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FINANCIAL STATEMENTS

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Financial Statements

**FOR THE
YEAR ENDED
30 JUNE 2016**

DIRECTORS' REPORT

For the Year Ended 30 June 2016

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 2016.

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: 12 February 2016
Stephen Creese	Resigned: 12 February 2016
Matthew Little	
John Perry	
Michael Wasley	
Geoffrey Manton	
Nicole Dwyer	Appointed: 18 November 2015
David Higgon	Term Completed: 18 November 2015
	Re-appointed: 8 April 2016
Janelle Whitehead	Resigned: 4 September 2015
Katrina Spies	Resigned: 18 November 2015

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 support the industry through employment services policy and programme reforms
- To improve the capability of the industry 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 industry

LONG TERM OBJECTIVES

The Group's long term objectives are:

- To be the pre-eminent peak body in the employment and related services industry in Australia
- To lead capacity building and excellent quality in employment and related services
- To promote and expand the global potential of employment and related services

DIRECTORS' REPORT

For the Year Ended 30 June 2016

STRATEGY FOR ACHIEVING THE OBJECTIVES

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

- Play a central and potent role shaping and developing employment and related services policy, programmes and practices
- Be at the forefront of best practice and responsive quality products that meet the industry's needs
- Position the organisation to build on its advocacy and member services
- Facilitate partnerships, connections and strategic opportunities to Australian based 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: 12 FEBRUARY 2016
Qualifications	Bachelor of Law Fellow, Australian Institute of Company Directors Fellow, Australian Institute of Management Fellow, Institute of Arbitrators and Mediators Australia (now Resolution Institute)
Special Responsibilities	Independent Chair of NESA Chair – NESA Nominations and Successions Committee
Experience	Rowena has 20 years of experience as a board chair and director, including 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 the Resolution Institute and North West Hospital & Health Service. She has also served on/chaired numerous Property, Executive Appraisal and Finance & Audit Committees and is the current Independent Chair of NESA.
STEPHEN CREESE	RESIGNED: 12 FEBRUARY 2016
Qualifications	Bachelor of Law (Hons) Bachelor of Arts – Melbourne Senior Fellow of Melbourne Law School
Special Responsibilities	Independent Chair of NESA Chair – NESA Nominations and Successions Committee
Experience	Stephen has 34 years of experience in legal, commercial, finance, project management, company secretarial and public affairs.

DIRECTORS' REPORT

For the Year Ended 30 June 2016

MATTHEW LITTLE	
Qualifications	Graduate Diploma Business Administration
Special Responsibilities	Member of NESA Nominations and Successions 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.
JOHN PERRY	
Special Responsibilities	Chair of NESA Audit and Risk Management Committee
Experience	John has over 35 years of experience in employment services and social enterprise development, including 15 years with Yourtown/Boystown, and most recently as General Manager of Employment, Education and Training.
MICHAEL WASLEY	
Qualifications	Bachelor of Science
	Post Graduate in Rehabilitation Counselling
	MBA
Special Responsibilities	Member of NESA Nominations and Successions Committee
Experience	Michael has over 20 years of experience in employment and community services in various management and operational roles, including as General Manager of Matchworks.
GEOFFREY MANTON	
Qualifications	Bachelor of Arts - Disability Studies
	Diploma - Lead Auditing
Special Responsibilities	Member of NESA Audit and Risk Management Committee
Experience	Geoff's experience in the disability sector spans 26 years including 23 years in employment services. Geoff has held a number of senior executive roles, including Acting CEO for Deaf Children Australia.
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 4 years as CEO of Workskil Australia Inc

DIRECTORS' REPORT

For the Year Ended 30 June 2016

DAVID HIGGON	TERM COMPLETED: 18 NOVEMBER 2015 RE-APPOINTED: 8 APRIL 2016
Qualifications	Diploma of Project Management
	Diploma Frontline Management
	Diploma OH&S
	Workplace Trainer and Assessor
Experience	David is the Employee Relations Manager at Brookfield Multiplex Ltd and has over 30 years of experience in the building and construction industry. His broad expertise covers all aspects of safety, industrial relations management and staff training/advancement, with skills in the development of strategic initiatives and initiatives for continuous improvement in all employee-related areas.
JANELLE WHITEHEAD	RESIGNED: 4 SEPTEMBER 2015
Special Responsibilities	Member of NESA Audit and Risk Management Committee
Experience	Janelle Whitehead has over 13 years of experience in employment and Indigenous community services, including as CEO of Murdi Paaki Regional Enterprise Corporation.
KATRINA SPIES	RESIGNED: 18 NOVEMBER 2015
Qualifications	Bachelor of Education
	Bachelor of Psychology
	Diploma of Company Directors (AICD)
Special Responsibilities	Member NESA Nominations and Successions Committee
Experience	Katrina has over 22 years of experience in employment services, workforce and regional development, including as CEO/Director of Quality Innovation Training and Employment (QITE).

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

DIRECTORS' REPORT

For the Year Ended 30 June 2016

MEETINGS OF DIRECTORS

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

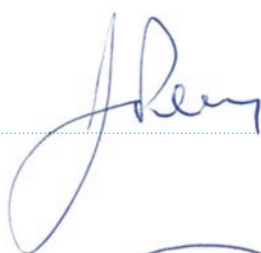
	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Rowena McNally	2	2
Stephen Creese	7	5
Matthew Little	9	7
John Perry	9	9
Michael Wasley	9	7
Geoffrey Manton	9	8
Nicole Dwyer	5	5
David Higgon	6	5
Janelle Whitehead	1	1
Katrina Spies	4	4

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 2016 has been received and can be found on page 7 of the financial report.

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

Director:



Director:



Dated: 06/10/2016

AUDITORS INDEPENDENCE DECLARATION

SAWARD / DAWSON

chartered accountants

www.sawarddawson.com.au

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 2016, 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 Chartered Accountants

Peter Shields

Peter Shields

Blackburn, Victoria

Date: 6 October 2016

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

Liability limited by a scheme approved under Professional Standards Legislation



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2016

		CONSOLIDATED	
		2016	2015
	NOTE	\$	\$
Revenue	3	4,472,874	7,508,885
Employee benefits expense		(2,180,156)	(2,545,459)
Depreciation, amortisation and impairments		(2,692)	(3,540)
Direct event expense		(589,170)	(501,477)
Rental expense		(209,874)	(197,709)
Travel expense		(163,345)	(265,555)
Consultancy expense		(366,522)	(162,816)
IT expense		(61,599)	(102,565)
Project expense		(1,312,345)	(3,610,981)
Other expense		(203,889)	(271,342)
Surplus (deficit) before income tax		(616,717)	(152,559)
Income tax expense	9	-	-
Surplus (deficit) for the year		(616,717)	(152,559)
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		(616,717)	(152,559)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

		CONSOLIDATED	
		2016	2015
	NOTE	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,842,185	3,185,460
Trade and other receivables	5	229,132	314,900
Other financial assets	6	89,817	114,817
Other assets	7	136,601	77,650
Total Current Assets		4,297,735	3,692,827
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,726	13,418
Total Non-Current Assets		10,726	13,418
Total Assets		4,308,461	3,706,245
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	456,257	649,625
Short-term provisions	11	236,317	264,533
Other financial liabilities	12	3,470,343	2,031,818
Total Current Liabilities		4,162,919	2,945,976
NON-CURRENT LIABILITIES			
Long-term provisions	11	8,376	6,386
Total Non-Current Liabilities		8,376	6,386
Total Liabilities		4,171,295	2,952,362
Net Assets		137,166	753,883
EQUITY			
Retained earnings		137,166	753,883
Total Equity		137,166	753,883

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

2016

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 July 2015	753,883	753,883
Deficit for the year	(616,717)	(616,717)
Balance at 30 June 2016	137,166	137,166

2015

	RETAINED EARNINGS	TOTAL
	\$	\$
Balance at 1 July 2014	906,442	906,442
Deficit for the year	(152,559)	(152,559)
Balance at 30 June 2015	753,883	753,883

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	CONSOLIDATED	
	2016	2015
NOTE	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members & government bodies	6,397,459	4,404,010
Payments to suppliers and employees	(5,819,842)	(8,898,700)
Interest received	54,108	117,347
Net cash provided by (used in) operating activities13	631,725	(4,377,343)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption/(Placement) of term deposits	25,000	406,861
Net cash used by investing activities	25,000	406,861
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in cash and cash equivalents held	656,725	(3,970,482)
Cash and cash equivalents at beginning of year	3,185,460	7,155,942
Cash and cash equivalents at end of financial year4	3,842,185	3,185,460

The accompanying notes form part of these financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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 2016. 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 17 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

(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.

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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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).

(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
Plant and Equipment	25% – 50%
Computer Software	25%
Low Value Asset Pool	33% – 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 2016

(h) Intangible Assets

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and four years. It is assessed annually for impairment.

(i) 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.

(j) 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 national government 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.

(k) 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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.

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.

(I) 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.

Key estimates

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. 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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

2. PARENT ENTITY INFORMATION

	2016	2015
	\$	\$

STATEMENT OF FINANCIAL POSITION

Assets

Current assets	860,633	1,268,319
Non-current assets	10,726	13,418
Total Assets	871,359	1,281,737

Liabilities

Current liabilities	(733,435)	(525,892)
Non-current liabilities	(2,062)	(2,849)
Total Liabilities	(735,497)	(528,741)

Equity

Retained earnings	135,861	752,996
Total Equity	135,861	752,996

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Net surplus (deficit) for the year	(617,134)	(153,069)
Total comprehensive income	(617,134)	(153,069)

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 2016 or 30 June 2015.

Capital commitments

The parent entity did not have any capital commitments as at 30 June 2016 or 30 June 2015.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

3. REVENUE

	CONSOLIDATED	
	2016	2015
	\$	\$
Interest revenue	54,108	117,347
Government grant and project income	2,563,462	5,943,999
Member subscriptions	549,981	515,755
Conference income	471,795	550,027
Professional development and forum income	201,542	155,105
Consultancy income	398,684	108,102
Other income	233,302	118,550
	4,472,874	7,508,885

4. CASH AND CASH EQUIVALENTS

Cash on hand	800	800
Cash at bank	3,841,385	3,184,660
	3,842,185	3,185,460

5. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	222,497	249,625
Other receivable	6,635	65,275
	229,132	314,900

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

6. OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	2016	2015
	\$	\$
NOTE		

Current

Held-to-maturity financial assets	(a)	89,817	114,817
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(a) Held-to-maturity investments comprise of term deposit placed with Bendigo Bank.

7. OTHER ASSETS

Current

Prepayments	127,618	68,667
Security deposit	8,983	8,983
	136,601	77,650

8. PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Office equipment

At cost	17,655	80,137
Accumulated depreciation	(6,929)	(66,719)
Total office equipment	10,726	13,418
Total property, plant and equipment	10,726	13,418

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	13,418	13,418
Depreciation expense	(2,692)	(2,692)
Balance at the end of the year	10,726	10,726

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

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	
	2016	2015
NOTE	\$	\$
Prima facie tax payable/(benefit) on surplus from ordinary activities before income tax at 30% (2015:30%)	(185,015)	(45,768)
Increase/(decrease) in income tax expense due to:		
➤ Amount excluded under Principle of Mutuality	74,460	58,185
➤ Deferred tax assets not brought to account	110,680	(12,264)
➤ Tax exempted under Div 50.	(125)	(153)
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	130,108	384,962
Sundry payables and accrued expenses	65,834	107,647
Amount owing to ATO	260,315	157,016
	456,257	649,625

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

Trade and other payables	456,257	649,625
Less:		
GST Payable	(260,315)	(157,016)
Financial liabilities as trade and other payables	20 195,942	492,609

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

11. PROVISIONS

	CONSOLIDATED	
	2016	2015
	\$	\$

EMPLOYEE BENEFITS

Current	(236,317)	(264,533)
Non-current	(8,376)	(6,386)
	(244,693)	(270,919)

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.

12. OTHER FINANCIAL LIABILITIES

Current

Unearned income	3,091,175	1,980,000
Subscriptions in advance	379,168	51,818
Total	3,470,343	2,031,818

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

13. CASH FLOW INFORMATION

Reconciliation of cash flow from operating activities with surplus/(deficit) for the year

	CONSOLIDATED	
	2016	2015
	\$	\$
Net surplus (deficit) for the year	(616,717)	(152,559)

Non-cash flows in surplus/(deficit)

Depreciation	2,692	3,540
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Changes in assets and liabilities

(Increase)/decrease in trade and other receivables	85,769	(101,724)
(Increase)/decrease in prepayments	(58,951)	98,630
Increase/(decrease) in trade payables and accruals	(193,368)	(280,579)
Increase/(decrease) in other current liabilities	1,438,526	(4,003,151)
Increase/(decrease) in provisions	(26,226)	58,500
	631,725	(4,377,343)

14. CAPITAL AND LEASING COMMITMENTS

Operating Lease Commitments

Payable – minimum lease payments		
<ul style="list-style-type: none"> > not later than 12 months 	176,903	125,616
<ul style="list-style-type: none"> > between 12 months and five years 	149,816	163,920
<ul style="list-style-type: none"> > greater than five years 	-	-
	326,719	289,536

The Group has operating leases on a photocopier, car spaces and office spaces. The office space and car park leases for the Group parent (NESA Limited) expires on 30 September 2018, with the photocopier lease expiring on 10 August 2017. As at 30 June 2015, the parent Group has provided a guarantee of property lease rental of \$29,817 (2015: \$29,817).

The Group subsidiary (NESA Solutions Limited) has office lease which expires on 30 June 2017.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

15. OTHER COMMITMENTS

National Employment Services Association has committed to fund Australian Research Council (ARC) Linkage project: *"From Entitlement to Experiment: The new governance of welfare-to-work"*. The project aims to model and explain two organisational dynamics underlying major changes to contemporary welfare states: the shift towards governance driven by performance and the problematic way changes 'from above' seek to stimulate real service delivery change. Commitment is \$35,000 per year for the next two years.

16. CONTINGENT LIABILITIES

In the opinion of the Directors, the Group did not have any contingent liabilities at 30 June 2016 (30 June 2015: None).

17. CONTROLLED ENTITY

COMPOSITION OF THE GROUP

	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)* 2016	PERCENTAGE OWNED (%) 2015*
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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

18. RELATED PARTIES

Transactions between related parties (including subsidiary, members of the organisation and organisation associated with board members) are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(a) Management fee

The total management fee that National Employment Services Association Limited received from NESA Solutions Limited for managing the operation of the subsidiary is \$445,000 (2015: \$850,600).

(b) Membership fees

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

	CONSOLIDATED	
	2016	2015
	\$	\$
Matchworks	10,455	8,900
Sign for Work	5,909	6,250
Workskil Australia	9,090	-
CoAct/Job Futures	10,455	11,000
Yourtown/Boystown	8,182	7,600
Quality Innovation, Training and Employment	-	7,600
Murdi Paaki Regional Enterprise Corp Ltd	-	3,600
The Interact Group	-	4,850

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

The total remuneration paid to key management personnel of the Group and the company is \$ 580,678 (2015: \$ 621,506).

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2016

20. 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	
		2016	2015
		\$	\$

Financial Assets

Cash and cash equivalents	4	3,842,185	3,185,460
Trade and other receivables	5	229,132	314,900
Held-to-maturity investments	6	89,817	114,817
Total financial assets		4,161,134	3,615,177

Financial Liabilities

Financial liabilities at amortised cost

Trade and other payables	10(a)	195,942	492,609
Total financial liabilities		195,942	492,609

21. 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 2016 the number of members was 70 (2015: 82).

22. 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.

23. 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.

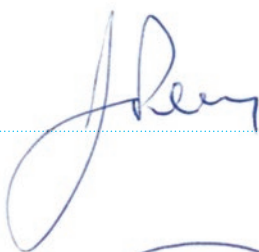
DIRECTORS' DECLARATION

THE DIRECTORS OF THE COMPANY DECLARE THAT:

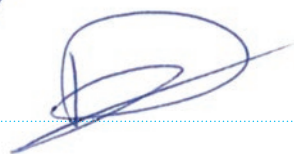
1. The consolidated financial statements and notes of the National Employment Services Association Limited and Controlled Entity, as set out on pages 8 – 25 are in accordance with the *Corporations Act 2001* and:
 - a. Comply with Accounting Standards – Reduced Disclosure Requirements, including the *Corporations Regulations 2001*; and
 - b. Give a true and fair view of the financial position as at 30 June 2016 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: 06/10/2016

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 Financial Report

We have audited the accompanying financial report of National Employment Services Association Limited and Controlled Entity, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group.

Directors' Responsibility 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 - Reduced Disclosure Requirements 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Joshua Morse CA Jeff Tulk CA
Directors: Cathy Braun CA Jeff Davey FCA
Marie Ickeringill SSA Matthew Stokes CA
Murray Nicholls CPA Vicki Adams FCA

Liability limited by a scheme approved under Professional Standards Legislation



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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of National Employment Services Association Limited and Controlled Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of National Employment Services Association Limited and Controlled Entity is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's and the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Saward Dawson Chartered Accountants

Peter Shields

Blackburn

Date: 6 October 2016

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