



# Neami National Financial Statements for the year ended 30 June 2015

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# Directors' Report

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All the directors of Neami Limited (the Company) hereby present their report to all members, partners, staff, funders and consumers for the financial year ended 30 June 2015.

## 1. Directors

The names and details of the Directors who held office during or since the end of the financial year are:

### **Stephen Brand (Chair)**

BSW, GradCertHSA, MAICD

As Chairman of the Board of Directors, Stephen has been on the board since 28 September 2006. He is Chair of the Governance Review Sub-Committee and a member of the Finance, Assurance and Risk Management Sub-committee. Stephen is currently employed as the Senior Manager, Policy and Advocacy, Australian Association of Social Workers.

### **Remberto Rivera (Treasurer)**

BEC, MBA, PGradDipAgedCareMgt,  
PGradDipBus(Acc), CPA

Remberto has been a board member since 18 December 2008. He is the Treasurer of the Board of Directors and the Chair of the Finance, Assurance and Risk Management Sub-Committee. Remberto works as the Chief Finance & Information Officer at the Australian Community Support Organisation (ACSO).

### **Douglas Holmes**

CertIV WT(Cat 2), DipTAA

Douglas has been a board member since 21 June 2007. Douglas resigned as a Director of the company 15 May 2014. He re-joined the board on 20 March 2015 and is a member of the Finance Assurance and Risk Management Sub-committee. Douglas is the winner of the TheMHS Exceptional Contribution to Mental health Service Award 2014.

### **Robert Bland AM**

BSW(Hons), MSW, PhD

Robert has been a board member since 17 June 2010. He is a member of the Governance Review Sub-Committee. Robert is a Professor of Social Work at the Australian Catholic University Queensland.

### **Margaret Springgay AM**

MHCM, GradDipHlth (Counselling)

Margaret has been a board member since 22 July 2010. She is a member of the Governance Review Sub-Committee. Margaret is Carer, Deputy Co-Chair, National Consumer Carer Forum and was formerly an Executive Director, Mental Illness Fellowship of Australia. She resigned as a director on 18 June 2015.

### **Graeme Doidge (Vice Chair)**

BA, DipAppSc, DipBus, RPN

Graeme has been a board member since 18 August 2011. He is a member of the Governance Review Sub-Committee and currently the Manager, Clarendon Clinic, St Vincent's Mental Health (Vic.).

### **Bradley Wynter**

BAPsych, MBA, CertIV Mgt

Brad has been a board member since 17 November 2011. He is a member of the Finance, Assurance and Risk Management Sub-Committee. Brad is Manager, Organisation Improvement, City of Whittlesea.

### **Sonia Law**

BA, LLB(Hons), PGradDipTESL, DipEd

Sonia has been a board member since 9 February 2012. She is a member of the Finance, Assurance and Risk Management Sub-Committee and currently works as Corporate Counsel, Forensicare.

### **Lorraine Ann Powell**

CertIV MH (Peer Work), MAICD

Lorraine became a board member on 27 February 2014. She is a member of the Finance, Assurance and Risk Management Sub-Committee and is currently an independent mental health consumer consultant based in Perth.

### **Anthony Joseph (Tony) Nippard**

BCom(Hons), BA, MA, FGIA, FCIS, FCHSM, GAICD

Tony became a board member on 27 February 2014. He is a member of the Governance Review Sub-Committee. Tony is a company director and a part-time Senior Victorian Public Servant.

Directors were in office for the entire year unless otherwise stated.

Directors have no material interests in contracts or proposed contracts with the Company.

The Australian Charities and Not-for-profits Commission Act 2012 uses the terms 'responsible person' and 'responsible entity'. Neami has determined to use 'director' as under the Corporations Act 2011 they are the responsible persons.

## **2. Company secretary**

Indiana Bridges was appointed Company Secretary on 19 February 2015 replacing Milo Kei whose resignation was effective on the same date. As an Australian qualified legal practitioner, Indiana has generalist legal expertise as well as significant corporate governance advisory experience.

## **3. Principal activities**

The principal activities of the Company in the course of the financial year were to provide psychosocial rehabilitation, education, support and advocacy for people with a mental illness and/or people who are homeless or at risk of homelessness.

There have been no significant changes in the nature of these activities during the year.

## **4. Short-term objectives**

Neami's short term objectives are to:

- Consolidate Partners In Recovery Lead Agency status in South Australia;
- Expand services in Western Australia and Queensland;
- Participate in the Hunter and Barwon NDIS pilots and other projects nationally;

- Explore opportunities to improve consumer access to technology;
- Expand the Quality and Clinical Governance Committee ; and
- Work with consumers to ensure opportunities for participation at all levels of the organisation and within the community.

## 5. Long-term objectives

The Company's medium to long term objectives are to:

- Improve and expand service delivery in current locations and expand services in rural and remote communities;
- Actively involve senior management in key networks and peak bodies;
- Embed specific strategies that improve responses to people with complex needs including employment, physical health and clinical services;
- Expand services to people with complex needs who are homeless and vulnerable young people
- Review the Learning & Development Framework;
- Encourage innovation drawing on staff and consumer knowledge;
- Implement a measure of citizenship, social and economic participation;
- Offer training, mentoring and research partnerships to the social services sector through the Centre for Recovery Oriented Practice (CROP);
- Increase housing and employment options and availability for people with a serious mental illness;
- Build collaborative working arrangements with partners in public advocacy; and
- Achieve a reduction in Neami's carbon footprint.

## 6. Strategy for achieving short and long-term objectives

To achieve its stated objectives, the Neami has adopted the following strategies:

- Implementation of an operational project group to roll out new services and manage the consumer transition process;
- Implement the findings of the organisational infrastructure review;
- Development of a communications strategy marketing Neami's services to stakeholders and further developing and investing in the Centre for Recovery Oriented Practice to assist sector capacity building and develop the systems to respond;
- Evaluate the Company's readiness for the change in the mental health services and disability landscapes;

- Further refine the process for adoption of research activities, partnerships and research committee projects;
- Continue to assess all research applications to fulfil the Company's mission and vision and provide specific aid for consumers, carers and partner agencies;
- Continue promoting the benefits of the Neami National health prompt and evaluate the efficacy of the tool on staff and consumers lives;
- Develop partnerships with relevant agencies to create employment opportunities for consumers;
- Maintain partnerships with housing associations and other housing providers to improve access to affordable housing for people with a mental illness;
- Development of a staff attraction and retention strategy to recruit and retain quality staff who are committed to working with people in need and contributing to our success in both the short and long term; and
- Bid for tenders in regional and rural communities that align to our strategic objectives.

## 7. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) attended by each of the directors of the company during the year were:

Directors	Board Meetings			FARMS Meetings			Governance Meetings	
	A	B		A	B		A	B
Stephen Brand	11	11		6	6		6	6
Remberto Rivera	9	11		6	6		-	-
Bradley Wynter	10	11		6	6		-	-
Graeme Doidge	9	11		-	-		5	6
Margaret Springgay (resigned 18/6/2015)	9	11		-	-		5	6
Robert Bland	7	11		-	-		4	6
Sonia Law	9	11		6	6		-	-
Douglas Holmes (re-joined 20/3/15)	2	3		-	2		-	-
Anthony Joseph (Tony) Nippard	9	11		-	-		6	6
Lorraine Ann Powell	10	11		5	6		-	-

*FARMS = Finance, Assurance and Risk Management Sub Committee.*

*Column A is the number of meetings the director attended.*

*Column B is the number of meetings the director was entitled to attend.*

## 8. Contribution in winding up

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 \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the company are liable to contribute if the company wound up is \$220 (2014:\$220).



## 9. Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s60 – 40 of the Australian Charities and Not-for-profits Commission Act 2012 is included in page 10 of this financial report and forms part of the Directors' report.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'S. Brand', with a long, sweeping underline that extends to the right.

**Stephen Brand**

Director

20 August 2015



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W

### Auditor's Independence Declaration

#### To the Members of Neami Limited

- 1 In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Neami Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:
  - a no contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
  - b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "SL", with a long horizontal stroke extending to the right.

Sandra Lawson  
Partner - Audit & Assurance

Melbourne, 20 August 2015

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
Revenue	4	68,821,336	47,761,149
Other income	4	595,046	565,685
Employee benefits expenses	11.1	(52,476,829)	(37,435,862)
Office and occupancy expenses		(5,640,251)	(3,748,759)
Other expenses		(4,928,936)	(3,160,803)
Depreciation and amortisation expense	8, 9	(1,951,704)	(1,943,180)
<b>Surplus</b>		<b>4,418,662</b>	<b>2,038,230</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of land and building		339,030	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Available-for-sale financial assets	13	364,376	351,518
Other comprehensive income for the period		703,406	351,518
<b>Total comprehensive income for the period</b>		<b>5,122,068</b>	<b>2,389,748</b>

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Financial Position

As at 30 June 2015

	Notes	2015	2014
		₤	₤
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalent	5	19,177,494	11,659,193
Trade and other receivables	6	2,920,062	1,997,594
<b>Total current assets</b>		<b>22,097,556</b>	<b>13,656,787</b>
<b>Non-current assets</b>			
Investments	7	6,077,569	5,422,378
Property, plant and equipment	8	5,935,709	5,429,121
Intangible assets	9	160,073	43,284
<b>Total non-current assets</b>		<b>12,173,351</b>	<b>10,894,783</b>
<b>Total Assets</b>		<b>34,270,907</b>	<b>24,551,570</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	3,216,060	2,937,186
Deferred income		6,901,234	4,441,086
Provisions	12	5,180,888	3,783,165
<b>Total current liabilities</b>		<b>15,298,182</b>	<b>11,161,437</b>
<b>Non-current Liabilities</b>			
Provisions	12	1,181,672	721,148
<b>Total non-current liabilities</b>		<b>1,181,672</b>	<b>721,148</b>
<b>Total Liabilities</b>		<b>16,479,854</b>	<b>11,882,585</b>
<b>Net Assets</b>		<b>17,791,053</b>	<b>12,668,985</b>
<b>Equity</b>			
Retained earnings		16,703,631	12,284,969
Reserves	13	1,087,422	384,016
<b>Total Equity</b>		<b>17,791,053</b>	<b>12,668,985</b>

This statement should be read in conjunction with the notes to the financial statements

# Statement of Changes in Equity

For the year ended 30 June 2015

	<b>Notes</b>	<b>Reserves</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
		<b>₤</b>	<b>₤</b>	<b>₤</b>
<b>At 1 July 2013</b>		32,498	10,246,739	10,279,237
Surplus for the year		-	2,038,230	2,038,230
Other comprehensive income		351,518	-	351,518
<b>As at 30 June 2014</b>	<b>13</b>	<b>384,016</b>	<b>12,284,969</b>	<b>12,668,985</b>
		<b>₤</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2014</b>		384,016	12,284,969	12,668,985
Surplus for the year		-	4,418,662	4,418,662
Other comprehensive income		703,406	-	703,406
<b>As at 30 June 2015</b>	<b>13</b>	<b>1,087,422</b>	<b>16,703,631</b>	<b>17,791,053</b>

This statement should be read in conjunction with the notes to the financial statements.

# Statement of Cash Flows

For the year ended 30 June 2015

	Notes	2015 \$	2014 \$
<b>Operating activities</b>			
Receipts from:			
Donations		5,232	3,423
Business undertaking		94,234	117,941
Government grants		69,679,934	46,453,927
Interest income		527,681	388,359
Other income		471,921	402,205
Payments to suppliers and employees		(61,053,544)	(42,490,273)
<b>Net cash provided by operating activities</b>		<b>9,725,458</b>	<b>4,875,582</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(2,132,924)	(990,098)
Purchase of intangible assets (software)		(136,737)	(24,770)
Proceeds from sale of property, plant and equipment		62,504	107,327
<b>Net cash used in investing activities</b>		<b>(2,207,157)</b>	<b>(907,541)</b>
<b>Net increase/(decrease) in cash held</b>		<b>7,518,301</b>	<b>3,968,041</b>
Add opening cash brought forward		11,659,193	7,691,152
<b>Closing cash carried forward</b>	5	<b>19,177,494</b>	<b>11,659,193</b>

This statement should be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

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## 1. General information and statement of compliance

The financial statements include the financial statements and notes of Neami Limited (Neami).

Neami has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Act 2012. Neami is a not-for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2015 were approved and authorised for issue by the Board of Directors on 20 August 2015.

## 2. Changes in accounting policies

### 2.1. Changes in accounting estimates

#### **Change in discount rate used in long term employee benefits**

During the current reporting period, Neami changed the discount rate used in measuring its other long term employee benefits (annual leave and long service leave) from the Australian government bond rate to the high quality corporate bond rate. This change was necessitated by developments in the Australian business environment that confirmed there is a sufficiently observable, deep and liquid market in high quality Australian corporate bonds to satisfy the requirements in AASB 119 Employee Benefits. Neami has concluded that this has resulted in a change in accounting estimate in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimate and Errors.

This change in the discount rate did not result in any material impact on the carrying amounts of other long term employee benefits during the current reporting period.

### 2.2. New and revised standards that are effective for these financial statements

Neami has adopted the following new Accounting Standard which is effective for accounting periods beginning on or after 1 January 2014:

**AASB 2013-6** Amendments to AASB 136 arising from Reduced Disclosure Requirements

## 2.2 New and revised standards that are effective for these financial statements (Cont'd)

AASB 2013-6 makes amendments to AASB 136 Impairment of Assets to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements arising from AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. AASB 2013-3 made narrow scope amendments to AASB 136, addressing disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The adoption of this amendment has not had a material impact on Neami.

## 3. Summary of accounting policies

### 3.1. Overall considerations

The significant accounting policies that have been used in the preparation of the financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

### 3.2. Revenue

Revenue comprises revenue from government grants, donations and investment income. Revenue from government grants is shown in Note 4.

Revenue is measured by reference to the fair value of consideration received or receivable by Neami for services provided. Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of Neami's different activities have been met. Details of the activity-specific recognition criteria are described below.

#### **Government grants**

Neami's programs are supported by grants received from the federal, state and local governments.

If conditions are attached to a grant which must be satisfied before Neami is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.



## 3.2 Revenue (Cont'd)

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when Neami obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where Neami receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Deferred income consists of government grants received in advance for services to be rendered by Neami. Deferred income is transferred to profit and loss to cover expenses as they are incurred as costs are a measure of services provided.

### **Client contributions**

Fees charged for care or services provided to clients are recognised when the service is provided.

### **Donations**

All cash donations collected are recognised as revenue when Neami gains control, economic benefits are probable and the amount of the donation can be measured reliably.

### **Interest and distribution income**

Interest income is recognised on an accrual basis using the effective interest method. Distribution income is recognised at the time the right to receive payment is established.

## 3.3. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

## 3.4. Intangible assets

### **Recognition of other intangible assets**

#### **Acquired intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

#### **Subsequent measurement**

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.7.

### 3.4 Intangible assets (Cont'd)

The following useful lives are applied:

- Software: 4-5 years

Amortisation has been included within depreciation and amortisation. Subsequent expenditures on the maintenance of computer software are expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

### 3.5. Property, plant and equipment

#### Land and buildings

Land and buildings held for use in administration are stated at re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. A downward revaluation of land and buildings is recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Depreciation is recognised on a straight-line basis to write down the cost of buildings. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

The following useful lives are applied:

- Buildings: 40 years

#### Plant and other equipment

Plant and other equipment (comprising furniture and fittings) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by Neami's management.

Plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

The following useful lives are applied on a straight line basis:

- Plant and equipment: 3-10 years
- Leasehold improvements: Term of lease
- Motor vehicles: 4 -7 years

## 3.5 Property, plant and equipment (Cont'd)

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

## 3.6. Leases

### **Operating leases**

Where Neami is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

## 3.7. Impairment testing of intangible assets and property, plant and equipment

Assets are tested individually for impairment at least annually.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

## 3.8. Financial instruments

### **Recognition, initial measurement and derecognition**

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

## 3.8 Financial instruments (Cont'd)

### **Classification and subsequent measurement of financial assets**

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:

- Loans and receivables
- Financial assets at Fair Value Through Profit Or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Neami's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

### **Available for sale financial assets**

Available for sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Neami's available for sale financial assets include managed funds.

All available for sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the Available for Sale reserve within equity, except for impairment losses, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

## 3.8 Financial instruments (Cont'd)

Interest is calculated using the effective interest method and distributions are recognised in profit or loss within 'revenue' (see Note 3.2).

Reversals of impairment losses for available for sale financial assets are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

### **Classification and subsequent measurement of financial liabilities**

Neami's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit and loss are included within finance costs or finance income.

## 3.9. Income tax

No provision for income tax has been raised as Neami is exempt from income tax under Div. 50 of the Income Tax Assessment Act 1997

## 3.10. Fringe Benefits Tax and Payroll Tax

Neami is classified as a Public Benevolent Institution for tax purposes and as such is exempt from Fringe Benefits Tax (up to the annual threshold per employee of \$31,177 from 1 April 2015) and Payroll Tax.

## 3.11. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## 3.12. Equity and Reserves

Retained earnings include all current and prior period accumulated surpluses.

Other components of equity include the following:

- Revaluation reserve - comprises gains and losses from the revaluation of land and buildings (see Note 13)
- Available for Sale financial assets reserve - comprises gains and losses relating to these types of financial instruments (see Note 13)

## 3.13. Employee benefits

### Short-term employee benefits

Short-term employee benefits, including annual leave entitlements, are 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. Short term employee benefits are measured at the undiscounted amount that Neami expects to pay as a result of the unused entitlement. If this entitlement is not expected to be settled within 12 months it is measured as a Long-term benefit.

### Long-term employee benefits

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy the vesting requirements. Those cash outflows are discounted using the market yields on high quality corporate bonds (2014 government bonds) with terms to maturity that match the timing of estimated future cash flows.

Where annual leave is expected to be settled beyond 12 months it is a long-term benefit and is measured as the present value of expected future payments, however it is still classified as a current liability due to the entitlement already having vested.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

## 3.14. Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that Neami can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

## 3.15. Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant.

## 3.16. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

## 3.17. Economic dependence

Neami is dependent upon the ongoing receipt of Federal and State government grants to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

## 3.18. Significant management judgement and estimates in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

### **Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

### **Impairment**

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

### **Long service leave and Annual leave**

The liability for long service leave is recognised and measured at the present value of the estimated 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 when the leave will be settled, and pay increases through promotion and inflation have been taken into account.

## 4. Revenue

Neami's revenue may be analysed by source as follows:

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Revenue</b>		
Government grants		
Victoria	26,811,058	10,922,456
New South Wales	18,851,689	18,480,629
South Australia	10,799,212	6,721,877
Queensland	1,492,114	945,801
Western Australia	4,710,240	4,887,526
Commonwealth of Australia	5,333,295	5,047,801
Donations	5,232	3,423
Investment income		
Interest	527,681	388,359
Distributions	290,815	363,277
	<hr/> 68,821,336	<hr/> 47,761,149
<b>Other Income</b>		
Net gain on disposal of property, plant & equipment	28,891	45,539
Business undertaking	94,234	117,941
Paid parental leave scheme	119,408	184,966
Salary packaging fees	157,531	114,597
Other revenue recoveries	194,982	102,642
<b>Total Other Income</b>	<hr/> 595,046	<hr/> 565,685
<b>Total Revenue</b>	<hr/> <b>69,416,382</b> <hr/>	<hr/> <b>48,326,834</b> <hr/>



## 5. Cash and cash equivalents

Cash and cash equivalents consist the following:

	<b>2015</b>	<b>2014</b>
	<b>₤</b>	<b>₤</b>
Cash on hand	31,403	25,094
Cash at bank	5,033,722	1,672,663
Short term deposits	14,112,369	9,961,436
<b>Cash and cash equivalents</b>	<b>19,177,494</b>	<b>11,659,193</b>

There are no credit standby arrangements or unused cash facilities at 30 June 2015 (2014: nil)

## 6. Trade and other receivables

All of Neami's trade and other receivables have been reviewed for indicators of impairment. There were no trade receivables found to be impaired.

	<b>2015</b>	<b>2014</b>
	<b>₤</b>	<b>₤</b>
Current		
Trade receivable, gross	1,874,426	1,361,857
Other receivables	474,141	208,886
Prepayments	257,790	244,014
Bond/lease deposit	313,705	182,837
<b>Trade and other receivables</b>	<b>2,920,062</b>	<b>1,997,594</b>

## 7. Financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Notes	2015 \$	2014 \$
<b>Financial assets</b>			
Current			
Trade and other receivables	6	2,662,272	1,753,580
Cash and cash equivalents	5	19,177,494	11,659,193
		21,839,766	13,412,773
Non-current			
<i>Managed funds</i>			
Opening balance		5,422,378	4,707,583
Distributions reinvested		290,815	363,277
Fair value movement		364,376	351,518
Closing balance		6,077,569	5,422,378
	Notes	2015 \$	2014 \$
<b>Financial liabilities</b>			
<i>Financial liabilities measured at amortised cost</i>			
Current:			
Trade and other payables	10	3,216,060	2,937,186
		3,216,060	2,937,186

See Note 3.8 for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the related notes.

## 8. Property, plant and equipment

Details of Neami's property, plant and equipment and their carrying amounts are as follows:

	<b>2015</b>	<b>2014</b>
	<b>₤</b>	<b>₤</b>
<i>Plant and equipment</i>		
Balance at 1 July 2014	128,937	402,960
Additions	1,197,679	811,729
Disposals	-	(5,276)
Depreciation expense	(1,043,981)	(1,080,476)
Balance at 30 June 2015	<u>282,635</u>	<u>128,937</u>
<i>Motor vehicles</i>		
Balance at 1 July 2014	1,346,906	1,991,162
Additions	-	-
Disposals	(24,294)	(52,650)
Depreciation expense	(401,496)	(591,606)
Balance at 30 June 2015	<u>921,116</u>	<u>1,346,906</u>
<i>Leasehold Improvements</i>		
Balance at 1 July 2014	345,818	372,202
Additions	935,245	172,745
Disposals	(9,316)	(3,863)
Depreciation expense	(439,789)	(195,266)
Balance at 30 June 2015	<u>831,958</u>	<u>345,818</u>
<i>Land and buildings</i>		
Balance at 1 July 2014	3,607,460	3,648,474
Additions	-	-
Revaluation	339,030	-
Depreciation expense	(46,490)	(41,014)
Balance at 30 June 2015	<u>3,900,000</u>	<u>3,607,460</u>
<b>Carrying Amount 30 June 2015</b>	<b><u>5,935,709</u></b>	<b><u>5,429,121</u></b>

All depreciation is included within depreciation and amortisation.

## 9. Intangible assets

Details of Neami's intangible assets and their carrying amounts are as follows:

	<b>2015</b>	<b>2014</b>
	<b>₤</b>	<b>₤</b>
<b>Acquired software licences</b>		
<b>Gross carrying amount</b>		
Balance at 1 July 2014	324,822	300,052
Additions	136,737	24,770
Disposals	-	-
Balance at 30 June 2015	<u>461,559</u>	<u>324,822</u>
<b>Amortisation and impairment</b>		
Balance at 1 July 2014	281,538	246,720
Amortisation	19,948	34,818
Disposals	-	-
Balance at 30 June 2015	<u>301,486</u>	<u>281,538</u>
Carrying amount at 30 June 2015	<u><b>160,073</b></u>	<u><b>43,284</b></u>

All amortisation expenses are included within depreciation and amortisation.

## 10. Trade and other payables

Trade and other payables recognised consist of the following:

	<b>2015</b>	<b>2014</b>
	<b>₤</b>	<b>₤</b>
<b>Current</b>		
Trade payables	1,269,458	1,093,401
Other creditors and accruals	1,946,602	1,843,785
<b>Total trade and other payables</b>	<u><b>3,216,060</b></u>	<u><b>2,937,186</b></u>

## 11. Employee remuneration

### 11.1. Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Wages, salaries	42,239,585	29,564,479
Workers compensation insurance	810,322	462,748
Superannuation	3,791,343	2,573,204
Employee benefits provisions	1,327,844	1,026,490
Other Employee expenses	4,307,735	3,808,941
<b>Employee benefits expense</b>	<b>52,476,829</b>	<b>37,435,862</b>

### 11.2. Employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Further study scholarship		30,803	52,125
Redundancy provision		78,839	-
Annual leave	12	3,529,310	2,577,255
Long service leave	12	1,438,982	1,153,785
		<b>5,077,934</b>	<b>3,783,165</b>
<b>Non-current</b>			
Long service leave	12	811,745	721,148
		<b>5,889,679</b>	<b>4,504,313</b>

## 12. Provisions

Other liabilities can be summarised as follows:

	Note	2015 \$	2014 \$
Current			
Employee benefits	11.2	5,077,934	3,783,165
Rent Incentive		46,153	-
Make good provision		56,801	-
<b>Other liabilities - current</b>		<b>5,180,888</b>	<b>3,783,165</b>
Non-current			
Employee benefits	11.2	811,745	721,148
Rent Incentive provision		137,170	-
Make good provision		232,757	-
<b>Other liabilities – non-current</b>		<b>1,181,672</b>	<b>721,148</b>

## 13. Reserves

The details of reserves are as follows:

	Asset Revaluation Reserve \$	Available for Sale Financial Asset Reserve \$	Total \$
Balance at 1 July 2013	214,503	(182,005)	32,498
Available for sale financial assets current year gain	-	351,518	351,518
Revaluation of land and buildings	-	-	-
Balance at 30 June 2014	<b>214,503</b>	<b>169,513</b>	<b>384,016</b>
Balance at 1 July 2014	214,503	169,513	384,016
Available for sale financial assets current year gain	-	364,376	364,376
Revaluation of land and buildings	339,030	-	339,030
<b>Balance at 30 June 2015</b>	<b>553,533</b>	<b>533,889</b>	<b>1,087,422</b>

## 14. Transactions with key management personnel

Key management personnel of Neami are the executive members of Neami's Board of Directors and members of the National Leadership Team (2015: 23, 2014: 23). Key management personnel remuneration includes the following expenses:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Total key management personnel remuneration	<b>2,351,545</b>	<b>2,073,140</b>

## 15. Contingent assets and contingent liabilities

No contingent liabilities exist in relation to the 2014 or 2015 financial year.

## 16. Leases

### 16.1. Operating leases as lessee

Neami's future minimum operating lease payments are as follows:

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Minimum operating lease payments due:</i>		
1 year or less	2,509,779	1,895,859
Between 1 and 5 years	2,548,258	2,746,634
Over 5 years	-	-
<b>Total</b>	<b>5,058,037</b>	<b>4,642,493</b>

Lease expense during the period amounts to \$2,330,925 (2014 \$1,768,902) representing the minimum lease payments.

The property lease commitments are non-cancellable operating leases with lease terms of between one (1) and five (5) years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements. Motor Vehicle operating lease terms are 4 years or 80,000 kilometres, whichever occurs first.

## 17. Fair value measurement

### 17.1. Fair value measurement of financial instruments

The following table shows the financial assets measured at fair value on a recurring basis at 30 June 2015 and 30 June 2014

	\$
<b>30 June 2015</b>	
<b>Assets</b>	
Managed funds	6,077,569
<b>Net fair value</b>	<b>6,077,569</b>
<b>30 June 2014</b>	
<b>Assets</b>	
Managed funds	5,422,378
<b>Net fair value</b>	<b>5,422,378</b>

Fair value of the managed fund has been determined by reference to its quoted bid price at reporting date.

### 17.2. Fair value measurement of non-financial instruments

The following table shows the non-financial assets measured at fair value on a recurring basis at 30 June 2015 and 30 June 2014

	\$
<b>30 June 2015</b>	
<b>Property, plant and equipment</b>	
Land and buildings	3,810,972
<b>Net fair value</b>	<b>3,810,972</b>
<b>30 June 2014</b>	
<b>Property, plant and equipment</b>	
Land and buildings	3,607,460
<b>Net fair value</b>	<b>3,607,460</b>



### 17.3. Fair value measurement of non-financial instruments (Cont'd)

Fair value of the land and buildings is estimated based on appraisals performed by independent, professionally qualified property valuers.

The land and buildings were revalued as at 1 and 2 June 2015. The previous valuations occurred in June 2013.

### 18. Post-reporting date events

Neami has been successful in winning a tender from Queensland Health to run a 20 bed Community Care Unit (CCU) in Cairns. The facility, to be managed by Neami, will comprise three components; an operating service providing 24 hour support to the 20 consumers, an outreach component, and a day program component.

No adjusting or other significant non-adjusting events have occurred between the reporting date and the date of authorisation.

### 19. Member's 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 \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the company are liable to contribute if the company is wound up is \$220 (2014: \$220).

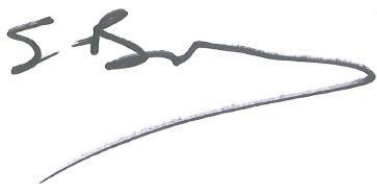
## Directors' declaration

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In the opinion of the Directors of Neami Limited:

- a. The financial statements and notes of Neami Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including
  - i. Giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
  - ii. Complying with Australian Accounting Standards Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*; and
- b. There are reasonable grounds to believe Neami Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Stephen Brand**

Director

Dated the 20 August 2015



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## Independent Auditor's Report To the Members of

We have audited the accompanying financial report of Neami Limited (the "Company"), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

### Directors' responsibility 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 Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

#### Auditor's opinion

In our opinion:

- a the financial report of Neami Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards- Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



Sandra Lawson  
Partner – Audit & Assurance

Melbourne, 20 August 2015