cash flows from / (used in) operating activities			
Receipts from customers		115,904	91,117
Payments to suppliers and employees		(83,931)	(74,119)
Income tax paid		(4,815)	(3,535)
Interest received / (paid)		8	(106)
Net cash flows from operating activities	30	**27,166**	**13,357**
Cash flows from / (used in) investing activities			
Purchase of property, plant and equipment		(1,394)	(645)
Purchase of intangible assets		-	(180)
Proceeds from sale of discontinued operations	26	3,300	1,957
Proceeds from sale of property, plant and equipment		111	67
Net cash flows from investing activities		**2,017**	**1,199**
Cash flows from / (used in) financing activities			
Dividends paid		(4,760)	(1,398)
Dividends paid to non-controlling interests	27	(5,472)	(1,465)
Payment of lease liabilities	24	(3,963)	(3,711)
Repayment of borrowings	6	(5,750)	(16,498)
Proceeds from borrowings		-	12,300
Net cash flows (used in) financing activities		**(19,945)**	**(10,772)**
Net increase in cash and cash equivalents		9,238	3,784
Cash and cash equivalents at beginning of year		10,643	6,859
Cash and cash equivalents at end of year	9	**19,881**	**10,643**
Reconciliation of cash			
Cash at bank and in hand	9	19,881	10,643
		19,881	**10,643**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Contributed Equity	Reserves	Retained Earnings / (Losses)	Non-Controlling Interest	Total Equity
		$000	$000	$000	$000	$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	26	-	-	-	(862)	(862)
Shares issued	18	190	-	-	-	190
Share-based payments	20	-	20	-	-	20
Dividends paid or provided for	21	-	-	(2,801)	(1,465)	(4,266)
Balance at 30 June 2020		**18,280**	**20**	**(305)**	**3,658**	**21,653**

	Note	Contributed Equity	Reserves	Retained Earnings / (Losses)	Non-Controlling Interest	Total Equity
		$000	$000	$000	$000	$000
Balance at 1 July 2020		**18,280**	**20**	**(305)**	**3,658**	**21,653**
Total comprehensive income / (loss) for the year:						
Profit attributable to members of the parent entity		-	-	7,574	-	7,574
Profit attributable to non-controlling interests		-	-	-	5,421	5,421
Total comprehensive income / (loss) for the year		-	-	7,574	5,421	12,995
Transactions with owners in their capacity as owners:						
Shares issued	18	117	-	-	-	117
Share-based payments	20	-	722	-	-	722
Dividends paid or provided for	21	-	-	(3,376)	(5,472)	(8,848)
Balance at 30 June 2021		**18,397**	**742**	**3,893**	**3,607**	**26,639**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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 2021 were authorised for issue in accordance with a resolution of the Directors of the Company dated 31 August 2021. 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 operations and principal activities of the Company and its controlled entities are described in the Directors' Report.

The consolidated financial statements comprise the financial statements of Joyce Corporation Ltd and its controlled subsidiaries ("the Consolidated Entity").

Critical Accounting Estimates and Judgements: 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. 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 at the reporting date.

Significant Accounting Policy: Basis of preparation
These general-purpose financial statements for the financial year ended 30 June 2021 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.

Significant Accounting Policy: Principles of consolidation
The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to 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 27 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 'Deposit Guarantee' are not funds of the Consolidated Entity and have not been consolidated.

Significant Accounting Policy: Comparatives
When required by accounting standards, comparative figures have been adjusted to maintain consistency with classification and presentation for the current financial year.

Significant Accounting Policy: 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.

Significant Accounting Policy: 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.

2. SIGNIFICANT AFTER REPORTING DATE EVENTS

The Directors resolved that a FY21 final dividend of 10 cents per share, fully franked, be paid by Joyce Corporation Limited on 1 October 2021 to all shareholders registered as at the record date of 14 September 2021.

The full impact of the COVID-19 pandemic continues to evolve at the date of this report. 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 2022 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's operations 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 seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

The Consolidated Entity holds the following financial instruments:

	Note	2021 *$000*	2020 *$000*
Financial assets			
Cash and cash equivalents	9	19,881	10,643
Trade receivables	10	591	886
Other receivables	12	130	3,240
Other financial assets	13	582	179
		21,184	14,948
Financial liabilities			
Trade and other payables	16	19,747	12,774
Loans and borrowings	6	-	5,751
Dividend payable	21	-	1,405
Lease liabilities	24	13,762	11,957
		33,509	31,887

Market risk

(i) Foreign exchange risk
The Consolidated Entity's exposure to foreign currency risk is not material and is largely limited to purchases of inventory within the company-owned Bedshed stores.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2021 Average interest rate Variable	2021 Average interest rate Fixed	2021 $000	2020 Average interest rate Variable	2020 Average interest rate Fixed	2020 $000
Financial assets						
Cash and cash equivalents	0.01%	-	19,881	0.01%	-	10,643
Financial liabilities						
CBA market rate loan 1	2.25%	-	-	3.12%	-	4,751
CBA market rate loan 2	2.25%	-	-	3.08%	-	1,000
		-	-			5,751

An analysis by maturities is provided in (b) 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 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.

(a) 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, 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, the credit quality of the customer is assessed internally, considering its financial position, past performance 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. For wholesale customers without credit rating, the Consolidated Entity generally retains title over the goods sold until full payment is received. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

		2021 $000	2020 $000
Cash and cash equivalents	AA-	19,881	10,643
Trade receivables	Non-rated	591	886
Other receivables	Non-rated	130	3,240
Other financial assets	Non-rated	582	179
		21,184	14,948

(b) 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 its 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 6 in relation to the financing facilities available at reporting date.

Maturities of financial assets and financial liabilities

The tables below present, as at the reporting date, the Consolidated Entity's financial assets and liabilities in relevant maturity groupings based on the remaining period 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 2021					
Consolidated financial assets					
Cash and cash equivalents	19,881	-	-	-	19,881
Trade receivables	591	-	-	-	591
Other receivables	16	-	114	-	130
Other financial assets	582	-	-	-	582
	21,070	-	114	-	21,184
Consolidated financial liabilities					
Trade and other payables	19,747	-	-	-	19,747
Loans and borrowings	-	-	-	-	-
Dividend payable	-	-	-	-	-
Lease liabilities	1,985	1,989	8,884	904	13,762
	21,732	1,989	8,884	904	33,509
Net maturity	(662)	(1,989)	(8,770)	(904)	(12,325)

	≤ 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)

Capital risk management

Management manages the capital of the Consolidated Entity in order to maintain a stable 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 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. These responses include the management of debt levels, dividends to shareholders and share issues.

Estimates and judgements are continually re-evaluated in order to contemplate the most up to date information available to management.

4. 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:

- Operation of retail kitchen and wardrobe showrooms;
- Bedshed retail bedding franchise operation; and
- Company-owned retail bedding stores.

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

Previous operations of valuation, online and physical auction sites were divested on 17 June 2020 and are reported under Discontinued Operations.

(b) Geographic segments

The Consolidated Entity operates in one principal geographical area namely that of Australia (country of domicile). Each Segment is managed on a national basis and management consider that geographic areas are not a consideration in Segment performance.

(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 2021 (2020: none).

In the retail operations of the Consolidated Entity, namely KWB and Bedshed company-owned Stores, no single customer represents a material amount of revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table presents revenue and profit information and certain asset and liability information regarding operating segments for the year ended 30 June 2021.

	Continuing operations			Continuing operations
	Retail Kitchen Showrooms $000	Bedshed Franchise $000	Retail Bedding Stores $000	Total $000
Revenue				
Revenue	89,693	4,834	16,697	111,224
Inter-segment sales	-	-	-	-
Total segment revenue	89,693	4,834	16,697	111,224
Timing of revenue recognition:				
At a point in time	89,693	-	16,697	106,390
Over time	-	4,834	-	4,834
	89,693	4,834	16,697	111,224
Unallocated revenue				-
Total consolidated revenue				111,224
Result				
Segment result	16,320	2,629	3,257	22,206
Unallocated expenses net of unallocated income				(3,098)
Income tax expense				(6,113)
Net consolidated profit/(loss) for the year				12,995
Assets and liabilities as at 30 June 2021				
Segment assets	41,549	8,540	12,308	62,397
Unallocated assets				6,884
Total assets				69,281
Segment liabilities	32,550	2,205	6,556	41,311
Unallocated liabilities				1,331
Total liabilities				42,642
Other segment information for the year ended 30 June 2021				
Capital expenditure on PPE and intangibles	1,346	25	9	1,380
Depreciation and amortisation	3,450	82	1,043	4,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
	Retail Kitchen Showrooms $000	Bedshed Franchise $000	Retail Bedding Stores $000	Total $000	Total $000
Revenue					
Revenue	67,498	3,996	14,263	85,757	15,595
Inter-segment sales	-	-	-	-	-
Total segment revenue	67,498	3,996	14,263	85,757	15,595
Timing of revenue recognition:					
At a point in time	67,498	-	14,263	81,761	15,595
Over time	-	3,996	-	3,996	-
	67,498	3,996	14,263	85,757	15,595
Unallocated revenue				-	-
Total consolidated revenue				85,757	15,595
Result					
Segment result	11,269	1,992	(201)	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)
Assets and liabilities as at 30 June 2020					
Segment assets	30,613	8,417	10,148	49,178	-
Unallocated assets				11,528	-
Total assets				60,706	-
Segment liabilities	22,123	2,002	7,703	31,828	-
Unallocated liabilities				7,225	-
Total liabilities				39,053	-
Other segment information for the year ended 30 June 2020					
Capital expenditure on PPE and intangibles	588	191	41	820	-
Depreciation and amortisation	3,201	21	1,285	4,507	1,250

5. INTANGIBLE ASSETS

	2021	2020
	$000	*$000*
Software development	120	180
Goodwill	7,330	7,330
Total intangible assets	7,450	7,510

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 each individual 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 (or losses) 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.

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. CGU's to which goodwill is allocated as at 30 June 2021 are as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Software development

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future 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.

Critical Accounting Estimates and Judgements: 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.

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 have undergone impairment are reviewed for possible reversal of the impairment at each reporting date.

Critical Accounting Estimates and Judgements: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

An analysis of intangible assets is presented below.

	Goodwill		Software Development		Consolidated	
	2021	2020	2021	2020	2021	2020
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
Year ended 30 June						
Net of accumulated impairment and amortisation at 1 July	7,330	15,933	180	2,436	7,510	18,369
Additions	-	-	-	180	-	180
Impairment	-	(4,377)	-	-	-	(4,377)
Disposals	-	(4,226)	-	(2,436)	-	(6,662)
Amortisation	-	-	(60)	-	(60)	-
Net of accumulated impairment and amortisation at 30 June	7,330	7,330	120	180	7,450	7,510
At 30 June						
Cost (gross carrying amount)	11,734	17,778	180	2,616	11,914	20,394
Disposals	-	(4,226)	-	(2,436)	-	(6,662)
Accumulated impairment	(4,404)	(6,222)	-	-	(4,404)	(6,222)
Accumulated amortisation	-	-	(60)	-	(60)	-
Net carrying amount	7,330	7,330	120	180	7,450	7,510

Goodwill
Goodwill as at 30 June 2021 reflects the interest in the KWB Group, acquired in October 2014 and the value of the Bedshed Franchising Pty Ltd activities, purchased in 2006.

Software development
Software development as at 30 June 2021 reflects the value of the HarmoniQ point of sale system in the Bedshed Franchise and Retail Bedding Stores segments.

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 $nil (2020: $4.38 million) has been recognised in respect of goodwill.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Allocation of goodwill

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

	2021	2020
	$000	*$000*
Kitchen Showrooms segment	1,023	1,023
Bedshed Franchising segment	6,307	6,307
Total goodwill	7,330	7,330

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 FY22 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 2021	Pre–tax Discount Rate 2020	Growth Rate 2021	Growth Rate 2020
Kitchen Showrooms segment	9.81%	9.66%	2.36%	5.00%
Bedshed Franchising segment	9.81%	9.66%	2.36%	2.00%

The Consolidated Entity's value-in-use calculations incorporated a terminal value component beyond the 5-year projection period for all the operating segments.

Impairment of goodwill for the financial year ended 30 June 2021 was $nil (2020: $4.38 million). The FY20 impairment was 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.

Impact of possible changes in key assumptions

No reasonably possible changes in the key assumptions above would result in the carrying amount of the CGUs exceeding their recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. LOANS AND BORROWINGS AND FINANCING FACILITIES AVAILABLE

	2021 $000	2020 $000
Current		
Bank loans	-	521
Non-current		
Bank loans	-	5,230
Total loans and borrowings	-	5,751

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. 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 24 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.

Financing facilities available

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

	2021 $000	2020 $000
Total facilities:		
CBA market rate loan 1	4,551	4,751
CBA market rate loan 2	875	1,000
CBA multi option facility	415	415
NAB business loan	4,000	4,000
Total available facilities	9,841	10,166
Facilities used at reporting date:		
CBA market rate loan 1	-	4,751
CBA market rate loan 2	-	1,000
CBA multi option facility	-	-
NAB business loan	-	-
Total used facilities	-	5,751
Facilities unused at reporting date:		
CBA market rate loan 1	4,551	-
CBA market rate loan 2	875	-
CBA multi option facility	415	415
NAB business loan	4,000	4,000
Total unused facilities	9,841	4,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	4 years	31/07/2024

7. CONTINGENT LIABILITIES

At 30 June 2021, the Consolidated Entity had entered into the following guarantees:

- KWB Group has retail lease bank guarantees held against the equity in the 97 Trade Street, Lytton property as at 30 June 2021 of $0.96 million (30 June 2020: $0.62 million).
- Bedshed Retail Stores have bank guarantees relating to payment of lease obligations as at 30 June 2021 of $0.37 million (30 June 2020: $0.83 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 2021 of $60,000 (30 June 2020: $98,000).

Significant Accounting Policy: Financial guarantees

Where material, financial guarantees are issued. These require 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. The guarantees 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 Consolidated Entity gives guarantees in exchange for a fee, revenue is recognised under AASB 15.

The fair values of financial guarantee contracts are assessed using a probability weighted discounted cash flow approach. The probability is based on:

- *The likelihood of the guaranteed party defaulting in a given 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.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. 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	Carrying Value June 2021 *$000*	Valuation technique	Key un-observable inputs	Range of un-observable inputs
Property and buildings					
Office and warehouse, Osborne Park WA	Level 2	5,450	Management valuation	Capitalisation rate	5.25% - 5.75%
Investment property					
Office and factory, Lytton QLD	Level 2	9,620	Management valuation	Capitalisation rate	6.00% - 7.25%

Significant Accounting Policy: 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 the carrying value payables are assumed to approximate their fair values due to their short-term nature.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and deposits held at call with financial institutions. 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 balances exclude funds allocated for the specific use of operating the Approved Purposes activities on behalf of the Company's Bedshed franchisees. Approved Purposes cash is included in Other Financial Assets. At 30 June 2021, the total of this balance was $0.58 million (2020: $0.18 million).

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

	2021 *$000*	2020 *$000*
Cash at bank and on hand	19,881	10,643

10. TRADE RECEIVABLES

	2021 *$000*	2020 *$000*
Current		
Trade receivables	597	892
Allowance for expected credit loss	(6)	(6)
Total current trade receivables	591	886

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 operating segment, trade receivables are generally due for settlement within 30 days.

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

	2021 *$000*	2020 *$000*
Within one year	591	886

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2021 $000	2020 $000
At 1 July	216	20
(Credit) / charge for the year	(210)	196
At 30 June	6	216

Critical Accounting Estimates and Judgements: Expected credit losses
Debtors in each of the Consolidated Entity segments 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. 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 is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

11. INVENTORIES

	2021 $000	2020 $000
Current		
Stock on hand at cost	3,360	3,092
Provision for impairment[a]	(135)	(118)
	3,225	2,974

(a) Write-downs of inventories to net realisable value recognised as an expense during the financial year amounted to $17,000 (2020: $20,000).

Significant Accounting Policy: Inventory
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.

Critical Accounting Estimates and Judgements: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. OTHER RECEIVABLES AND PREPAYMENTS

	2021 $000	2020 $000
Current		
Debtor – disposal of Lloyds Online Auctions Pty Ltd[a]	-	3,290
Allowance for expected credit loss[b]	-	(210)
Accrued revenue	104	877
Prepayments	280	208
Other receivables	80	3
Total current other assets	464	4,168
Non-current		
Other receivables[c]	114	157

(a) Refer to Note 26 in relation to the material terms of the disposal transaction.
(b) This allowance was 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 included 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.

Significant Accounting Policy: 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.

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

13. OTHER FINANCIAL ASSETS

	2021 $000	2020 $000
Current		
Funds held in trust	582	179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings[(a)]	Plant and equipment	Leasehold improvements	Total
	$000	*$000*	*$000*	*$000*
Year ended 30 June 2021				
At 1 July 2020, net of depreciation	5,500	1,886	1,421	8,807
Additions	-	801	593	1,394
Impairment	-	-	-	-
Disposals	-	(58)	(36)	(94)
Depreciation charge for the year	(46)	(629)	(540)	(1,215)
At 30 June 2021, net of accumulated depreciation	5,454	2,000	1,438	8,892
At 30 June 2021				
Cost	6,845	5,165	4,182	16,192
Accumulated depreciation	(242)	(3,165)	(2,744)	(6,151)
Accumulated impairment	(1,149)	-	-	(1,149)
Net carrying amount	5,454	2,000	1,438	8,892

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

	Property and buildings[(a)]	Plant and equipment	Leasehold improvements	Total
	$000	*$000*	*$000*	*$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	(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 property which is owned by the Company and is leased to unrelated third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policy: Property, plant and equipment

Land and buildings are shown at carrying value, based on periodic valuations completed by external, professionally qualified valuers, less 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. 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income during the reporting period in which they are incurred.

Refer to Note 8 in relation to the fair value measurement and valuation technique used.

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 or shorter of lease term;*
- *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. INVESTMENT PROPERTY

	2021	2020
	$000	*$000*
Balance at 30 June	9,623	9,623

Fair value measurement

For the financial year ended 30 June 2021, the annual review was performed by management.

Refer to Note 8 in relation to the fair value measurement and valuation technique used.

Critical Accounting Estimates and Judgements: Treatment of investment property in Lytton, QLD

In accordance with AASB 140 Investment Property, the KWB Group property located at 97 Trade Street, Lytton, QLD is classified as an investment property as the significant portion is under an operating lease to an external third-party manufacturer earning rental income.

Critical Accounting Estimates and Judgements: Revaluation of investment property

The investment property is subject to an annual review in comparison to fair market value. The review is completed by either an independent expert or based on management's valuation. 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 year ended 30 June 2021, a management valuation was performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. 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. Due to their short-term nature, the carrying amounts of trade and other payables are considered to be the same as their fair values.

	2021	2020
	$000	*$000*
Unsecured liabilities		
Trade payables	4,318	2,227
Sundry creditors	44	35
Contract liabilities[(a)]	10,996	7,980
Accruals and other payables	4,389	2,532
	19,747	12,774

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

17. PROVISIONS

Provisions are comprised of the following:

	2021	2020
	$000	*$000*
Current		
Make good provision	-	60
Employee benefits	2,410	1,515
	2,410	1,575
Non-current		
Make good provision	349	288
Employee benefits	300	968
	649	1,256

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 2020	2,483	348	2,831
Additional / (amount released)	227	1	228
Closing balance at 30 June 2021	2,710	349	3,059

Make good provision

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
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 the provision for employee benefits 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 at a value that considers employees' services up to the reporting date and is measured at the amounts expected to be paid when the liabilities are settled.

Significant Accounting Policy: 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.

Where appropriate, 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.

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18. ISSUED CAPITAL

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

	2021 *$000*	2020 *$000*
Opening share capital	18,280	18,090
Fully paid ordinary shares issued during the year	117	190
Closing share capital	18,397	18,280

Movement in ordinary shares on issue:

	Number	*$000*
At 1 July 2020	28,099,834	18,280
Fully paid ordinary shares issued during the year	63,731	95
Dividend reinvestment plan issues	8,719	22
At 30 June 2021	28,172,284	18,397

Movement in number of shares
In the contractual arrangements finalised and signed on 9 October 2020 it was agreed to issue 63,731 fully paid ordinary shares to Keith Smith. Refer to Note 20 in relation to details of the share-based payment.

Significant Accounting Policy: Issued capital
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 Consolidated Statement of Profit or Loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

19. 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 earnings / (loss) and share numbers used in the continuing operations basic and diluted earnings per share computations:

		2021	2020
Basic earnings per share:			
Net profit / (loss) attributable to ordinary Joyce shareholders from continuing operations	$000	7,574	(1,107)
Weighted average number of ordinary shares	Number	28,139,008	28,047,202
Earnings / (loss) per share	Cents per share	26.92	(3.95)
Diluted earnings per share:			
Net profit / (loss) attributable to ordinary Joyce shareholders from continuing operations	$000	7,574	(1,107)
Weighted average number of ordinary shares[a]	Number	28,139,008	28,047,202
Earnings / (loss) per share	Cents per share	26.92	(3.95)
Basic earnings per share excluding impairment expense amount:			
Net profit attributable to ordinary Joyce shareholders from continuing operations excluding impairment expense amount	$000	7,574	4,419
Weighted average number of ordinary shares	Number	28,139,008	28,047,202
Earnings per share	Cents per share	26.92	15.76

(a) The 'FY20 and FY21 Performance Rights' have not been included in the denominator of the diluted shares as the quantum of these rights that will vest will only be determinable at a future date. Regardless, the impact on diluted earnings per share would be immaterial.

The Company has established a dividend reinvestment plan under which holders of ordinary shares can elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than being paid in cash.

20. SHARE-BASED PAYMENTS

A total share-based payments expense of $722,359 was recognised in the year (FY20: $19,733).

(a) Keith Smith share-based payment

In the contractual arrangements finalised and signed on 9 October 2020 it was agreed to issue Joyce Corporation ordinary shares to Keith Smith. The market price of Joyce Corporation shares at the close of business on 9 October 2020 was $1.50 and 63,731 shares were issued. This results in an accounting value for the issue of $95,596. 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 Keith Smith's contribution to the Company.

The cost of the share-based payment was recognised during the year, together with a corresponding increase in equity. As such, an expense of $95,596 was recognised in the Consolidated Statement of Profit or Loss during the year.

(b) Key Management Personnel performance rights

The offer of performance rights is designed to provide long-term incentives for Key Management Personnel to deliver long-term shareholder returns. The performance rights are issued under the Joyce Corporation Ltd Rights Plan with eligible participants being granted performance rights which only vest if certain performance targets are met.

Details of the performance rights on issue are summarised below.

FY20 Rights			
Beneficiary	**John Bourke**	**Chris Palin**	**Gavin Culmsee**
Number of Rights Granted	141,677	112,065	76,387
Fair Value per right (JYC share price on grant date)	$2.67[b]	$2.67[b]	$1.55
Total fair value	$378,278	$299,214	$118,400
Commencement date	1 July 2019[b]	1 July 2019[b]	1 July 2019
Expected vesting date	30 June 2022 (3 years)	30 June 2022 (3 years)	30 June 2022 (3 years)
Vesting conditions	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of KWB EBIT cumulative over 3 years[a]	Profit metric of Bedshed EBIT cumulative over 3 years[a]
No. of rights expected to vest	141,677	112,065	76,387

(a) 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 2020 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.

(b) As the granting of the 'FY20 performance rights' to the KWB KMP's was in recognition of past performance, the share-based payment expense relating to these rights for the previous financial year was fully expensed in the current year. The formal grant date of the FY20 Rights to John Bourke and Chris Palin was determined post year end and under the requirements of the Australian Accounting Standards, the associated accounting expense is based on the underlying share price at formal grant date.

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FY21 Rights				
Beneficiary	**Daniel Madden**	**John Bourke**	**Chris Palin**	**Gavin Culmsee**
Number of Rights Granted	127,002	208,448	164,879	140,484
Fair Value per right (JYC share price on grant date)	$1.64	$2.67[(c)]	$2.67[(c)]	$1.11
Total fair value	$208,283	$556,556	$440,227	$155,937
Commencement date	1 December 2020[(b)]	1 July 2020	1 July 2020	1 July 2020
Expected vesting date	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)	30 June 2023 (3 years)
Vesting conditions	Profit metric of Group NPAT cumulative over 3 years[(a)]	Profit metric of KWB EBIT cumulative over 3 years[(a)]	Profit metric of KWB EBIT cumulative over 3 years[(a)]	Profit metric of Bedshed EBIT cumulative over 3 years[(a)]
No. of rights expected to vest	63,501 - 127,002	104,224 - 208,448	82,440 - 164,879	70,242 - 140,484

(a) 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 2021 and ending 30 June 2023. 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.

(b) Daniel Madden's contract of employment commenced on 1 December 2020 and as a result for the year 30 June 2021 only a prorated expense was recognised.

(c) The formal grant date of the 'FY21 performance rights' to John Bourke and Chris Palin was determined post year end and under the requirements of the Australian Accounting Standards, the associated accounting expense is based on the underlying share price at formal grant date.

Significant Accounting Policy: Share-based payment

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.

Critical Accounting Estimates and Judgements: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. DIVIDENDS

Dividends declared or paid during the financial year are as follows:

	2021	2020
	$000	***$000***
Ordinary shares:		
FY19 final fully franked dividend of 5.0 cents per share	-	1,397
FY20 interim fully franked dividend of 5.0 cents per share	-	1,404
FY20 final fully franked dividend of 5.0 cents per share	1,405	-
FY21 interim fully franked dividend of 7.0 cents per share	1,971	-
Total dividends paid	3,376	2,801

Franking account balance

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

	Consolidated		Parent entity	
	2021	**2020**	**2021**	**2020**
	$000	***$000***	***$000***	***$000***
Franking credits available for subsequent financial years at 30%	5,508	5,544	2,833	2,389

Dividend payable

	2021	2020
	$000	***$000***
Dividend payable at 30 June	-	1,405

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

The Directors resolved that a FY21 final dividend of 10 cents per share, fully franked, be paid by Joyce Corporation Limited on 1 October 2021 to all shareholders registered as at the record date of 14 September 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. REVENUE, INCOME AND EXPENSES

(a) Revenue from continuing operations

	2021 *$000*	2020 *$000*
Revenue from contracts with customers		
Sale of goods	106,390	81,761
Franchise revenue	4,834	3,996
	111,224	85,757
Other revenue		
Rental revenue	632	569
Freight recovered	291	189
Gain / (loss) on lease modification	480	45
Other revenue	1,155	1,127
Government grants	1,827	2,008
	4,385	3,938

Significant Accounting Policy: 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.

Disaggregation of revenue
Management review the business at the level of disaggregation shown as per Note 4. The disaggregation of revenue follows the operating segments identified, being revenue from the following activities and arrangements:

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

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

There were no new revenue streams during the financial year ended 30 June 2021 (2020: nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Expenses from continuing operations

	2021 $000	2020 $000
Cost of sales		
Cost of goods	(52,417)	(40,720)
Total cost of sales	(52,417)	(40,720)
Variable costs		
Freight	(241)	(190)
Wages - commissions	(6,613)	(3,738)
Warranty costs	(1,176)	(910)
Total variable costs	(8,030)	(4,838)
Employment expenses		
Superannuation contributions	(1,970)	(1,690)
Payroll tax	(1,133)	(1,053)
Wages and other employee benefits	(18,928)	(17,085)
Total employment expenses	(22,031)	(19,828)
Impairment of non-financial assets		
Bedshed Joondalup goodwill (Note 5)	-	(1,820)
Lloyds Online Auctions Pty Ltd goodwill (Note 5)	-	(2,557)
Howe St property (Note 14)	-	(1,149)
Total impairment of non-financial assets	-	(5,526)
Net interest income / (expense)		
Interest income	27	29
Interest expense	(19)	(135)
Interest expense on lease liabilities	(529)	(593)
Net interest expense	(521)	(699)
Depreciation and amortisation		
Depreciation – property, plant & equipment	(1,215)	(1,346)
Amortisation – right-of-use asset	(3,388)	(3,260)
Amortisation – software	(60)	-
Total depreciation and amortisation	(4,663)	(4,606)
Administration expenses		
IT, communications and network costs	(1,174)	(1,001)
Consultancy fees	(201)	(130)
Travel expenses	(251)	(400)
Insurance	(294)	(243)
Accounting and audit fees	(205)	(319)
Legal fees	(120)	(247)
Other administration expenses	(1,386)	(1,058)
Expected credit loss (Note 10)	210	(210)
Repayment of government grants	(1,486)	-
Total administration expenses	(4,907)	(3,608)

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

	2021 $000	2020 $000
Lease payments	(3,963)	(3,711)

Significant Accounting Policy: 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 relevant 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 Consolidated Statement of Cash Flows includes cash flows on a gross basis.

The net amount of GST recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

23. INCOME TAX

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

	2021 $000	2020 $000
Current Income tax		
Current income tax expense	6,012	3,619
Under / (over) provision in respect of prior years	29	-
Deferred income tax		
Relating to origination and reversal of temporary differences	(67)	(531)
Utilisation of unused tax losses	-	26
Under / (over) provision in respect of prior years	139	(16)
Income tax expense relating to continuing operations	6,113	3,098
Income tax (benefit) / expense relating to discontinued operations	-	(441)
Income tax expense relating to overall operations	6,113	2,657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021 and 30 June 2020 is as follows:

	2021 *$000*	2020 *$000*
Profit before income tax – continuing operations	19,108	5,772
Income tax expense calculated at the statutory income tax rate of 30% (2020: 30%)	5,732	1,732
Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:		
Entertainment	13	-
Share-based payments	217	-
Other items not allowed / (not assessable) for income tax purposes	(66)	(34)
Impairment expense	-	1,658
Deferred tax assets not brought into account	38	-
(Under) / over provision in respect of prior years	168	(258)
Other permanent differences	11	-
Income tax expense recognised in profit or loss – continuing operations	6,113	3,098

Significant Accounting Policy: 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.

Significant Accounting Policy: 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.

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

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The major components of deferred income tax at 30 June 2021 are as follows:

	Opening balance 1 July 2020 *$000*	Recognised in profit or loss statement *$000*	Closing balance 30 June 2021 *$000*
Deferred tax liabilities			
Investment property	332	31	363
Trade & other receivables	204	(199)	5
Fair value gains on other intangible assets	260	-	260
Right-of-use asset	3,055	681	3,736
Balance at 30 June 2021	3,851	513	4,364
Deferred tax assets			
Property, plant and equipment	887	(179)	708
Trade and other payables	125	62	187
Other employer obligations	794	20	814
Provisions	142	5	147
Lease liabilities	3,580	549	4,129
Other	36	(16)	20
Balance at 30 June 2021	5,564	441	6,005

The major components of deferred income tax at 30 June 2020 are as follows:

	Opening balance 1 July 2019 *$000*	Recognised in profit or loss statement *$000*	De-recognition of Lloyds Online Auctions Pty Ltd *$000*	Closing balance 30 June 2020 *$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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Significant Accounting Policy: Deferred 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, 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.

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets relates to the following:

	Property and buildings	Plant and equipment	Total
	$000	*$000*	*$000*
Year ended 30 June 2021			
At 1 July 2020, net of accumulated amortisation	10,148	47	10,195
Additions	5,721	-	5,721
Amortisation charge for the year	(3,383)	(5)	(3,388)
Modifications to lease terms	(124)	-	(124)
Variable lease payment adjustments	92	(42)	50
Disposals	-	-	-
At 30 June 2021, net of accumulated amortisation	12,454	-	12,454

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	Property and buildings	Plant and equipment	Total
	$000	*$000*	*$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.

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:

	2021	2020
	$000	*$000*
Rental income (included in Other income)	632	569
Gain / (loss) on lease modification (included in Other income)	480	45
Interest expense (included in Net interest expense)	530	593
Expense relating to short term leases (included in Occupancy expenses)	73	12
Expense relating to leases of low value assets that are not short-term leases (included in Administration expenses)	3	3

Lease liabilities relates to the following:

	2021	2020
	$000	*$000*
Current		
Lease liabilities	3,974	3,370
Non-current		
Lease liabilities	9,788	8,587

Critical Accounting Estimates and Judgements: 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 adjusting reflect the particular circumstances of each lease.

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Determining the lease term
The Consolidated Entity has in place a number of property leases 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 considering all facts and circumstances relating to the lease.*

Critical Accounting Estimates and Judgements: 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.

25. CAPITAL AND LEASING COMMITMENTS

The following changes to commitments have occurred during the financial year.

Retail Kitchen Showrooms segment:

- 4 new showroom leases; and
- The renewal of 2 leases for existing showrooms

There were no significant changes to capital and leasing commitments in the Retail Bedding Stores segment.

26. DISCONTINUED OPERATIONS

During the financial year ended 30 June 2020, 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 as discontinued operations where applicable.

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.

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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 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 had to 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 Corporation Ltd ("Deposit") on execution of the sale agreement.
  - The remaining $3.30 million of the purchase price was payable by the Buyer to an escrow account, with the full amount being payable by 24 September 2020.
- The $3.30 million was released to Joyce Corporation Ltd on completion of the transaction. The receivable amount was secured via the share investment. This amount was received by Joyce Corporation during the current financial year.

As at 30 June 2020, 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 were treated as a single event in the consolidated financial statements, as they were all designed to achieve a single overall commercial effect.

The financial performance and cash flow information are for the period 1 July 2019 to 17 June 2020 was as follows:

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

	2020
	$000
Net cash inflow from operating activities	1,147
Net cash (outflow) from investing activities	(198)
Net cash (outflow) from financing activities	(309)
Net increase in cash generated by the discontinued division	640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Details of the disposal of the division:

	2020 $000
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)

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

Critical Accounting Estimates and Judgements: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. 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 2021	% Equity interest 2020
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	Australia	100	100
Joyce Investments 2 Pty Ltd	Australia	100	100
Joyce Investments 3 Pty Ltd	Australia	100	100
Joyce Investments 4 Pty Ltd	Australia	100	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

Critical Accounting Estimates and Judgements: 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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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:

Key Management Personnel compensation

	2021	2020
	$	*$*
Fixed remuneration employee benefits	1,913,300	2,415,959
Variable remuneration employee benefits	332,633	402,492
Post-employment benefits	202,592	206,991
Termination benefits	185,276	-
Share-based payments (Note 20)	821,990	209,307
	3,455,791	3,234,749

Other transactions

	2021	2020
	$	*$*
Dividends paid to KMP	1,974,236	600,625

$8,628 (FY20: $nil) of dividends payable to KMP's were reinvested under the Company's DRP.

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

(b) Non-controlling interest

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

	2021	2020
	$000	*$000*
Carrying amount of non-controlling interests acquired	3,658	2,868
Profits attributable to non-controlling interests	5,421	3,117
Carrying value of non-controlling interests disposed (Note 26)	-	(862)
Dividends paid to non-controlling interest	(5,472)	(1,465)
Closing carrying amount of non-controlling interest	3,607	3,658

Disposals
Refer to Note 26 in relation to the Consolidated Entity's discontinued operations.

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YEAR ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**	
	2021	**2020**	**2021**	**2020**
	$000	*$000*	*$000*	*$000*
Current assets	14,693	6,820	-	-
Current liabilities	(22,518)	(13,122)	-	-
Current net assets	(7,825)	(6,302)	-	-
Non-current assets	25,831	22,769	-	-
Non-current liabilities	(10,645)	(9,001)	-	-
Non-current net assets	15,186	13,768	-	-
Net assets	7,361	7,466	-	-
Accumulated NCI	3,607	3,658	-	-

Statement of financial performance *(including discontinued operations)*	**KWB Consolidated Group**		**Lloyds Consolidated Group**	
	2021	**2020**	**2021**	**2020**
	$000	*$000*	*$000*	*$000*
Revenue	89,693	67,498	-	15,595
Profit / (loss) for the year	11,063	7,717	-	(1,510)
Total comprehensive income	11,063	7,717	-	(1,510)
Profit allocated to NCI	5,421	3,781	-	(664)
Dividends paid to NCI	(5,472)	(1,465)	-	-

Statement of cash flow	**KWB Consolidated Group**		**Lloyds Consolidated Group**	
	2021	**2020**	**2021**	**2020**
	$000	*$000*	*$000*	*$000*
Cash flow from operating activities	23,569	11,769	-	1,147
Cash flow (used in) investing activities	(1,274)	(702)	-	(198)
Cash flow (used in) financing activities	(13,896)	(10,940)	-	(309)
Net increase / (decrease) in cash and cash equivalents	8,399	127	-	640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. PARENT ENTITY DISCLOSURES

(a) Financial position - as at 30 June

	2021 $000	2020 $000
Assets		
Current assets	936	2,356
Non-current assets	23,464	26,701
Total assets	**24,400**	**29,057**
Liabilities		
Current liabilities	1,063	2,560
Non-current liabilities	1	5,233
Total liabilities	**1,064**	**7,793**
Net assets	**23,336**	**21,264**
Equity		
Issued capital	18,397	18,280
Reserve	742	20
Retained earnings	4,197	2,964
Net equity	**23,336**	**21,264**

(b) Financial performance - for the year ended 30 June

	2021 $000	2020 $000
Profit for the year	4,609	2,817
Total comprehensive profit	**4,609**	**2,817**

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

No such guarantees existed as at 30 June 2021 (2020: $nil).

ii. Contingent liabilities of the parent entity

No contingent liabilities existed within the parent entity as at 30 June 2021 (2020: $nil).

iii. 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 2021 (2020: $nil).

ANNUAL FINANCIAL REPORT
YEAR ENDED 30 JUNE 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. AUDITOR'S REMUNERATION

	2021 $000	2020 $000
Auditors of the Consolidated Entity		
Audit or review of the financial statements:		
Group	124	118
Total audit or review of the financial statements	124	118
Non-audit services:		
Taxation services	36	10
Total non-audit services	36	10
Total services provided by BDO	160	128

30. CASH FLOW STATEMENT RECONCILIATIONS

Reconciliation of non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:
- Acquisition of right-of-use assets, refer to Note 24.
- Dividends satisfied by the issue of shares under the dividend reinvestment plan, refer to Note 18.

Reconciliation of net debt

	2021 $000	2020 $000
Cash and cash equivalents	19,881	10,643
Loans and borrowings - repayable within one year	-	(521)
Loans and borrowings - repayable after one year	-	(5,230)
Net debt	**19,881**	**4,892**
Cash and liquid investments	19,881	10,643
Gross debt - floating	-	(5,751)
Net debt	**19,881**	**4,892**
Reconciliation of net cash flow to movement in net debt:		
Net debt at beginning of year	4,892	(3,341)
Increase / (decrease) in cash	9,238	3,668
Net repayment of / (increase) in long-term loans	5,751	4,565
Movements in net debt	14,989	8,233
Net debt at end of year	**19,881**	**4,892**

Reconciliation of lease liability

	2021	2020
	$000	*$000*
Lease liability payable within one year	3,974	3,370
Lease liability payable after one year	9,788	8,587
Total lease liabilities	**13,762**	**11,957**
Reconciliation of net cash flow to movement in lease liability:		
Lease liability at beginning of year	11,957	14,470
Lease payments in cash	(3,963)	(3,711)
Interest	529	593
Lease additions	5,668	2,754
Variable lease payment adjustments and modifications to	(429)	(543)
Leases associated with discontinued operations	-	(1,606)
Movements in lease liabilities	1,805	(2,513)
Lease liabilities at end of year	**13,762**	**11,957**

Reconciliation of net profit / (loss) after tax to the net cash flows from continuing operations

	2021	2020
	$000	*$000*
Net profit after taxation	12,995	2,674
Adjustments for:		
Depreciation and amortisation	4,663	4,606
Issue of shares	95	190
Impairment of Howe St property	-	1,149
Impairment of goodwill	-	4,377
Share-based payment	722	20
Changes in assets and liabilities:		
(Increase) / decrease in inventories	(251)	172
(Increase) / decrease in trade and other receivables *(excluding receivable for discontinued operations)*	742	(282)
(Increase) / decrease in other assets	(403)	(148)
(Increase) / decrease in net deferred tax assets and liabilities	72	(437)
(Decrease) / increase in trade and other payables	7,077	(87)
(Decrease) / increase in provisions	1,454	1,123
Net cash flows from operating activities	**27,166**	**13,357**

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37; and
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

In the Directors' opinion:

(a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
(b) the attached financial statements and notes comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
(c) the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors

Jeremy J. Kirkwood

J Kirkwood
Chair
Perth, 31 August 2021

BDO

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2021, 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 2021 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.

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. As set out in note 5 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 and other assets have been allocated.	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; • 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; • Testing the mathematical accuracy of the impairment models; and • Assessing the adequacy of the disclosures in note 5 in the financial statements.

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 2021, 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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 29 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Joyce Corporation Ltd, for the year ended 30 June 2021, 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, 31 August 2021

ASX ADDITIONAL INFORMATION
AS AT 25 AUGUST 2021

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 Ordinary Shares	%
1 - 1,000	201	95,256	0.34
1,001 – 5,000	201	526,246	1.87
5,001 - 10,000	99	775,134	2.75
10,001 – 100,000	167	4,742,008	16.83
100,001 – and over	39	22,033,640	78.21
Rounding			**0.00**
Total	**707**	**28,172,284**	**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 Ordinary Shares	%
Daniel Smetana[(a)]	11,171,579	39.65
UFBA – John Roy Westwood	1,845,000	6.55
Total	**13,016,579**	**46.20**

[(a)] As at 20 August 2021 Daniel Smetana has a direct interest in 10,260,400 fully paid ordinary shares (27 August 2020: 10,254,129).

(c) Voting Rights

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
AS AT 25 AUGUST 2021

(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 Ordinary Shares	%
1	ADAMIC PTY LTD	7,711,568	27.37
2	UFBA PTY LTD	1,800,000	6.39
3	DANIEL SMETANA <THE D A SMETANA FAMILY A/C>	1,224,651	4.35
4	ONE MANAGED INVT FUNDS LTD <1 A/C>	1,000,000	3.55
5	TRAFALGAR PLACE NOMINEES PTY LTD	990,233	3.51
6	MR DONALD TEO	990,000	3.51
7	MR DAN SMETANA	734,022	2.61
8	STARBALL PTY LTD	653,222	2.32
9	MR DANIEL ALEXANDER SMETANA	563,726	2.00
1	VANWARD INVESTMENTS LIMITED <EQUITIES A/C>	507,474	1.80
1	TREASURE ISLAND HIRE BOAT COMPANY PTY LTD	504,291	1.79
1	<STAFF SUPER FUND ACCOUNT>		
1	JUDITH ANNA SMETANA	497,924	1.77
1	GLIOCAS INVESTMENTS PTY LTD <GLIOCAS GROWTH	375,738	1.33
1	CONARD HOLDINGS PTY LTD	347,940	1.24
1	MOAT INVESTMENTS PTY LTD <MOAT INVESTMENT A/C>	333,017	1.18
1	FELIX SMETANA	307,116	1.09
1	FARROW RD PTY LTD	240,000	0.85
1	MAN INVESTMENTS (NSW) PTY LTD <AMC SUPER FUND	219,680	0.78
1	MARTEHOF PTY LTD <TEMA SUPER FUND A/C>	209,679	0.74
2	EPIC TRUSTEES LIMITED	201,695	0.72
	Totals: Top 20 holders of ORDINARY FULLY PAID SHARES	**19,411,976**	**68.90**
	Total Remaining Holders Balance	**8,760,308**	**31.10**

ASX ADDITIONAL INFORMATION
AS AT 25 AUGUST 2021

(e) Secretaries

Daniel Madden	CEO and Group Company Secretary
Tim Allison	CFO and 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
Website: joycecorp.com.au
Tel: +61 8 9445 1055

75 Howe Street
Osborne Park, WA 6017 Australia

JOYCE CORPORATION LTD
SINCE 1886