

Annual Report 2019-20

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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

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The logo for nesa features the word "nesa" in a lowercase, blue, sans-serif font. Above the letters "e" and "s" is a blue arc. To the right of the arc are five blue stars of varying sizes, arranged in a slightly curved pattern.

nesa

DIRECTORS' REPORT

For the Year Ended 30 June 2020



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 2020.

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	Term Completed: 22 November 2019
Matthew Little	Appointed: 21 November 2014
John Perry OAM	Appointed: 4 August 2011
Nicole Dwyer	Appointed: 18 November 2015
Anthony Steel	Term Completed: 22 November 2019
Rebecca Nicholls	Appointed: 17 November 2016
Renae Lowry	Appointed: 17 November 2016
James Christian	Appointed: 22 November 2019
Paul Synnott	Appointed: 5 June 2020

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 for 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 2020



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
- ▶ Position the organisation to build on its representation, advocacy and member services
- ▶ Lead best practice and develop responsive quality products that meet the sector's needs
- ▶ Facilitate partnerships, connections and strategic opportunities to members entering into the global market

PERFORMANCE MEASURES

The group measures its performance in several 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	TERM COMPLETED: 22 NOVEMBER 2019
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 to 22 November 2019 Chair of NESA Succession and Remuneration Committee Member of NESA Audit and Risk Management Committee
Experience	Rowena has over 20 years' of experience as both a Board chair and a Board director and she has served on/chaired a number of Board committees. The numerous Boards that Rowena has served on includes sectors such as Catholic and government hospitals, health, disability, aged care, water and energy infrastructure, and professional membership organisations.
MATTHEW LITTLE	APPOINTED: 21 NOVEMBER 2014
Qualifications	Graduate Diploma Business Administration Graduate of Australian Institute of Company Directors
Special Responsibilities	Appointed Chair of NESA from 22 November 2019 Member of NESA Succession and Remuneration Committee – Appointed Chair 4 March 2020
Experience	Matthew is the CEO of Australia's only national network of community-based and not-for-profit organisations, CoAct. Matthew'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 2020



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JOHN PERRY OAM	APPOINTED: 4 AUGUST 2011
Special Responsibilities	Member of NESA Audit and Risk Management Committee – Chair until 4 March 2020
Experience	<p>John has many years' experience working in the employment services sector having established jobactive, ParentsNext and Disability Employment Services for a number of providers. He is a Director of a number of companies operating in the employment, education and training industries, and has a long history in developing and managing successful social enterprises. John also consults to the construction industry on activating their corporate social responsibility agenda.</p> <p>He was awarded an Order of Australia Medal for services to community organisations that provide services and outcomes to disadvantaged people.</p>
NICOLE DWYER	APPOINTED: 18 NOVEMBER 2015
Qualifications	<p>Bachelor of Science (Psychology) Diploma in Education (Secondary) Master of Social Science Master of Business Administration</p>
Special Responsibilities	Member of NESA Audit and Risk Management Committee – appointed Chair 4 March 2020
Experience	Nicole has over 21 years of experience either working in or consulting to employment services, including 9 years as CEO of Workskil Australia Inc
ANTHONY STEEL	TERM COMPLETED: 22 NOVEMBER 2019
Qualifications	<p>Bachelor of Arts Master of Education Diploma – Education</p>
Special Responsibilities	<p>Member of NESA Audit and Risk Management Committee Member of NESA Succession and Remuneration Committee</p>
Experience	Anthony has 22 years of experience working in employment services, including 17 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
Experience	Rebecca has 19 years of experience working in government funded employment services, 8 years experience in Occupational Rehabilitation and 4 years experience in private recruitment.
RENAE LOWRY	APPOINTED: 17 NOVEMBER 2016
Qualifications	Bachelor of Arts
Special Responsibilities	Member of NESA Succession and Remuneration Committee
Experience	Renaë has 23 years of experience working in employment services, including 17 years experience in Senior/Executive Management

DIRECTORS' REPORT

For the Year Ended 30 June 2020



Financials

JAMES CHRISTIAN	APPOINTED: 22 NOVEMBER 2019
Qualifications	Masters in Administration
Special Responsibilities	Member of the NESAs Succession and Remuneration Committee
Experience	James has 30 years of experience working in management and 20 years senior executive experience
PAUL SYNNOTT	APPOINTED: 5 JUNE 2020
Qualifications	Master of Business Management (MBM) Diploma of Employment Services
Experience	Paul has more than 25 years of experience working in employment services and community development throughout regional and remote Australia

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, six 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	2	2
Matthew Little	6	6
John Perry	6	5
Nicole Dwyer	6	6
Rebecca Nicholls	6	4
Renae Lowry	6	6
James Christian	4	3
Paul Synnott	1	1
Anthony Steel	3	3

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 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:



Chair – Matthew Little



Director – Nicole Dwyer

Dated: 13 October 2020

AUDITORS INDEPENDENCE DECLARATION

Financials



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 2020, 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

Saward Dawson

Peter Shields

Peter Shields
Partner

Blackburn, VIC

Date: 13 October 2020

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2020

Financials

	NOTE	CONSOLIDATED	
		2020	2019
		\$	\$
Revenue	3	5,719,971	7,622,264
Employee benefits expense		(2,807,368)	(2,588,686)
Depreciation, amortisation and impairments	10	(99,945)	(2,242)
Direct event expense		(535,296)	(513,164)
Rental expense		(109,431)	(252,570)
Travel expense		(99,857)	(126,503)
Consultancy expense		(158,264)	(264,123)
IT expense		(79,440)	(99,554)
Project expense		(1,500,242)	(3,652,564)
Other expense		(193,191)	(247,790)
Finance costs		(4,546)	-
Surplus/(deficit) before income tax		132,391	(124,932)
Income tax expense	9	-	-
Surplus/(deficit) for the year		132,391	(124,932)
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		132,391	(124,932)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020



	NOTE	CONSOLIDATED	
		2020	2019
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,211,671	5,809,627
Trade and other receivables	5	92,990	141,808
Other financial assets	6	5,128,215	119,967
Other assets	7	53,312	88,265
Total Current Assets		8,486,188	6,159,667
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,751	4,993
Right-of-use Assets	10	97,703	-
Total Non-Current Assets		100,454	4,993
Total Assets		8,586,642	6,164,660
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	342,505	610,277
Lease liabilities	10	99,167	-
Short-term provisions	12	221,087	235,054
Other liabilities	13	7,709,620	5,226,095
Total Current Liabilities		8,372,379	6,071,426
NON-CURRENT LIABILITIES			
Long-term provisions	12	10,935	22,297
Total Non-Current Liabilities		10,935	22,297
Total Liabilities		8,383,314	6,093,723
Net Assets		203,328	70,937
EQUITY			
Retained earnings		203,328	70,937
Total Equity		203,328	70,937

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2020



Financials

2020

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 July 2019	70,937	70,937
Surplus for the year	132,391	132,391
Balance at 30 June 2020	203,328	203,328

2019

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 July 2018	195,869	195,869
Deficit for the year	(124,932)	(124,932)
Balance at 30 June 2019	70,937	70,937

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2020

Financials

	NOTE	CONSOLIDATED	
		2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members, government bodies and sponsorships		8,795,075	7,917,137
Payments to suppliers and employees		(6,318,683)	(7,987,970)
Interest received		34,685	77,640
Interest paid (lease)		(4,546)	-
Net cash provided by (used in) operating activities	14	2,506,531	6,807
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption/(Placement) of term deposits		(5,008,248)	(150)
Acquisition of plant and equipment		-	-
Net cash used by investing activities		(5,008,248)	(150)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment for lease liability		(96,239)	-
Net cash used by financing activities		(96,239)	-
Net increase (decrease) in cash and cash equivalents held		(2,597,956)	6,657
Cash and cash equivalents at beginning of year		5,809,627	5,802,970
Cash and cash equivalents at end of financial year	4	3,211,671	5,809,627

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



Financials

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 2020. 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 2020. 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.

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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



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

In the current period

At inception of a contract, the Group assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration

This involves an assessment of whether:

- ▶ The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- ▶ The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- ▶ The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the comparative period

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 Group, 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



(e) Revenue and other income

In the current period

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

When the Group received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Group:

- ▶ identifies each performance obligation relating to the grant;
- ▶ recognises a contract liability for its obligations under the agreement; and
- ▶ recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Group:

- ▶ recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- ▶ recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- ▶ recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Group recognises income in profit or loss when or as it satisfies its obligations under the contract.

Membership subscription is recognised as revenue over the period when access to membership benefit is provided.

Interest income is recognised using the effective interest method.

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 2020



In the comparative period

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 Group 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 Group obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the Group 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 Group 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).

(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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



(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.

(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 2020



(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- ▶ amortised cost
- ▶ fair value through profit or loss (FVPL)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- ▶ they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- ▶ the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

These are measured at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Classification and measurement of financial liabilities

The company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



(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 Group determines its liability from income tax based on the principle of mutuality. The Group also accounts for income tax using balance sheet method of tax-effect accounting. The principle of mutuality requires that the Group 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.

Project income revenue recognition

The Group has been contracted to deliver 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, which is in accordance with fulfilment of performance obligations. Project income received from the Department which were unused for the program is treated as deferred income in liabilities as the Group have not satisfied its performance obligation and is obligated to return the unspent project funds.

(l) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Group.

Initial application of AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Group has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

Initial application of AASB 16: Leases

The Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



2. PARENT ENTITY INFORMATION

	2020	2019
	\$	\$

STATEMENT OF FINANCIAL POSITION

ASSETS

Current assets	746,838	810,952
Non-current assets	2,751	4,993
Total Assets	749,589	815,945

LIABILITIES

Current liabilities	(547,790)	(727,720)
Non-current liabilities	(73)	(18,890)
Total Liabilities	(547,863)	(746,610)

EQUITY

Retained earnings	69,335	194,267
Total Equity	201,726	69,335

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Net surplus/(deficit) for the year	132,391	(124,932)
Total comprehensive income	132,391	(124,932)

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 2020 or 30 June 2019.

Capital commitments

The parent entity did not have any capital commitments as at 30 June 2020 or 30 June 2019.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Financials

3. REVENUE

	NOTE	CONSOLIDATED	
		2020	2019
		\$	\$
Interest revenue		43,033	77,640
Project income	(a)	3,633,163	5,688,743
Member subscriptions		525,950	594,086
Conference income		488,505	359,710
Professional development and forum income		344,165	259,190
Consultancy income		156,010	336,224
Cash boost and Job Keeper		131,870	-
Other income		397,275	306,671
		5,719,971	7,622,264

(a) Project income

Project income includes contracts with the Australian federal government.

4. CASH AND CASH EQUIVALENTS

Cash on hand	500	800
Cash at bank	3,211,171	5,808,827
	3,211,671	5,809,627

5. TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	30,893	116,879
Other receivable	62,097	24,929
	92,990	141,808

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Financials

6. OTHER FINANCIAL ASSETS

	NOTE	CONSOLIDATED	
		2020	2019
		\$	\$

CURRENT

Financial assets	(a)	5,128,215	119,967
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(a) Financial assets comprise of term deposits placed with Bendigo Bank.

7. OTHER ASSETS

CURRENT

Prepayments	25,596	64,515
Security deposit	27,716	23,750
	53,312	88,265

8. PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Office equipment

At cost	19,555	19,555
Accumulated depreciation	(16,804)	(14,562)
Total office equipment	2,751	4,993
Total property, plant and equipment	2,751	4,993

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	4,993	4,993
Depreciation expense	(2,242)	(2,242)
Balance at the end of the year	2,751	2,751

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Financials

11. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2020	2019
NOTE	\$	\$
CURRENT		
Trade payables	76,234	299,693
Sundry payables and accrued expenses	138,550	41,560
Amount owing to ATO	127,721	269,024
	342,505	610,277

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

Trade and other payables	342,505	610,277
Less:		
Amount owing to ATO	(127,721)	(269,024)
Financial liabilities as trade and other payables	19 214,784	341,253

12. PROVISIONS

EMPLOYEE BENEFITS

Current	221,087	235,054
Non-current	10,935	22,297
	232,022	257,351

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 non-current 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020



Financials

16. CONTROLLED ENTITY

COMPOSITION OF THE GROUP

	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 2020	PERCENTAGE OWNED (%)* 2019
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:

- ▶ Board meetings travel and accommodation costs: \$8,800
- ▶ Financial services: \$108,020
- ▶ Content development costs: \$13,000

NESA Solutions Ltd also charged NESA Ltd the following:

- ▶ Corporate Services management fee: \$26,450

(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 is \$ 658,383 (2019: \$ 680,825).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2020

Financials

19. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	CONSOLIDATED	
		2020	2019
		\$	\$
Financial Assets			
Cash and cash equivalents	4	3,211,671	5,809,627
Trade and other receivables	5	92,990	141,808
Financial assets	6	5,128,215	119,967
Total financial assets		8,432,876	6,071,402
Financial Liabilities			
Trade and other payables	(a)11	229,239	341,253
Total financial liabilities		229,239	341,253

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 2020 the number of members was 72 (2019: 76).

21. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the balance date, there has been a continuing impact of the global outbreak of Coronavirus disease (COVID-19) that has caused a significant impact to the global economy. There are no adjusting events to the financial statements as at 30 June 2020, however this outbreak has impacted the extent and nature of the activities undertaken by the Group and may have an impact to the Group's future financial performance and position. Management do not believe that the impact of COVID-19 will impact the ability of the Group to continue as a going concern.

NESA has been actively exploring collaborative business partnerships and opportunities with like-minded organisations in the marketplace to enhance our future business viability and increase benefits for our members. The outcome from a due diligence exercise to explore a business opportunity with Jobs Australia provided the NESA Board of Directors with sufficient evidence to progress this opportunity. A merger intention agreement is now in place. At this stage it is not possible to define the impact any proposed transaction/s might have on the finances of the organisation.

22. COMPANY DETAILS

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

National Employment Services Association Limited
Level 2, 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 6 – 24 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 2020 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.

Chair – Matthew Little

Director – Nicole Dwyer

Dated: 13 October 2020

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

Financials



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 2020, 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 2020 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

Financials



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 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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Member of Russell Bedford International

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

Financials



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: 13 October 2020

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National Employment Services Association Limited and Controlled Entity
Financial Statements for the year ended 30 June 2020



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