

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Financial Statements
For the Year Ended 30 June 2021

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Contents

For the Year Ended 30 June 2021

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	26
Independent Audit Report	27

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Directors' Report

For the Year Ended 30 June 2021

1. General information

Information on directors

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 2021.

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
Matthew Little	Appointed: 21 November 2014
John Perry OAM	Term Completed: 26 November 2020
Nicole Dwyer	Appointed: 18 November 2015
Rebecca Nicholls	Appointed: 17 November 2016
Renae Lowry	Term Completed: 26 November 2020
James Christian	Resigned: 13 November 2020
Paul Synnott	Appointed: 5 June 2020
Natalie Turmine	Appointed: 20 January 2021
Lisa Cunningham	Appointed: 20 January 2021

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 policy and program reforms
- To improve the capability and best practice of the sector through the delivery of a comprehensive suite of professional development and sector 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 maintain its position as the leading peak body for the employment sector
- To lead capacity building and the promotion of innovation and best practices across the employment sector
- To promote and expand the global potential of employment services
- To build a stakeholder network that optimises the potential of the employment sector.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Directors' Report

For the Year Ended 30 June 2021

1. General information

Information on directors (continued)

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 policy and program design
- Position the organisation to build on its representation, advocacy and member services
- Deliver high quality results for its members and the employment sector through the effectiveness and value of its work and leadership
- Leads capacity building and the promotion of innovation and best practices across the employment sector
- Supports and enhances outcomes for the employment sector through capability and workforce development
- Facilitate integral links between the employment sector, and the business, social and community sectors, and other local and global networks

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 regularly. 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:

Matthew Little

Qualifications

Appointed: 21 November 2014

Graduate Diploma Business Administration

Graduate of Australian Institute of Company Directors

Special Responsibilities

Chair of NESA

Chair of NESA Succession and Remuneration Committee

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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Directors' Report

For the Year Ended 30 June 2021

1. General information

Information on directors (continued)

John Perry OAM

Special Responsibilities

Experience

Term Completed: 26 November 2020

Member of NESA Audit and Risk Management Committee

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.

He was awarded an Order of Australia Medal for services to community organisations that provide services and outcomes to disadvantaged people.

Nicole Dwyer

Qualifications

Special Responsibilities

Experience

Appointed: 18 November 2015

Bachelor of Science (Psychology)

Diploma in Education (Secondary)

Master of Social Science

Master of Business Administration

Chair of NESA Audit and Risk Management Committee

Nicole has 22 years of experience either working in or consulting to employment services, including 9 years as CEO of Workskil Australia Inc

Rebecca Nicholls

Qualifications

Special Responsibilities

Experience

Appointed: 17 November 2016

Bachelor of Social Sciences

Member of NESA Audit and Risk Management Committee – 1 July 2020 to 26 November 2020

Member of Succession and Remuneration Committee from 26 November 2020

Rebecca has 20 years of experience working in government funded employment services, 9 years experience in Occupational Rehabilitation and 5 years experience in private recruitment.

Renae Lowry

Qualifications

Special Responsibilities

Experience

Term Completed: 26 November 2020

Bachelor of Arts

Member of NESA Succession and Remuneration Committee

Renae has 23 years of experience working in employment services, including 18 years experience in Senior/Executive Management

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Directors' Report

For the Year Ended 30 June 2021

1. General information

Information on directors (continued)

James Christian

Qualifications

Special Responsibilities

Experience

Resigned: 13 November 2019

Masters in Administration

Member of the NESAs Succession and Remuneration Committee

James has 31 years of experience working in management and 21 years senior executive experience

Paul Synnott

Qualifications

Special Responsibilities

Experience

Appointed 5 June 2020

Master of Business Management (MBM)

Diploma of Employment Services

Member of NESAs Audit and Risk Management Committee

Paul has more than 26 years of experience working in employment services and community development throughout regional and remote Australia

Natalie Turmine

Qualifications

Special Responsibilities

Experience

Appointed: 20 January 2021

Advanced Diploma of Management

Member of NESAs Succession and Remuneration Committee – appointed 3 March 2021

Natalie has 25 years of experience leading employment and community services contracts

Lisa Cunningham

Qualifications

Special Responsibilities

Experience

Appointed: 20 January 2021

Bachelor of Arts

Bachelor of Education

Member of NESAs Audit and Risk Management Committee – appointed 3 March 2021

Lisa has over 22 years experience leading sustainable growth and development of programs and services for the betterment of Aboriginal and Torres Strait Islander people.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Directors' Report

For the Year Ended 30 June 2021

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

Meetings of directors

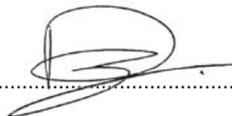
During the financial year, six meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Matthew Little	6	6
John Perry	2	2
Nicole Dwyer	6	6
Rebecca Nicholls	6	6
Rena Lowry	2	2
James Christian	2	0
Paul Synnott	6	5
Natalie Turmine	3	3
Lisa Cunningham	3	3

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 6 of the financial report.

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

Director: 

Director: 

Dated 31/01/2022

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 2021, there have been:

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



Saward Dawson



Peter Shields
Partner

Blackburn, VIC

Date: 31 January 2022

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

		Consolidated	
		2021	2020
	Note	\$	\$
Revenue	3.	5,952,695	5,719,971
Employee benefits expense		(2,646,250)	(2,807,368)
Depreciation, amortisation and impairments		(99,274)	(99,945)
Direct event expense		(474,549)	(535,296)
Rental expense		(73,459)	(109,431)
Travel expense		(3,900)	(41,624)
Consultancy expense		(71,965)	(158,264)
IT expense		(64,034)	(79,440)
Other direct project expense		(1,884,347)	(1,558,475)
Other expenses		(313,645)	(193,191)
Finance costs		(1,619)	(4,546)
Surplus/(deficit) before income tax		319,653	132,391
Income tax expense	9.	-	-
Surplus/(deficit) for the year		319,653	132,391
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		319,653	132,391

The accompanying notes form part of these financial statements.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Statement of Financial Position

As at 30 June 2021

		Consolidated	
	Note	2021	2020
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,488,291	3,211,671
Trade and other receivables	5	51,461	92,990
Other financial assets	6	68,215	5,128,215
Other assets	7	34,465	53,312
TOTAL CURRENT ASSETS		<u>4,642,432</u>	<u>8,486,188</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,180	2,751
Right-of-use assets	10	-	97,703
TOTAL NON-CURRENT ASSETS		<u>1,180</u>	<u>100,454</u>
TOTAL ASSETS		<u><u>4,643,612</u></u>	<u><u>8,586,642</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	231,102	342,505
Lease liabilities	10	-	99,167
Short-term provisions	12	94,123	221,087
Other liabilities	13	3,795,083	7,709,620
TOTAL CURRENT LIABILITIES		<u>4,120,308</u>	<u>8,372,379</u>
NON-CURRENT LIABILITIES			
Long-term provisions	12	323	10,935
TOTAL NON-CURRENT LIABILITIES		<u>323</u>	<u>10,935</u>
TOTAL LIABILITIES		<u><u>4,120,631</u></u>	<u><u>8,383,314</u></u>
NET ASSETS		<u><u>522,981</u></u>	<u><u>203,328</u></u>
EQUITY			
Retained earnings		<u>522,981</u>	<u>203,328</u>
TOTAL EQUITY		<u><u>522,981</u></u>	<u><u>203,328</u></u>

The accompanying notes form part of these financial statements.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2020	203,328	203,328
Surplus for the year	319,653	319,653
Balance at 30 June 2021	<u>522,981</u>	<u>522,981</u>

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	<u>203,328</u>	<u>203,328</u>

The accompanying notes form part of these financial statements.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Consolidated	
	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members, government bodies and sponsorships	2,207,641	8,795,075
Payments to suppliers and employees	(5,921,955)	(6,318,683)
Interest received	31,720	34,685
Interest paid (lease)	(1,619)	(4,546)
Net cash provided by (used in) operating activities	14 (3,684,213)	2,506,531
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption/(Placement) of term deposits	5,060,000	(5,008,248)
Acquisition of plant and equipment	-	-
Net cash used by investing activities	5,060,000	(5,008,248)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment for lease liability	(99,167)	(96,239)
Net cash used by financing activities	(99,167)	(96,239)
Net increase (decrease) in cash and cash equivalents held	1,276,620	(2,597,956)
Cash and cash equivalents at beginning of year	3,211,671	5,809,627
Cash and cash equivalents at end of financial year	4 4,488,291	3,211,671

The accompanying notes form part of these financial statements.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

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 2021. 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 2021. 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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(c) Income Tax

The parent entity is a not-for-profit company subject to income tax on certain surpluses under the principles of mutuality.

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

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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(d) Leases

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.

(e) Revenue and other income

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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(e) Revenue and other income

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).

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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(g) Property, Plant and Equipment

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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(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.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

1. Summary of Significant Accounting Policies

(j) Financial instruments

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).

(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 National Indigenous Australians Agency 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.

Assets acquired with grant funding are not recognised as an asset as the beneficial ownership remains with the Commonwealth of Australia.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

2. Parent entity information

	2021	2020
	\$	\$
Statement of Financial Position		
Assets		
Current assets	893,822	746,838
Non-current assets	1,180	2,751
Total Assets	<u>895,002</u>	<u>749,589</u>
Liabilities		
Current liabilities	(407,118)	(547,790)
Non-current liabilities	(323)	(73)
Total Liabilities	<u>(407,441)</u>	<u>(547,863)</u>
Equity		
Retained earnings	201,726	69,335
Total Equity	<u>487,561</u>	<u>201,726</u>
Statement of Profit or Loss and Other Comprehensive Income		
Net surplus for the year	<u>285,835</u>	<u>132,291</u>
Total comprehensive income	<u>285,835</u>	<u>132,291</u>

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 2021 or 30 June 2020.

Capital commitments

The parent entity did not have any capital commitments as at 30 June 2021 or 30 June 2020.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

3. Revenue

	Consolidated	
	2021	2020
	\$	\$
Interest revenue	23,742	43,033
Project income (a)	3,821,109	3,633,163
Member subscriptions	531,419	525,950
Conference income	514,262	488,505
Professional development and forum income	406,479	344,165
Consultancy income	105,995	156,010
Government stimulus	316,391	181,870
Other income	233,298	347,275
	<u>5,952,695</u>	<u>5,719,971</u>

(a) Project income

Project income includes contracts with the Australian federal government.

4. Cash and cash equivalents

Cash on hand	500	500
Cash at bank	4,487,791	3,211,171
	<u>4,488,291</u>	<u>3,211,671</u>

5. Trade and other receivables

CURRENT		
Trade receivables	30,216	30,893
Other receivable	21,245	62,097
	<u>51,461</u>	<u>92,990</u>

6. Other financial assets

CURRENT		
Financial assets at amortised cost (a)	68,215	5,128,215

(a) Financial assets comprise of term deposits placed with Bendigo Bank.

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

7. Other assets

	Consolidated	
	2021	2020
	\$	\$
CURRENT		
Prepayments	6,749	25,596
Security deposit	27,716	27,716
	<u>34,465</u>	<u>53,312</u>

8. Property, plant and equipment

PLANT AND EQUIPMENT

Office equipment

At cost	19,555	19,555
Accumulated depreciation	(18,375)	(16,804)
Total office equipment	<u>1,180</u>	<u>2,751</u>
Total property, plant and equipment	<u>1,180</u>	<u>2,751</u>

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:

Consolidated	Office	Total
	Equipment	
	\$	\$
Balance at the beginning of year	2,751	2,751
Depreciation expense	(1,571)	(1,571)
Balance at the end of the year	<u>1,180</u>	<u>1,180</u>

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

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	
	2021	2020
	\$	\$
Prima facie tax payable/(benefit) on result from ordinary activities before income tax at 26% (2020:27.5%)	74,317	36,005
Increase/(decrease) in income tax expense due to:		
- Amount excluded under Principle of Mutuality	(53,954)	(25,100)
- Deferred tax assets not brought to account	(20,363)	(10,905)
Income tax attributed to entity	-	-

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

10. Leases

The Group has adopted AASB 16: Leases and this standard has resulted in the recognition of the future rights and obligations associated with property leases being recognised in the statement of financial position. Lease expenses were previously disclosed as occupancy expenses and under the new standard is represented by financing cost (notional interest) and amortisation of the right to use asset.

Right-of-use asset

Year ended 30 June 2021

Opening balance	97,703	195,406
Amortisation charge	(97,703)	(97,703)
Balance at end of year	-	97,703

The property (Sydney Office) lease is a non-cancellable lease with a two-year term, which expires on 3 July 2021.

Lease liabilities

Current lease liability	-	99,167
Total Lease Liability	-	99,167

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

10. Leases

AASB 16 related amounts recognised in the statement of profit or loss and other comprehensive income

	Consolidated	
	2021	2020
	\$	\$
Amortisation charge on right-of-use assets	97,703	97,703
Interest expense on lease liabilities	1,619	4,546
Short term lease	66,663	101,284
	<u>165,985</u>	<u>203,533</u>

11. Trade and other payables

CURRENT

Trade payables	91,045	76,234
Sundry payables and accrued expenses	80,933	138,550
Amount owing to ATO	59,124	127,721
	<u>231,102</u>	<u>342,505</u>

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

Trade and other payables	231,102	342,505
Less:		
Amount owing to ATO	(59,124)	(127,721)
Financial liabilities as trade and other payables	<u>171,978</u>	<u>214,784</u>

19.

12. Provisions

Employee benefits

Current	94,123	221,087
Non-current	323	10,935
	<u>94,446</u>	<u>232,022</u>

13. Other liabilities

CURRENT

Unearned income - project income	3,508,657	7,324,874
Other income in advance	286,426	384,746
Total	<u>3,795,083</u>	<u>7,709,620</u>

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

14. Cash Flow Information

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

	Consolidated	
	2021	2020
	\$	\$
Net surplus/(deficit) for the year	319,653	132,391
Non-cash flows in surplus/(deficit)		
Depreciation	99,274	99,945
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	41,529	48,818
(Increase)/decrease in prepayments	18,847	34,953
Increase/(decrease) in trade payables and accruals	(111,403)	(267,772)
Increase/(decrease) in other current liabilities	(3,914,537)	2,483,525
Increase/(decrease) in provisions	(137,576)	(25,329)
	<u>(3,684,213)</u>	<u>2,506,531</u>

15. Contingent liabilities

NESA Solutions Ltd, a subsidiary of National Employment Services Association has an unresolved claim as at 30 June 2021. The claim was made by the National Indigenous Australians Agency on a number of items relating to the use of grant funding amounting to \$1,068,522, NESA Solutions Ltd has strongly refuted this claim and has provided a response including explanations around the use of grant funding to the National Indigenous Australians Agency. The National Indigenous Australians Agency claim has subsequently been amended to \$968,002. The company has made a settlement offer as at the date of this report and is awaiting a response from National Indigenous Australians Agency. Discussions pertaining to this matter are ongoing as of the date of signing of this financial report. NESA Solutions Ltd has net assets of \$35,419 as at 30 June 2021.

16. Controlled entity

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2021	2020
Subsidiaries:			
NESA Solutions Limited	Australia	100	100

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

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

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

During the year, NESA Solutions Ltd were invoiced a management fee consisting of the following by National Employment Services Association Limited:

- Board meetings travel and accommodation costs: \$4,400

- Financial services: \$129,700

(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 \$ 465,240 (2020: \$ 658,383).

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:

		Consolidated	
		2021	2020
		\$	\$
Financial Assets			
Cash and cash equivalents	4.	4,488,291	3,211,671
Trade and other receivables	5.	51,461	92,990
Financial assets	6.	68,215	5,128,215
Total financial assets		4,607,967	8,432,876
Financial Liabilities			
Trade and other payables	11(a)	171,978	229,239
Total financial liabilities		171,978	229,239

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

Consolidated Notes to the Financial Statements

For the Year Ended 30 June 2021

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 2021 the number of members was 83 (2020: 72).

21. Events Occurring After the Reporting Date

Subsequent to the balance date, there has been a continuous 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 2021, 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. Directors and management do not believe that the impact of COVID-19 will impact the ability of the Group to continue as a going concern.

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

National Employment Services Association Limited and Controlled Entity

ABN: 69 079 065 428

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 7 - 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 2021 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 31/01/2022

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 2021, 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 2021 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.

Emphasis of Matter - Contingent Liability

We draw attention to Note 15 to the financial statements which describes the uncertainty related to the outcome of the claim against NESAs Solutions Ltd by National Indigenous Australians Agency. Our opinion is not qualified in respect of this matter.

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

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.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies use and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- 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.
- 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 matter 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



Peter Shields
Partner

Blackburn, VIC

Date: 31 January 2022