

ANNUAL REPORT 2017-18

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

**NATIONAL EMPLOYMENT SERVICES
ASSOCIATION LIMITED AND CONTROLLED ENTITY**
ABN: 69 079 065 428

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DIRECTORS' REPORT

For the Year Ended 30 June 2018

The directors present their report, together with the financial statements of National Employment Services Association Limited, being the Group (NESA) and its controlled entity, for the financial year ended 30 June 2018.

1. GENERAL INFORMATION

Directors

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

NAMES	APPOINTED / RESIGNED / RETIRED / TERM COMPLETED
Rowena McNally	Appointed: 16 February 2016
Matthew Little	Appointed: 21 November 2014
John Perry	Appointed: 4 August 2011
Nicole Dwyer	Appointed: 18 November 2015
Anthony Steel	Appointed: 17 November 2016
Rebecca Nicholls	Appointed: 17 November 2016
Renae Lowry	Appointed: 17 November 2016

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

SHORT TERM OBJECTIVES

The Group's short term objectives are:

- ▶ To lead and support the sector through employment services policy and programme reforms
- ▶ To improve the capability and best practice of the sector through the delivery of a comprehensive suite of professional development and industry support services
- ▶ To provide capacity building and support for continuous improvement to the sector

LONG TERM OBJECTIVES

The Group's long term objectives are:

- ▶ To be the peak body in the employment services sector
- ▶ To lead capacity building and a best practice focus in the employment services sector
- ▶ To promote and expand the global potential of employment services

DIRECTORS' REPORT

For the Year Ended 30 June 2018

STRATEGY FOR ACHIEVING THE OBJECTIVES

To achieve these objectives, the company has adopted the following strategies:

- ▶ Play a strong role in shaping and developing employment services policy, programmes and practices
- ▶ Lead best practice and develop responsive quality products that meet the sector's needs
- ▶ Position the organisation to build on its advocacy and member services
- ▶ Facilitate partnerships, connections and strategic opportunities to members entering into the global market

PERFORMANCE MEASURES

The group measures its performance in a number of ways using both financial reports and non-financial indicators. Such performance measures are produced by executive management and reported to the Board at each Board meeting, at least every two months. Such performance measures include Financial Reports, Membership numbers, Professional Development activities and Staffing indicators.

INFORMATION ON DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

ROWENA McNALLY	APPOINTED: 16 FEBRUARY 2016
Qualifications	Bachelor of Law, Fellow, Australian Institute of Company Directors, Fellow, Institute of Managers and Leaders, Fellow, Institute of Arbitrators and Mediators Australia (now Resolution Institute)
Special Responsibilities	Independent Chair of NESA Chair of NESA Nominations and Successions Committee Member of NESA Audit and Risk Management Committee
Experience	Rowena has over 20 years of experience as a board chair and director. She has served as a past Chair of Mount Isa Water Board, Catholic Health Australia, the Institute of Arbitrators and Mediators Australia and Cerebral Palsy League Queensland. Rowena is currently a Director of North West Hospital & Health Service and Power and Water Corporation and Deputy Chair of the Mount Isa Rodeo. She has also served on/chaired numerous Board committees.
MATTHEW LITTLE	APPOINTED: 21 NOVEMBER 2014
Qualifications	Graduate Diploma Business Administration
Special Responsibilities	Member of NESA Nominations and Successions Committee Member of NESA Audit and Risk Management Committee
Experience	Matt is the CEO of Australia's only national network of community-based and not-for-profit organisations, CoAct. Matt's experience spans over a decade's worth of operational, management and governance across employment and disability services.

DIRECTORS' REPORT

For the Year Ended 30 June 2018

JOHN PERRY	APPOINTED: 4 AUGUST 2011
Special Responsibilities	Chair of NESA Audit and Risk Management Committee
Experience	John has over 40 years of experience in employment services and social enterprise development, including 20 years with Yourtown/Boystown, and most recently as Manager of Jobs Queensland, a ParentsNext provider in Logan. He also consults to Tier 1 construction companies on activating their corporate social responsibility objectives. He is a director of a number of not-for-profit companies in the training, education and employment industries.
NICOLE DWYER	APPOINTED: 18 NOVEMBER 2015
Qualifications	Bachelor of Science (Psychology) Diploma in Education (Secondary) Master of Social Science Master of Business Administration
Special Responsibilities	Member of NESA Audit and Risk Management Committee
Experience	Nicole has 20 years of experience either working in or consulting to employment services, including 6 years as CEO of Workskil Australia Inc
ANTHONY STEEL	APPOINTED: 17 NOVEMBER 2016
Qualifications	Bachelor of Arts Master of Education Diploma – Education
Special Responsibilities	Member of NESA Audit and Risk Management Committee Member of NESA Nominations and Successions Committee
Experience	Anthony has 20 years of experience working in employment services, including 15 years experience in Senior/Executive Management
REBECCA NICHOLLS	APPOINTED: 17 NOVEMBER 2016
Qualifications	Bachelor of Social Sciences
Special Responsibilities	Member of NESA Audit and Risk Management Committee Member of NESA Nominations and Successions Committee
Experience	Rebecca has 17 years of experience working in government funded employment services, 7 years experience in Occupational Rehabilitation and 3 years experience in private recruitment
RENAE LOWRY	APPOINTED: 17 NOVEMBER 2016
Qualifications	Bachelor of Arts
Special Responsibilities	Member of NESA Audit and Risk Management Committee
Experience	Renaë has 21 years of experience working in employment services, including 15 years experience in Senior/Executive Management

DIRECTORS' REPORT

For the Year Ended 30 June 2018

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

MEETINGS OF DIRECTORS

During the financial year, seven meetings of directors were held. Attendances by each director during the year were as follows:

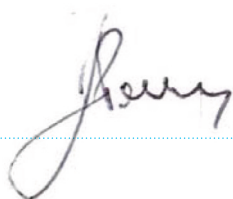
	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Rowena McNally	7	7
Matthew Little	7	6
John Perry	7	7
Nicole Dwyer	7	7
Anthony Steel	7	7
Rebecca Nicholls	7	7
Renae Lowry	7	7

AUDITOR'S INDEPENDENCE DECLARATION

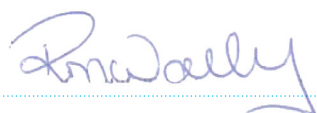
The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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

Director:



Director:



Dated: 25 October 2018

AUDITORS INDEPENDENCE DECLARATION



National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Auditors Independence Declaration to the Directors of National Employment Services Association Limited and Controlled Entity

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, there have been:

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

Saward Dawson

Peter Shields
Partner

Blackburn, VIC

Date: 25 October 2018

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PRINCIPALS: Bruce Saward FCA Peter Shields FCA
Joshua Morse CA Jeff Tulk CA
Matthew Stokes CA
Directors: Marie Ickeringill SSA Cathy Braun CA
Murray Nicholls CA Vicki Adams CA CPA CFP®

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2018

	NOTE	CONSOLIDATED	
		2018	2017
		\$	\$
Revenue	3	6,998,245	5,575,317
Employee benefits expense		(2,547,896)	(1,932,172)
Depreciation, amortisation and impairments		(2,827)	(2,564)
Direct event expense		(611,046)	(668,279)
Rental expense		(236,707)	(197,877)
Travel expense		(130,378)	(102,943)
Consultancy expense		(75,115)	(259,435)
IT expense		(80,847)	(63,327)
Project expense		(2,960,411)	(2,153,032)
Other expense		(296,192)	(193,811)
Surplus before income tax		56,826	1,877
Income tax expense	9	-	-
Surplus for the year		56,826	1,877
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		56,826	1,877

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	NOTE	CONSOLIDATED	
		2018	2017
		\$	\$

ASSETS

CURRENT ASSETS

Cash and cash equivalents	4	5,802,970	11,808,389
Trade and other receivables	5	110,187	159,840
Other financial assets	6	119,817	89,817
Other assets	7	93,636	60,981
Total Current Assets		6,126,610	12,119,027

NON-CURRENT ASSETS

Property, plant and equipment	8	7,235	10,062
Total Non-Current Assets		7,235	10,062
Total Assets		6,133,845	12,129,089

LIABILITIES

CURRENT LIABILITIES

Trade and other payables	10	309,508	1,264,583
Short-term provisions	11	271,782	233,009
Other financial liabilities	12	5,345,110	10,465,152
Total Current Liabilities		5,926,400	11,962,744

NON-CURRENT LIABILITIES

Long-term provisions	11	11,576	27,302
Total Non-Current Liabilities		11,576	27,302
Total Liabilities		5,937,976	11,990,046
Net Assets		195,869	139,043

EQUITY

Retained earnings		195,869	139,043
Total Equity		195,869	139,043

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2018

2018

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 July 2017	139,043	139,043
Surplus for the year	56,826	56,826
Balance at 30 June 2018	195,869	195,869

2017

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 July 2016	137,166	137,166
Surplus for the year	1,877	1,877
Balance at 30 June 2017	139,043	139,043

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2018

		CONSOLIDATED	
		2018	2017
	NOTE	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members, government bodies and sponsorships		2,440,720	13,901,724
Payments to suppliers and employees		(8,493,278)	(5,977,714)
Interest received		77,140	44,094
Net cash provided by (used in) operating activities	13	(5,975,418)	7,968,104
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption/(Placement) of term deposits		(30,000)	-
Acquisition of plant and equipment		-	(1,900)
Net cash used by investing activities		(30,000)	(1,900)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in cash and cash equivalents held		(6,005,418)	7,966,204
Cash and cash equivalents at beginning of year		11,808,389	3,842,185
Cash and cash equivalents at end of financial year	4	5,802,971	11,808,389

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report includes the consolidated financial statement and notes of the National Employment Services Association Limited and Controlled Entity (the Group). These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Group is a not-for-profit entity for the purpose of preparing the financial statements.

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

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

(a) Principles of Consolidation

The Group financial statements consolidate those of the parent group and its subsidiary as of 30 June 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 30 June. A list of controlled entities is contained in Note 16 of the financial statements.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit and loss and other comprehensive income of the subsidiary acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(b) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Income Tax

The charge for current income tax expenses is based on the surplus for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

NESA Solutions Ltd, a wholly owned subsidiary of National Employment Services Association Limited is registered with the Australian Charities and Not-for-profit Commission. No provision for income tax has been raised for NESA Solutions Ltd as the subsidiary is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Because of principle of mutuality, only income arising from non-member activities is subject to income tax. The parent is able to identify all non-member income.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets are transferred (title may or may not eventually be transferred) to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue from the rendering of services is recognised upon delivery of the service to customers and members.

Member subscription year is 1 July to 30 June. Subscriptions are payable in advance. Only those subscriptions that are attributable to the current financial year are recognised as revenue. Subscription receipts relating to periods beyond the current financial year are shown in the Statement of Financial Position as Other Liabilities.

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

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

All revenue is stated net of the amount of goods and services tax (GST).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment loss.

Plant and equipment

Plant and equipment are measured using the cost model and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in the profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to impairment note for details).

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight-line method over the asset's useful life from the date that management determine that the asset is available for use.

The depreciation rates used for each class of depreciable asset are shown below:

FIXED ASSET CLASS	DEPRECIATION RATE
Office Equipment	25% – 50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and term deposits, together with other short-term highly liquid investments that are readily convertible into known amounts of cash, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

(i) Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Provision is made for short-term employee benefits and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

Impairment

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets are deemed to be impaired if, and only if, there are objective evidence that impairment as a result of one or more events (a "loss event") have occurred, which have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered. Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Income Tax calculation based on principle of mutuality

The entity determines its liability from income tax based on the principle of mutuality. The entity also accounts for income tax using balance sheet method of tax-effect accounting. The principle of mutuality requires that the entity make estimates as to the allocation of expenses among three broad categories of the income generated being, income from members, income from mixed sources and interest income.

Government grant revenue recognition

The company has been contracted to deliver the Remote School Attendance Strategy (RSAS) - Workforce Development Strategy Project and the Mental Health First Aid (MHFA) Training Project. With reference to Note 1(e), the Group has recognised revenue up to the amount which is reimbursable from the Commonwealth of Australia. Grants received from the Department which were unused for the program is treated as deferred income in liabilities as the Group has an obligation to provide further services or to return the unspent grants.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

2. PARENT ENTITY INFORMATION

	2018	2017
	\$	\$

STATEMENT OF FINANCIAL POSITION

ASSETS

Current assets	900,526	942,906
Non-current assets	7,235	10,063
Total Assets	907,761	952,969

LIABILITIES

Current liabilities	(703,718)	(810,109)
Non-current liabilities	(9,776)	(5,418)
Total Liabilities	(713,494)	(815,527)

EQUITY

Retained earnings	194,267	137,441
Total Equity	194,267	137,441

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Net surplus for the year	56,826	1,580
Total comprehensive income	56,826	1,580

Guarantees

The parent entity has not entered into any other guarantee, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

Capital commitments

The parent entity did not have any capital commitments as at 30 June 2018 or 30 June 2017.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

3. REVENUE

	NOTE	CONSOLIDATED	
		2018	2017
		\$	\$
Interest revenue		184,492	44,094
Project income	(a)	5,141,542	3,540,133
Member subscriptions		618,454	584,615
Conference income		325,561	374,751
Professional development and forum income		434,554	407,922
Consultancy income		110,626	340,509
Other income		183,016	283,293
		6,998,245	5,575,317

(a) Project income

Project income consists of contracts with the Australian federal government.

4. CASH AND CASH EQUIVALENTS

Cash on hand	800	800
Cash at bank	5,802,170	11,807,589
	5,802,970	11,808,389

5. TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	103,141	153,130
Other receivable	7,046	6,710
	110,187	159,840

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

6. OTHER FINANCIAL ASSETS

	NOTE	CONSOLIDATED	
		2018	2017
		\$	\$

CURRENT

Held-to-maturity financial assets	(a)	119,817	89,817
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(a) Held-to-maturity investments comprise of term deposit placed with Bendigo Bank.

7. OTHER ASSETS

CURRENT

Prepayments	69,886	51,998
Security deposit	23,750	8,983
	93,636	60,981

8. PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Office equipment

At cost	19,555	19,555
Accumulated depreciation	(12,320)	(9,493)
Total office equipment	7,235	10,062
Total property, plant and equipment	7,235	10,062

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	OFFICE EQUIPMENT	TOTAL
	\$	\$

CONSOLIDATED

Balance at the beginning of year	10,062	10,062
Depreciation expense	(2,827)	(2,827)
Balance at the end of the year	7,235	7,235

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

9. INCOME TAX EXPENSE

The prima facie tax on result from ordinary activities before income tax is reconciled to the income tax as follow

	CONSOLIDATED	
	2018	2017
NOTE	\$	\$
Prima facie tax payable/(benefit) on surplus from ordinary activities before income tax at 27.5% (2017:30%)	(15,627)	563
Increase/(decrease) in income tax expense due to:		
▶ Amount excluded under Principle of Mutuality	21,307	(13,263)
▶ Deferred tax assets not brought to account	(5,680)	12,784
▶ Tax exempted under Div 50.	-	(84)
Income tax attributed to entity	-	-

The Group has carried forward tax losses that have not been recognised as a deferred tax assets

10. TRADE AND OTHER PAYABLES

CURRENT

Trade payables	214,328	146,753
Sundry payables and accrued expenses	60,628	92,874
Amount owing to ATO	34,552	1,024,956
	309,508	1,264,583

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables	309,508	1,264,583
Less:		
GST Payable	(34,552)	(1,024,956)
Financial liabilities as trade and other payables	19 274,956	239,627

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

11. PROVISIONS

	CONSOLIDATED	
	2018	2017
NOTE	\$	\$
EMPLOYEE BENEFITS		
Current	271,782	233,009
Non-current	11,576	27,302
	283,358	260,311

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The noncurrent portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

12. OTHER FINANCIAL LIABILITIES

CURRENT

Unearned income - government grant	4,939,664	10,081,206
Income in advance	405,446	383,946
Total	5,345,110	10,465,152

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

13. CASH FLOW INFORMATION

Reconciliation of cash flow from operating activities with results for the year

	CONSOLIDATED	
	2018	2017
	\$	\$
NOTE		
Net surplus for the year	56,826	1,877
Non-cash flows in surplus/(deficit)		
Depreciation	2,828	2,564
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	49,654	69,292
(Increase)/decrease in prepayments	(32,655)	75,620
Increase/(decrease) in trade payables and accruals	(955,076)	808,326
Increase/(decrease) in other current liabilities	23,047	6,994,808
Increase/(decrease) in provisions	(5,120,042)	15,617
	(5,975,418)	7,968,104

14. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Payable - minimum lease payments

▶ not later than 12 months	125,055	222,917
▶ between 12 months and five years	-	125,055
▶ greater than five years	-	-
	125,055	347,972

The Group has operating leases on a photocopier, car spaces and office spaces. The office space and car park leases for the parent expires on 30 September 2018, with the photocopier lease expired on 10 August 2017. As at 30 June 2018, the parent has provided a guarantee of property lease rental of \$29,817 (2017: \$29,817).

The Group subsidiary (NESA Solutions Limited) has office lease which expires on 3 July 2019.

15. CONTINGENT LIABILITIES

In the opinion of the Directors, the Group did not have any contingent liabilities at 30 June 2018 (30 June 2017: None).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

16. CONTROLLED ENTITY

COMPOSITION OF THE GROUP

	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 2018	PERCENTAGE OWNED (%)* 2017
Subsidiaries:			
NESA Solutions Limited	Australia	100	100

NESA Solutions Limited is a Group limited by guarantee incorporated on 1 July 2013. National Employment Services Association Limited is the sole member of NESA Solutions Limited.

17. RELATED PARTIES

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

(a) Parent Company

NESA Solutions Ltd is fully controlled subsidiary of National Employment Services Association Limited, who is its sole member.

During the year, NESA Solutions Ltd were invoiced for the following by National Employment Services Association Limited:

- ▶ Administration cost: \$90,000
- ▶ RSAS Conference income: \$30,000
- ▶ Staff Professional Development: \$8,310
- ▶ Professional Consulting: \$40,000
- ▶ Management fee – Payment from NESA Solutions to NESA Ltd for the provision of payroll, information technology, accounting, human resources, corporate governance and organisational policies and procedures: \$527,000 (2017: \$457,500)

National Employment Services Association Limited also paid management fee to NESA Solutions Ltd, which amounts to \$50,004 (2017: \$50,000). Management fee paid for utilising NESA Solutions Ltd's staff for the activities of the parent entity. As at 30 June 2018, the total amount payable from NESA Solutions to parent entity is \$3,653.

(b) Membership fees

The Group received membership fee from organisations associated with the Group's board members. These members have paid the standard membership fee and no discount has been given.

18. KEY MANAGEMENT PERSONNEL DISCLOSURES

The total remuneration paid to key management personnel of the Group and the company is \$ 680,230 (2017: \$ 665,386).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2018

19. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank overdrafts and loans to and from subsidiary.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	CONSOLIDATED	
		2018	2017
		\$	\$

Financial Assets

Cash and cash equivalents	4	5,802,970	11,808,389
Trade and other receivables	5	110,186	159,840
Held-to-maturity investments	6	119,817	89,817
Total financial assets		6,032,973	12,058,046

Financial Liabilities

Financial liabilities at amortised cost

▶ Trade and other payables	10(a)	274,956	239,627
Total financial liabilities		274,956	239,627

20. MEMBERS' GUARANTEE

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$ 50 each towards meeting any outstandings and obligations of the company. At 30 June 2018 the number of members was 69 (2017: 69).

21. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

22. COMPANY DETAILS

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

National Employment Services Association Limited
Level 8, 20 – 22 Albert Road
South Melbourne
VIC 3205

DIRECTORS' DECLARATION



THE DIRECTORS OF THE COMPANY DECLARE THAT:

1. The consolidated financial statements and notes of the National Employment Services Association Limited and Controlled Entity, as set out on pages 8-23 are in accordance with the *Corporations Act 2001* and:
 - a. Comply with Accounting Standards – Reduced Disclosure Requirements, including the *Corporations Regulations 2001*; and
 - b. Give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the company and consolidated group.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:

Director:

Dated: 25 October 2018

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NATIONAL EMPLOYMENT SERVICES ASSOCIATION LIMITED AND CONTROLLED ENTITY



National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Independent Audit Report to the members of National Employment Services Association Limited and Controlled Entity

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Employment Services Association Limited and Controlled Entity (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other 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 statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime 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 company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 Group, 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.

Responsibilities of Directors for the Financial Report

The directors of the Group 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.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NATIONAL EMPLOYMENT SERVICES ASSOCIATION LIMITED AND CONTROLLED ENTITY



National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Independent Audit Report to the members of National Employment Services Association Limited and Controlled Entity

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

Auditor's Responsibilities for the Audit of the Financial Report

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF NATIONAL EMPLOYMENT SERVICES ASSOCIATION LIMITED AND CONTROLLED ENTITY

SAWARD DAWSON
chartered accountants

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Independent Audit Report to the members of National Employment Services Association Limited and Controlled Entity

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Saward Dawson

Saward Dawson

Peter Shields

Peter Shields
Partner

Blackburn, VIC

Date: 25 October 2018

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 NESALtd

 National Employment Services Association

 @nesa01

National Employment Services Association Limited and Controlled Entity
Financial Statements for the year ended 30 June 2018

