WorldSkills Australia

ABN 43 147 075 714

Financial Statements

For the Year Ended 30 June 2018

WorldSkills Australia

ABN 43 147 075 714

Contents

For the Year Ended 30 June 2018

Directors' Report
For the Year Ended 30 June 2018

The directors present their report on WorldSkills Australia ("the Company") for the financial year ended 30 June 2018.

Directors

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

Kevin Harris	(Chairperson from 18 December 2017)
Brian Wexham	(Chairperson until 18 December 2017)
Megan Lilly	
Stuart Henry	
Jarrad Langdon	
Jack Hanrahan	
Coralie Morrissey	
Wayne Collyer	
Trevor Schwenke	
Stephen Roche	(Appointed 18 December 2017)
Jeanette Allen	(Resigned 4 June 2018)
Martin Baird	(Resigned 11 April 2018)
Douglas Wright	(Resigned 28 September 2017)

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

Operating results

The deficit of the Company amounted to $778,302 (2017: deficit of $1,469,989; 2016: surplus of $737,028).

Principal activities

The principal activity of WorldSkills Australia during the financial year was the organisation and promotion of regional, national and international rounds of trade skills competitions.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term objectives

The Company's short term objectives are to:

- raise awareness of the opportunities that exist in vocational education and training using the competitive process as a vehicle to do so.

Long term objectives

The Company's long term objectives are to:

- contribute to sustainable economic prosperity through the development, recognition and promotion of excellence in skills.

Strategy for achieving the objectives

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

- be recognised as a critical participant and advocate in the development and promotion of skills excellence in Australia;
- extend the participation and engagement in skill based competitions;
- develop and implement an engagement strategy for volunteers that ensures the attraction, retention and succession of the volunteer; and
- develop strategies to increase long-term support from industry, sponsors and key stakeholder groups.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- increasing the number of competitors, mentors, trainers and employees in WorldSkills Australia programs; and
- virtue of the competition process, producing role models that can be held up as examples of what can be achieved via a vocational education and training (VET) pathway.

Performance measures

The following measures are used within the Company to monitor performance:

- key performance indicators set against strategic deliverables.

Members guarantee

WorldSkills Australia is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $100 for members that are corporations and $100 for all other members, subject to the provisions of the Company's constitution.

At 30 June 2018 the collective liability of members was $1,100 (2017: $1,200; 2016: $900).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Benefits received directly or indirectly by officers

WorldSkills Australia has agreements with directors, Brian Wexham and Jarrad Langdon, for the supply of services. Details of the agreements are listed below:

- SkillsOne Pty Ltd (Brian Wexham) provided services supporting National Skills Week. WorldSkills Australia remunerated an amount of $14,500 (2017: $22,628; 2016: $11,000) for services provided.

Directors' Report

For the Year Ended 30 June 2018

Benefits received directly or indirectly by officers (continued)

- Jala Design Pty Ltd (Jarrad Langdon) provided website and design services during the year. WorldSkills Australia remunerated an amount of $17,850 (2017: $5,739; 2016: $6,303) for services provided.

- Plumbing Products Industry Group (Stuart Henry) - donation to support Plumbing Expert travel to Abu Dhabi (Alan Humphries Award). WorldSkills Australia received an amount of $NIL (2017: $6,000, 2016: $NIL) for donations

Events after the reporting date

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

Meetings of directors

During the financial year, NIL meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit and Risk Committee Meetings		Nominations Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kevin Harris	6	6	5	5	-	-
Wayne Collyer	6	5	-	-	3	3
Jack Hanrahan	6	3	5	5	-	-
Stuart Henry	6	4	-	-	-	-
Jarrad Langdon	6	6	-	-	3	3
Megan Lilly	6	6	-	-	-	-
Coralie Morrissey	6	2	-	-	3	3
Stephen Roche	4	3	2	2	-	-
Trevor Schwenke	6	4	-	-	1	1
Brian Wexham	6	5	-	-	1	1
Jeanette Allen	6	4	-	-	3	2
Martin Baird	4	4	5	5	-	-
Douglas Wright	1	1	-	-	-	-

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Directors' Report

For the Year Ended 30 June 2018

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on page 5 of the financial report.

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

Director: ....
Kevin Harris

Director: ....
Stephen Roche

Dated this 15th day of November 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As required by section 60-40(1) of the *Australian Charities and Not-for-profits Commission Act 2012, w*e declare that, to the best of our knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit of the financial report of WorldSkills Australia for the year ended 30 June 2018.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
15 November 2018

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2018

	Note	2018 $	2017 $	2016 $
Revenue	4	**5,376,538**	3,358,843	3,637,135
Employee benefits expense		**(1,339,510)**	(1,271,142)	(1,066,036)
Depreciation expense	5	**(17,251)**	(10,129)	(18,367)
Program expenses		**(4,143,691)**	(3,042,211)	(1,451,218)
Property and maintenance expenses		**(128,170)**	(100,065)	(93,030)
Administration and marketing expenses		**(526,218)**	(405,285)	(271,456)
(Deficit)/Surplus before income tax		**(778,302)**	(1,469,989)	737,028
Income tax expense	2(c)	**-**	-	-
Net (Deficit)/surplus for the year		**(778,302)**	(1,469,989)	737,028
Total comprehensive income for the year		**(778,302)**	(1,469,989)	737,028

The accompanying notes form part of these financial statements.

WorldSkills Australia

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Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $	2016 $
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6	**692,651**	1,381,830	2,587,227
Trade and other receivables	7	**457,259**	95,494	473,113
Other financial assets	8	**62,153**	60,549	300,000
Other assets	9	**50,636**	417,605	639,646
TOTAL CURRENT ASSETS		**1,262,699**	1,955,478	3,999,986
NON-CURRENT ASSETS				
Property, plant and equipment	10	**41,483**	38,508	42,426
Intangible assets	11	**11,858**	-	-
TOTAL NON-CURRENT ASSETS		**53,341**	38,508	42,426
TOTAL ASSETS		**1,316,040**	1,993,986	4,042,412
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	12	**869,244**	379,885	554,238
Employee benefits	13	**30,383**	38,546	108,103
Other liabilities	14	**103,183**	488,740	827,786
TOTAL CURRENT LIABILITIES		**1,002,810**	907,171	1,490,127
NON-CURRENT LIABILITIES				
Employee benefits	13	**14,637**	9,920	5,401
TOTAL NON-CURRENT LIABILITIES		**14,637**	9,920	5,401
TOTAL LIABILITIES		**1,017,447**	917,091	1,495,528
NET ASSETS		**298,593**	1,076,895	2,546,884
EQUITY				
Reserves	15	**-**	263,033	1,138,427
Accumulated surplus	16	**298,593**	813,862	1,408,457
TOTAL EQUITY		**298,593**	1,076,895	2,546,884

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2018

2018

	Note	Accumulated Surplus $	Regional Funds Reserve $	Total $
Balance at 1 July 2017	15, 16	**813,862**	**263,033**	**1,076,895**
Net (deficit) for the year	16	**(778,302)**	**-**	**(778,302)**
Transfer region (surplus)/deficit from retained earnings	15, 16	**263,033**	**(263,033)**	**-**
Balance at 30 June 2018	15, 16	**298,593**	**-**	**298,593**

2017

	Note	Accumulated Surplus $	Regional Funds Reserve $	Total $
Balance at 1 July 2016	15, 16	1,408,457	1,138,427	2,546,884
Net (deficit) for the year	16	(1,469,989)	-	(1,469,989)
Transfer region (surplus)/deficit from retained earnings	15, 16	875,394	(875,394)	-
Balance at 30 June 2017	15, 16	813,862	263,033	1,076,895

2016

	Note	Accumulated Surplus $	Regional Funds Reserve $	Total $
Balance at 1 July 2015	15, 16	1,058,596	751,260	1,809,856
Net (deficit) for the year	16	737,028	-	737,028
Transfer region (surplus)/deficit from retained earnings	15, 16	(387,167)	387,167	-
Balance at 30 June 2016	15, 16	1,408,457	1,138,427	2,546,884

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 $	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers		**4,935,965**	3,662,077	4,066,756
Payments to suppliers and employees		**(5,606,518)**	(5,128,211)	(2,642,330)
Interest received		**16,587**	27,497	36,131
Net cash provided by/(used in) operating activities	17	**(653,966)**	(1,438,637)	1,460,557
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payment for intangible asset		**(15,782)**	-	-
Purchase of property, plant and equipment		**(17,827)**	(6,211)	(14,267)
Redemption of financial assets		**-**	300,000	-
Purchase of financial assets		**(1,604)**	(60,549)	(300,000)
Net cash used in investing activities		**(35,213)**	233,240	(314,267)
Net increase/(decrease) in cash and cash equivalents held		**(689,179)**	(1,205,397)	1,146,290
Cash and cash equivalents at beginning of year		**1,381,830**	2,587,227	1,440,937
Cash and cash equivalents at end of financial year	6(a)	**692,651**	1,381,830	2,587,227

The financial report covers WorldSkills Australia as an individual entity. WorldSkills Australia is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of WorldSkills Australia is Australian dollars.

The financial report was authorised for issue by the Directors on 15 November 2018.

Comparatives are consistent with prior years, unless otherwise stated. Refer to Note 25: Comparative financial information.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-For-Profits Commission Act 2012*.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Grant revenue

Grant revenue is recognised in the statement of profit or loss and other comprehensive income when the Company obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

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

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

Sponsorship and donations

Sponsorship and donations are recognised as revenue when received.

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

Interest revenue

Interest is recognised using the effective interest method.

In-kind contributions

In-kind contributions are received by the Company in relation to various expenditure categories, including employee benefits and program expenses.

These amounts have not been recognised in the financial statements, as the volume and complexity of such contributions make it impractical to reliably determine an appropriate value.

(b) Leases

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

(c) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Financial Assets

The Company's financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

The Company's financial assets include "loans and receivables" and "held-to-maturity investments". These categories are described in detail below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

2 Summary of Significant Accounting Policies (continued)

(e) Financial instruments (continued)

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired.

The Company‘s financial liabilities include trade and other payables which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(f) Property, plant and equipment

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

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Equipment	10% - 33%

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.

2 Summary of Significant Accounting Policies (continued)

(g) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Economic dependence

WorldSkills Australia is dependent on the government for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe that the government will not continue to support WorldSkills Australia.

(i) 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 payables are stated inclusive of GST.

Cash flows in the 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.

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

2 Summary of Significant Accounting Policies (continued)

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2019	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element. AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.	The changes in revenue recognition requirements in AASB 15 is likely to cause changes to the timing and amount of revenue recorded in the financial statements.
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating leases which we anticipate will be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.

2 Summary of Significant Accounting Policies (continued)

(k) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value. Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. AASB 9 includes a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks.	No impact on reported financial performance or position is expected.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies (continued)

(k) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 1058 Income of NFP Entities	Annual reporting periods beginning on or after 1 January 2019	AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contribution.. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (eg AASB 116 Property, Plant and Equipment). Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as: (a) contributions by owners; (b) revenue, or a contract liability arising from a contract with a customer; (c) a lease liability; (d) a financial instrument; or (e) a provision. If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable nonfinancial asset to be controlled by the entity (ie an in-substance acquisition of a nonfinancial asset), the entity recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The entity recognises income as it satisfies its obligations under the transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable an 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.	Each revenue stream, including grant agreements are currently being reviewed to determine the impact of AASB 1058. We anticipate that some grant agreements which were previously recognised immediately on receipt may be able to be deferred as the performance obligation is satisfied.

Notes to the Financial Statements

For the Year Ended 30 June 2018

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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 directors have not made any significant accounting estimates or judgements which are likely to affect the future results of the Company.

4 Revenue and Other Income

	2018	2017	2016
	$	$	$
Sales revenue			
- operating grants	**4,234,298**	2,212,677	2,101,731
- sponsorship and donations	**1,086,697**	983,711	1,367,997
- interest	**16,587**	27,497	36,131
- regional income	**38,956**	134,958	131,276
Total revenue	**5,376,538**	3,358,843	3,637,135

5 Result for the Year

The result for the year includes the following specific expenses:

	2018	2017	2016
	$	$	$
Employee benefit expenses:			
Superannuation contributions	**105,198**	103,307	82,776
Depreciation and amortisation expenses:			
Depreciation - office equipment	**13,327**	10,129	18,367
Amortisation - computer software	**3,924**	-	-
Total depreciation and amortisation expenses	**17,251**	10,129	18,367
Net (gain)/loss on disposal of property, plant and equipment	**1,526**	-	2,300
Rental expense on operating leases:			
Minimum lease payments	**120,736**	84,880	81,120
Regional expenses	**136,323**	633,167	129,901

Notes to the Financial Statements

For the Year Ended 30 June 2018

6 Cash and Cash Equivalents

	Note	2018 $	2017 $	2016 $
Cash on hand		**36**	119	123
Cash at bank		**583,914**	1,362,863	2,087,104
Short-term deposits		**108,701**	18,848	500,000
Total cash and cash equivalents	6(a)	**692,651**	1,381,830	2,587,227

(a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	Note	2018 $	2017 $	2016 $
Cash and cash equivalents	6	**692,651**	1,381,830	2,587,227
Balance as per statement of cash flows		**692,651**	1,381,830	2,587,227

7 Trade and Other Receivables

	Note	2018 $	2017 $	2016 $
CURRENT				
Loans and receivables				
Trade receivables		**329,387**	90,995	473,113
Other receivables		**-**	4,499	-
	18	**329,387**	95,494	473,113
Other receivables				
GST receivable		**27,474**	-	-
Accrued income		**100,398**	-	-
		127,872	-	-
Total current trade and other receivables		**457,259**	95,494	473,113

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Other financial assets

	Note	2018 $	2017 $	2016 $
CURRENT				
Held-to-maturity financial assets:				
Term deposits		**62,153**	60,549	300,000
Total current other financial assets	18	**62,153**	60,549	300,000

Notes to the Financial Statements

For the Year Ended 30 June 2018

9 Other Assets

	2018	2017	2016
	$	$	$
CURRENT			
Prepayments	**50,636**	394,016	618,059
Security deposits	**-**	23,589	21,587
Total current other assets	**50,636**	417,605	639,646

10 Property, plant and equipment

	2018	2017	2016
	$	$	$
Equipment			
At cost	**135,121**	167,268	161,057
Accumulated depreciation	**(93,638)**	(128,760)	(118,631)
Total equipment	**41,483**	38,508	42,426
Total property, plant and equipment	**41,483**	38,508	42,426

(a) 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:

	Equipment	Total
	$	$
Year ended 30 June 2018		
Balance at the beginning of year	**38,508**	**38,508**
Additions	**17,827**	**17,827**
Disposals	**(1,525)**	**(1,525)**
Depreciation expense	**(13,327)**	**(13,327)**
Balance at the end of the year	**41,483**	**41,483**

Notes to the Financial Statements

For the Year Ended 30 June 2018

11 Intangible Assets

	2018	2017	2016
	$	$	$
Computer software			
Cost	**15,782**	-	-
Accumulated amortisation and impairment	**(3,924)**	-	-
Net carrying value	**11,858**	-	-
Total intangibles	**11,858**	-	-

(a) Movements in carrying amounts of intangible assets

	Computer software	Total
	$	$
Year ended 30 June 2018		
Balance at the beginning of the year	**-**	**-**
Additions	**15,782**	**15,782**
Amortisation	**(3,924)**	**(3,924)**
Closing value at 30 June 2018	**11,858**	**11,858**

12 Trade and other payables

		2018	2017	2016
		$	$	$
CURRENT				
Unsecured liabilities				
Financial liabilities at amortised cost				
Trade payables		**679,487**	177,031	330,591
Sundry payables and accrued expenses		**189,757**	161,277	78,097
	18	**869,244**	338,308	408,688
Other				
GST payable		**-**	41,577	145,550
Total current trade and other payables		**869,244**	379,885	554,238

Trade and other payables are unsecured, noninterest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Year Ended 30 June 2018

13 Employee Benefits

	2018 $	2017 $	2016 $
CURRENT			
Long service leave	**-**	-	19,547
Annual leave	**30,383**	38,546	88,556
Total current employee benefits	**30,383**	38,546	108,103
NON-CURRENT			
Long service leave	**14,637**	9,920	5,401
Total non-current employee benefits	**14,637**	9,920	5,401

14 Other Liabilities

	2018 $	2017 $	2016 $
CURRENT			
Income received in advance	**103,183**	488,740	827,786
Total current other liabilities	**103,183**	488,740	827,786

15 Reserves

	Note	2018 $	2017 $	2016 $
Regional funds reserve				
Opening balance		**263,033**	1,138,427	751,260
Transfer of region (deficit)/surplus from retained earnings	16	**(263,033)**	(875,394)	387,167
Closing balance		**-**	263,033	1,138,427
Total reserves		**-**	263,033	1,138,427

The regional funds reserve was established to record the allocation of revenue and expenses relating to the activities of the Company's regions.

16 Retained Earnings

	2018 $	2017 $	2016 $
Retained earnings at the beginning of the financial year	**813,862**	1,408,457	1,058,596
Net (deficit)/surplus for the year	**(778,302)**	(1,469,989)	737,028
Transfer of region deficit/(surplus) to reserve	**263,033**	875,394	(387,167)
Retained earnings at end of the financial year	**298,593**	813,862	1,408,457

Notes to the Financial Statements

For the Year Ended 30 June 2018

17 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	2018	2017	2016
	$	$	$
Net (deficit)/surplus for the year	**(778,302)**	(1,469,989)	737,028
Non-cash flows in deficit:			
- depreciation	**17,251**	10,129	18,367
- net (gain)/loss on disposal of property, plant and equipment	**1,526**	-	2,300
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables	**(361,765)**	377,619	(95,815)
- decrease/(increase) in other assets	**366,969**	222,041	28,255
- increase/(decrease) in other liabilities	**(385,557)**	(339,046)	561,568
- (decrease)/increase in trade and other payables	**489,358**	(174,353)	256,004
- (decrease)/increase in employee benefits	**(3,446)**	(65,038)	(47,150)
Cashflow from operations	**(653,966)**	(1,438,637)	1,460,557

18 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable.

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

	Note	2018	2017	2016
		$	$	$
Financial Assets				
Cash and cash equivalents	6	**692,651**	1,381,830	2,587,227
Held-to-maturity financial assets	8	**62,153**	60,549	300,000
Loans and receivables	7	**329,387**	95,494	473,113
Total financial assets		**1,084,191**	1,537,873	3,360,340
Financial Liabilities				
Financial liabilities at amortised cost				
- Trade and other payables	12	**869,244**	338,308	408,688
Total financial liabilities		**869,244**	338,308	408,688

19 Capital and Leasing Commitments

Operating Leases

	2018	2017	2016
	$	$	$
Minimum lease payments under non-cancellable operating leases:			
- not later than one year	**106,659**	92,598	89,152
- between one year and five years	**346,596**	451,662	4,356
Total minimum lease payments	**453,255**	544,260	93,508

Operating leases have been taken out for office premises and computer equipment. Lease payments for the office premises are increased on an annual basis by 4%. Lease terms are 5 years, expiring in July 2022.

20 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is $544,347 (2017: $486,058; 2016: $346,290).

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 21: Related Parties.

21 Related Parties

(a) The Company's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 20: Key Management Personnel (KMP) Disclosures.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

21 Related Parties (continued)

(b) Transactions with related parties

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

The following transactions occurred with related parties:

	2018 $	2017 $	2016 $
KMP related parties			
SkillsOne Pty Ltd (owned by director, Brian Wexham) - services supporting National Skills Week	(14,500)	(22,628)	(11,000)
Jala Design Pty Ltd (owned by director, Jarrad Langdon) - website and design services	(17,850)	(5,739)	(6,303)
Plumbing Products Industry Group (director, Stuart Henry) - donation to support Plumbing Expert travel to Abu Dhabi (Alan Humphries Award)	-	6,000	-
	(32,350)	(22,367)	(17,303)

22 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 $100 each towards meeting any outstanding obligations of the Company. At 30 June 2018 the number of members was 11 (2017: 12; 2016: 9).

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (30 June 2017: None; 30 June 2016: None).

24 Events after the end of the Reporting Period

The financial report was authorised for issue on 15 November 2018 by the Board of Directors.

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

25 Comparative financial information

The Company operates on a two year business cycle for their competitions, with national and international competitions held every second year, in alternating years. The financial statements have been prepared cognisant of this competition cycle, with two years of comparative information included to provide greater disclosure reflecting this.

Notes to the Financial Statements

For the Year Ended 30 June 2018

26 Company Details

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

Level 7, 379 Collins Street

Melbourne Victoria 3000

WorldSkills Australia

ABN 43 147 075 714

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 26, are in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012* and:

   a. comply with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-For-Profits Commission Regulations 2013*; and

   b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion, subject to Note 2(h), 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 .... Kevin Harris

Director .... Stephen Roche

Dated this 15th day of November 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT
to the Members of WorldSkills Australia

Opinion

We have audited the financial report of WorldSkills Australia ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors'.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance and cash flows for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 Company 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 confirm that the independence declaration required by Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors, would be in the same terms if given 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our 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 Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements 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 of the financial report that 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 management 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 this 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 on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's 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 Entity'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 Entity 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 manner that achieves fair presentation.

We communicate with 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Nick Walker
Partner

Melbourne
15 November 2018