

**DIRECTIONS WORKFORCE SOLUTIONS  
INCORPORATED**

**Special Purpose Financial Report  
For the year ended 30 June 2020**

**Directions Workforce Solutions Incorporated  
Board Report  
For the year ended 30 June 2020**

Your Board submits the financial report of Directions Workforce Solutions Incorporated for the financial year ended 30 June 2020.

**Board Members:**

The names of board members throughout the year and at the date of this report are as follows:

Paul Tomlinson  
Wendy Newman  
Pamela l'Anson  
Luke Buttersfield  
Chris Antonio  
Andrew Knapp  
Rebecca McCall  
Elise Wood (started 20 Nov 2019)

Secretary: Chris Antonio

**Principal activities**

The principal activities of the Association during the financial year were to provide training and employment services to people in the Wheatbelt and Perth Metropolitan areas.

**Operating results**

The amount of the surplus for the financial year amounted to \$715,909 (2019: \$312,816).

On behalf of the Board



Paul Tomlinson

2 December 2020

Directions Workforce Solutions Incorporated  
Income Statement  
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Revenue</b>	3	10,190,001	10,412,286
<b>Expenses</b>			
Salaries and wages	4	(7,976,210)	(8,907,829)
Depreciation expense	4	(124,256)	(99,020)
Impairment expense		(302,417)	-
Other expenses		(1,071,209)	(1,092,621)
<b>Surplus for the year</b>		715,909	312,816
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		715,909	312,816

The accompanying notes form part of these financial statements.

**Directions Workforce Solutions Incorporated**  
**Balance Sheet**  
**As at 30 June 2020**

	Note	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,914,593	1,526,922
Trade and other receivables	6	899,797	729,128
<b>TOTAL CURRENT ASSETS</b>		<u>2,814,390</u>	<u>2,256,050</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,242,806	2,461,900
Right of use assets		112,451	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,355,257</u>	<u>2,461,900</u>
<b>TOTAL ASSETS</b>		<u>5,169,647</u>	<u>4,717,950</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	536,696	855,835
Borrowings	9	71,098	74,360
Employee benefits	10	250,220	281,864
Lease liabilities		24,890	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>882,904</u>	<u>1,212,059</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	9	128,377	152,036
Employee benefits	10	22,971	23,452
Lease liabilities		89,083	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>240,431</u>	<u>175,488</u>
<b>TOTAL LIABILITIES</b>		<u>1,123,335</u>	<u>1,387,547</u>
<b>NET ASSETS</b>		<u>4,046,312</u>	<u>3,330,403</u>
<b>MEMBERS' FUND</b>			
Accumulated surplus	11	3,622,232	2,906,323
Revaluation reserve	12	424,080	424,080
<b>TOTAL EQUITY</b>		<u>4,046,312</u>	<u>3,330,403</u>

The accompanying notes form part of these financial statements.

Directions Workforce Solutions Incorporated  
Statement of Changes in Equity  
For the year ended 30 June 2020

	Accumulated Surplus \$	Revaluation Reserve \$	Total Equity \$
<b>Balance at 1 July 2018</b>	2,593,507	424,080	3,017,587
Surplus for the year	312,816	-	312,816
Other comprehensive income	-	-	-
Total comprehensive income for the year	312,816	-	312,816
<b>Balance at 30 June 2019</b>	2,906,323	424,080	3,330,403
<b>Balance at 1 July 2019</b>	2,906,323	424,080	3,330,403
Surplus for the year	715,909	-	715,909
Other comprehensive income	-	-	-
Total comprehensive income for the year	715,909	-	715,909
<b>Balance at 30 June 2020</b>	3,622,232	424,080	4,046,312

Directions Workforce Solutions Incorporated  
Statement of Cash Flows  
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		7,536,595	8,837,661
Payments to suppliers and employees		(9,644,517)	(9,506,959)
		(2,107,922)	(669,298)
Interest received		8,222	13,144
Other income		1,166,507	82,407
Grant income		1,536,022	1,265,498
<b>Net cash from operating activities</b>	13	<u>602,829</u>	<u>691,751</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of plant and equipment		54,000	9,091
Payments for plant and equipment		(119,869)	(16,681)
<b>Net cash used in investing activities</b>		<u>(65,869)</u>	<u>(7,590)</u>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(117,309)	(81,985)
Interest paid		(12,680)	(12,351)
Repayment of lease liabilities		(19,300)	-
<b>Net cash used in financing activities</b>		<u>(149,289)</u>	<u>(94,336)</u>
Net increase in cash and cash equivalents		387,671	589,825
Cash and cash equivalents at the beginning of the year		1,526,922	937,097
Cash and cash equivalents at the end of the year	5	<u>1,914,593</u>	<u>1,526,922</u>

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

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

*AASB 15 Revenue from Contracts with Customers*

The Association has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

*AASB 16 Leases*

The Association has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

*AASB 1058 Income of Not-for-Profit Entities*

The Association has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1. Significant accounting policies (continued)**

*Impact of adoption*

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

**Basis of preparation**

In the Board's opinion, the Association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Association's Constitution and the *Australian Charities and Not-for-profits Commission Act 2012*. The Board have determined that the accounting policies adopted are appropriate to meet the financial reporting requirements of the Association.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention unless otherwise stated.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sales revenue*

Host fees are recognised when received or receivable.

*Donations*

Donations are recognised at the time the pledge is made.

*Grants*

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

As the Association is a charitable institution under Subdivision 50-B of the Income Tax Assessment Act 1997, it is exempt from paying income tax.

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1. Significant accounting policies (continued)**

**Current and non-current classification**

Assets and liabilities are presented in the balance sheet are based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings are not depreciated.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land and buildings) over their expected useful lives as follows:

Freehold improvements	5 years
Plant and equipment	4 years
Motor vehicles	3 to 4 years
Office equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1. Significant accounting policies (continued)**

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Right-of-use assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 1. Significant accounting policies (continued)**

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Association for the annual reporting period ended 30 June 2020. The Association has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Association operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Estimation of useful lives of assets*

The Association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Employee benefits provision*

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Directions Workforce Solutions Incorporated  
Notes to the Financial Statements  
For the year ended 30 June 2020

Note 3. Revenue

	2020	2019
	\$	\$
<i>Revenue</i>		
Host fees	7,115,955	9,047,020
Interest income	8,222	13,144
Funding income	1,569,793	1,265,498
Economic stimulus	1,271,349	-
Other income	224,682	86,624
	<u>10,190,001</u>	<u>10,412,286</u>

Note 4. Expenses

Surplus before income tax includes the following specific expenses:

<i>Depreciation</i>		
Furniture and fittings	5,771	5,350
Computer equipment	16,073	18,684
Motor vehicles	78,417	74,986
Land and buildings	5,528	-
Right of use asset	17,296	-
Leasehold improvements	1,171	-
Total depreciation	<u>124,256</u>	<u>99,020</u>
<i>Superannuation expenses</i>		
Defined contribution superannuation expense	<u>582,275</u>	<u>589,443</u>

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 5. Cash and cash equivalents**

	2020	2019
	\$	\$
GTO Account	757,833	485,585
AWDC Account	11,214	9,259
Business Service Account	5,110	42,204
Labour Hire Account	86	5,005
JSC Account	78,033	74,289
Overdraft *	45	45
Reserves	494,641	405,656
Charity Account	5,106	3,804
Bendigo Billing Account	54,855	500
Term Deposit	507,670	500,575
	<u>1,914,593</u>	<u>1,526,922</u>

\* The Association has a Business Overdraft facility of \$740,000 and Equipment Finance - Revolving Limit facility of \$350,000 with Westpac Banking Corporation. The Business Overdraft facility is secured by a mortgage over the property located at 7 Sayer Street Midland WA 6056. The Equipment Finance facility is secured over the leased assets. Interest on the Business Overdraft facility is charged at 4.26% per annum. Interest on the Equipment Finance facility differs for each motor vehicle contract.

The facilities not utilised as at reporting date are \$740,000 for the Business Overdraft and \$150,525 for the Equipment Finance. Refer to Note 9 for details of the leased assets.

**Note 6. Trade and other receivables**

Trade receivables - Chip	286,985	335,204
Trade receivables - Xero	35,986	4,488
Accrued income	14,007	389,436
Bond – 95 Wellington St Northam	5,280	-
Prepaid expenses	262,039	-
Jobkeeper Subsidies Receivable	295,500	-
	<u>899,797</u>	<u>729,128</u>

Directions Workforce Solutions Incorporated  
Notes to the Financial Statements  
For the year ended 30 June 2020

Note 7. Property, plant and equipment

	2020	2019
	\$	\$
Land and buildings - at fair value	1,975,000	2,200,000
Furniture and fittings - at cost	42,855	37,419
Less: Accumulated depreciation	(11,595)	(10,217)
	<u>31,260</u>	<u>27,202</u>
Computer equipment - at cost	90,161	78,237
Less: Accumulated depreciation	(55,802)	(48,283)
	<u>34,359</u>	<u>29,954</u>
Motor vehicles - at cost	312,108	320,970
Less: Accumulated depreciation	(118,827)	(116,226)
	<u>193,281</u>	<u>204,744</u>
Leasehold Improvements - at cost	10,077	-
Less: Accumulated depreciation	(1,171)	-
	<u>8,906</u>	<u>-</u>
	<u>2,242,806</u>	<u>2,461,900</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$	Furniture and fittings \$	Computer equipment \$	Motor vehicles \$	Leasehold improvements \$	Total \$
Balance at 30 June 2018	2,200,000	21,551	42,899	197,407	-	2,461,857
Additions	-	11,001	5,739	87,255	-	103,995
Disposals	-	-	-	(4,932)	-	(4,932)
Depreciation expense	-	(5,350)	(18,684)	(74,986)	-	(99,020)
Balance at 30 June 2019	2,200,000	27,202	29,954	204,744	-	2,461,900
Additions	-	92,774	21,290	109,935	10,077	234,076
Disposals	-	-	(812)	(42,981)	-	(43,793)
Reclassification	77,417	(77,417)	-	-	-	-
Impairment	(302,417)	-	-	-	-	(302,417)
Depreciation expense	-	(11,299)	(16,073)	(78,417)	(1,171)	(106,960)
Balance at 30 June 2020	<u>1,975,000</u>	<u>31,260</u>	<u>34,359</u>	<u>193,281</u>	<u>8,906</u>	<u>2,242,806</u>

The basis of the valuation of property is fair value and is based on an independent assessment by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition. The land and buildings situated at 7 Sayer Street, Midland was revalued during the year to \$1,025,000. The land and buildings situated at 133 Fitzgerald Street, Northam was last revalued in June 2017.

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**Note 8. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade payables	260,358	24,367
GST payable	104,131	275,035
Deferred revenue	-	118,856
Other payables	172,207	437,577
	<u>536,696</u>	<u>855,835</u>

**Note 9. Interest bearing liabilities**

**Current**

Chattel mortgages *	71,098	74,360	66
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**Non-Current**

Chattel mortgages *	128,377	152,036	146
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	<u>199,475</u>	<u>226,396</u>	<u>216</u>
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\* The Association has entered into lease arrangements for its motor vehicles. The Association's lease liabilities are secured by the leased assets and in the event of default, the assets revert to the lender.

**Note 10. Employee benefits**

**Current**

Annual leave	205,801	267,476
Long service leave	44,419	14,388
	<u>250,220</u>	<u>281,864</u>

**Non-Current**

Long Service Leave	22,971	23,452
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Total Employee benefits	<u>273,191</u>	<u>305,316</u>
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**Note 11. Accumulated surplus**

Accumulated surplus at the beginning of the financial year	2,906,323	2,593,507
Surplus for the year	715,909	312,816
	<u>3,622,232</u>	<u>2,906,323</u>

**Directions Workforce Solutions Incorporated**  
**Notes to the Financial Statements**

For the year ended 30 June 2020

**Note 12. Revaluation Reserve**

	2020	2019
	\$	\$
Opening Balance*	424,080	424,080
Revaluation increment/reversal	-	-
Closing Balance	<u>424,080</u>	<u>424,080</u>

\* Balance relates to revaluation increment relating to the land and buildings situated at 133 Fitzgerald Street, Northam.

**Note 13. Reconciliation of surplus after income tax to net cash operating activities**

Surplus for the year	715,909	312,816
Adjustments for:		
Depreciation	124,256	99,020
Interest expense	16,205	12,351
Impairment expense	302,417	-
Gain on disposal of plant and equipment	(34,025)	(4,218)
Changes in operating assets and liabilities:		
Trade and other receivables	(170,669)	(209,359)
Trade and other payables	(319,139)	392,660
Provisions	(32,125)	88,481
Net cashflow from operating activities	<u>602,829</u>	<u>691,751</u>

**Note 14. Auditor's remuneration**

Amounts received or due and receivable by RSM Australia Pty Ltd for: Audit of the financial report	<u>12,500</u>	<u>12,500</u>
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**Note 15. Contingent liabilities**

The Association had no contingent liabilities as at 30 June 2020 and 30 June 2019.

**Note 16. Commitments**

The Association had no commitments for expenditure as at 30 June 2020 and 30 June 2019.

**Note 17. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

**Directions Workforce Solutions Incorporated**  
**Statement by the Board**  
**For the year ended 30 June 2020**

In the Board's opinion:

- the Association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in Note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Association's Constitution and the *Australian Charities and Not-for-profits Commission Act 2012*;
- the attached financial statements and notes comply with the Accounting Standards to the extent described in Note 1 to the financial statements;
- the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and give a true and fair view of the Association's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

On behalf of the Board



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Paul Tomlinson  
Board Member

Date: 2 December 2020

**RSM Australia Pty Ltd**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECTIONS WORKFORCE SOLUTIONS INCORPORATED**

### **Opinion**

We have audited the financial report of Directions Workforce Solutions Incorporated (the Association), which comprises the balance sheet as at 30 June 2020, income statement, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Board.

In our opinion, the financial report of the Association has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2020 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards as described in Note 1 to the financial statements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### **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 Association in accordance with the auditor independence 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Basis of Accounting**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial report has been prepared to assist the Association to meet the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**THE POWER OF BEING UNDERSTOOD**  
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## Other Information

Management is responsible for the other information. The other information comprises the Board Report, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the basis of preparation described in Note 1 to the financial statements and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

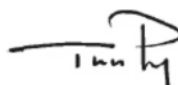
## Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.



RSM AUSTRALIA PTY LTD



TUTU PHONG  
Director

Perth, WA  
Dated: 2 December 2020