2020

AGM

DIRECT SELLING AUSTRALIA

NOTICE OF ANNUAL GENERAL MEETING 2020

Notice is given that the Annual General Meeting of Direct Selling Australia Limited will be held on **Tuesday 23 June 2020** commencing at 3 pm AEST.

Given the effects of COVID-19, restrictions on gatherings, the meeting will be a remote meeting held by webcast.

The point of origin of the meeting will be Level 16, 175 Pitt Street, Sydney.

To assist with the functionality of this virtual meeting, we would appreciate members registering their attendance by 4:30 pm AEST on Monday, 22 June 2020.

ORDINARY BUSINESS OF THE MEETING

1. Chair's welcome
2. Apologies and Attendance
3. To confirm the minutes of 52nd Annual General Meeting held in June 2019 and of any general meeting held since that meeting
4. Questions to directors and/or the auditor
5. To receive and consider the following for the year ending 31 March 2020:
    a. Directors' report
    b. Financial statements - Audited Balance Sheet, Profit and Loss Statement
    c. Auditor's report
6. To appoint the Auditor
7. To confirm the election of directors
8. General Business

By order the Board of Directors

Adele Sutton

Adele Sutton
Company Secretary
25 May 2020

YOUR ASSOCIATION

VISION

Direct Selling Australia is a vibrant transformational association recognised as a peak body leading the direct selling industry into a new paradigm.

PURPOSE

The purpose of Direct Selling Australia is to be the advocate for the direct selling industry and to represent and serve its members.

GOALS

In order to achieve our purpose, Direct Selling Australia will:

1. Promote the direct selling industry
2. Advocate for a conducive business environment for the conduct of direct selling
3. Ensure members conduct their business to the highest professional and ethical standards
4. Provide valuable member services and business support
5. Govern and manage the association well

DSA TEAM

Gillian Stapleton CEO

Adele Sutton Director of Legal & Policy

Paul Seitz Marketing & Communications Manager

Chong Yeong Fong Business Development Manager

Chelsea Thomson Marketing & Communications Co-Ordinator

ANNUAL CONFERENCE

10 EVENTS

5 WEBINARS

MARKET RESEARCH PAPER

SPEAKER SHOWCASE

CHAIRPERSON ADDRESS

I try to avoid clichés, but must say that we certainly live in interesting times.

The DSA year now finishing has seen our country journey through drought, bushfires, storms and now pandemic, with an inevitable recession, including high unemployment, yet to navigate.

Through all of this I have observed our industry, represented by our Association and our member companies, perform magnificently in making significant contributions to our communities whilst busily adjusting our own business models to deal with these cataclysms. We were fully engaged and challenged enough before fire and virus arrived, simply managing change into the online digital world and the imperative of technology driven, multi-channel consumer connection. Now, we have much more to do.

May I highlight some key observations and achievements?

SAYING GOODBYE

Some years ago, Tupperware resigned from DSA membership and more recently Avon and Mary Kay have left our shores. These are three giants in the history and now of global direct selling. Their loss to DSA is trend related, not coincidental. Are there reasons for their departures that we can seek to understand and learn from that may help shape our own strategic thinking?Pleasingly in recent years, new multinationals have arrived in Australia with contemporary business models that can also be educational to us. But we still feel the loss and are less because of it.

BUSHFIRES

'Australia on fire' was the global headline. We are proud that so many of our member companies reached deep into their pockets to support bushfire victims, and that the human face of our industry was seen in the thick of community support and volunteering. Well done to those who made the effort and displayed the very best that direct selling represents.

COVID-19

Your Board saw the enormity of the pandemic challenge early and moved quickly with a resolution to waiver subscriptions for a six-month period.Our ability to do so was made possible by the wonderful management of DSA leaders over many years, who, steadily built a reserve of funds that could be utilised when the inevitable day of crisis arrived. Our thanks go to Les Dell and particularly John Holloway for their vision and resolution in building these resources that enable us to fight the good fights. The corona virus experience is far from over, but I can assure members that your Board and CEO are monitoring its impact closely and will respond quickly and appropriately to the needs it generates. We will continue to explore every opportunity to provide the best value proposition for membership achievable.

CHAIRPERSON ADDRESS

GILL AND HER TEAM

Your Board has enjoyed a happy and productive working relationship with our CEO, Gill Stapleton, and her outstanding team – Adele, Paul, Chong and Chelsea - who have served us all so wonderfully well.I don't think this team has ever shone brighter than in the amazing support they have given member companies through the recent months of Covid-19. The weekly CEO and inspirational Zooms, the delivery of answers to Job Keeper questions and the blessings of partnerships forged with the ATO and the ACCI for example, has been business oxygen for us all.Our sincere congratulations and thanks to Gill and each team member.

NEVER WASTE A GOOD CRISIS

There is uncertainty as to who first said this, but the thought is certainly worth consideration. Covid-19 has opened the door for all of us to examine our business paradigms and business models. Many of us have been force-marched deeper into the technology driven digital world than we have been before, some of us with unexpectedly pleasing outcomes. Our learnings have the potential to bless our businesses beyond the virus. Are there changes we should make as we approach what will be a very different world for some years to come? Now is a time when our stakeholders will understand and accept change. Be bold and avoid undue caution.

OPPORTUNITIES

Retail is deeply wounded by Covid-19. There is a real opportunity for us to fill the gap with great products, state of the art digital systems and the person to person high touch that direct sellers can best provide, and which specialist online sellers cannot match. This will require great vision and skilful execution. Can we achieve the dream that true omni-channel represents?

YOUR BOARD

I sincerely thank and recognise the wonderful current 2019-2020 Board members it has been my privilege to associate with - Christine Terrill, David Fountain, Adrian Ryan, Brian O'Callaghan, Rod Taylor, Geoff watt, Rochelle Potter, Paul Jones and Peter Glennie. They have given their time, energy and resources voluntarily and generously and are deserving of the gratitude of all DSA member companies.

After more than eleven years on the Board of Directors and four years as Chair of the Board, I step away satisfied that we have done our very best to serve you, our members. I wish the incoming Board every success and look forward, through the eyes of my own business, to see our industry grow, prosper and continue to offer with integrity the finest medium available for our fellow Australians to dream, to be recognised, rewarded, included, and to become with our encouragement that which their potential makes possible for them to become.

Phil Hobby

CEO REPORT

Direct Selling Australia began this financial year incorporated under the Associations Incorporation Act 2009 (NSW) registered as Direct Selling Association of Australia Inc. With Board approval and as voted by the Members on 28 November 2019, Direct Selling Australia's structure is now that of a company limited by guarantee governed by the Corporations Act 2001 (Cth). Our constitution was amended to align with our new national structure and now DSA is better positioned to serve all of its members countrywide. This is of particular importance to all of our advocacy work in Canberra on behalf of the channel. Our new legal structure gives DSA more freedom to pursue the objectives of protecting, promoting and serving the interests of its members whilst the Code of Practice continues to promote standards of behaviour aligning with the expectations of the ACCC and other regulators.

This year DSA received 1 informal complaint and 5 formal complaints which were all resolved by the DSA Executive without the need to referral to the Code Administrator. Three complaints were member to member, two complaints came from direct sellers and 1 complaint came from a consumer relating to product claims.

DSA also resolved a disciplinary action it commenced against a member through a series of compliance enhancements which were implemented by the member through its network. Following the changes to the Constitution, it is anticipated that the Code Administrator will have greater oversight of disciplinary proceedings to maximise the independent and transparent nature of the process. The Code of Practice will continue to set out the high standards of conduct expected from members as well as means of redress, particularly for consumers.

With direction from the Board, a Subscription Model beta has been conceived and although it its infancy it is believed this program will have the ability to not only attract new members into the channel but provide an alternate supplemental income alleviating the pressure placed on member subscriptions to fund the ongoing work of the DSA. By working in concert with members to better enforce compliance, this educational platform will seek to fill a training gap seen throughout the channel with the added bonus of focusing the media's attention on the positive and the real stories that are currently propelling the channel's success.

In conjunction with increasing awareness and reputation, along with establishing the groundwork for future additional revenue streams, in March 2020, we launched the "It's All Next Door" campaign. This campaign was aimed at the field of members and non-members alike across multiple social media platforms and designed to educate, inspire and increase our reach into the direct selling community.

CEO REPORT

Our Sponsors remain plentiful and generous and continue to allow us to provide first class events. With the success of yearly sponsorships last year, we offered our sponsors more flexibility in what each sponsorship provides allowing them to tailor a package to suit their marketing aims whilst dovetailing with our event needs. The take up on these bespoke packages allowed us to create more revenue with the same number of sponsors. Unfortunately, the onset of CoVid 19 saw the DSA postpone and then cancel its 2020 annual conference and turn to virtual events for Members from mid-March 2020. However, prior to cancelling the 2020 Conference, we had secured twice the number of bespoke sponsorships as 2019 and were on target to exceed the sponsorship revenue from last year. The engagement and value perceived in working with DSA on these events and throughout the year is a testament to our commitment to win/win prospect for DSA and our Supplier Members. Many of the 2020 sponsors chose to carry over their sponsorship payments for our 2021 Conference once we had informed them that this year's event would be cancelled.

In alignment with DSA's 2018 Strategic plan, we reduced operational costs by relocating our office to a centrally located shared space facility which has permitted greater accessibility to both members and staff. Members have enjoyed utilising the conference and meeting facilities in the heart of the CBD at no charge. This move also allowed staff to work more agilely over the course of the year, with cloud document storage and archives. Implementing a modern approach meant the move to remote working in mid-March due to Covid restrictions was seamless and Members did not experience any reduction in service as a result from remote working requirements.

We continue as always to move forward with our two core values of trust and transparency in all that we do at DSA so there are no surprises for members, staff or the Board. Working in this environment, aligned to the Board and Members, the team remains focused and ready with the opportunity to adapt, be agile and make a difference in our industry that has a lasting impact.

We have seen our engagement with members rising in the months during Covid 19 , through continued and ever-increasing interactions with more individuals from each of our members and suppliers. DSA continues to maintain its relevance and remains in demand for its advisory services for members as they navigate the anticipated changes ahead. DSA's interactions with members feed everything we do as we serve their individual and collective needs under the direction of the Board.

This year's financial performance has been favourable with the Association's total equity at $2,221M. The auditor has also issued a satisfactory and unqualified report.

MARKET UPDATE

DANGEROUS GOODS

The National Transport Commission conducted a consultation process which DSA participated in relating to proposed amendments to Chapter 3.4 of the ADG Code 7.7. The proposed amendments are designed to ensure a level of control that is proportionate to the risk while remaining simple to comply with and are aligned to those used throughout Europe, the UK and the US but with additional placarding rules to address the use of higher capacity vehicles within Australia and concerns relating to dangerous goods in tunnels. The proposed amendments will be presented to Ministers for consideration.

AUSTRALIAN CONSUMER LAW UNFAIR CONTRACT TERMS

The Treasury is currently reviewing the unfair contract terms regime as it relates to small businesses. A public consultation was held in early March particularly about whether such terms should attract a penalty and whether there should be a change to the definition of “small business”. DSA is an active participant in these consultations.

TGA

The TGACC has oversight of the TGA Advertising Code. 24 September 2019, DSA received a Ministerial appointment to serve on this committee. In February 2020, the Federal Government announced an independent review assessing the impact of the reforms to the therapeutic goods advertising framework. The review has been a commitment of the Minister for Health, the Hon Greg Hunt MP, to assess the reforms within two years of their commencement in 2018. The independent review is being led by Ms Rosemary Sinclair AM and commenced with industry consultation in March 2020. DSA has been working diligently throughout 2019-20 to address the negative impact on direct sellers of section 17 of the Therapeutic Good Advertising Code relating to testimonials and will seek to have the issue included in the review process.

MODERN SLAVER

On 29 November 2018, the Modern Slavery Bill 2018 (Cth) (Bill) was passed in theHouse of Representatives establishing a Modern Slavery Reporting Requirement that requires entities operating in Australia with more than AUD$100 million annual revenue to produce an annual public statement describing what they are doing to address modern slavery risks. Other entities may voluntarily report. Reporting obligations relate to the steps taken to respond to the risk of modern slavery in the operations and supply chains of the reporting entity and its controlled entities.The NSW Legislative Council's Standing Committee on Social Issues (the Committee) was tasked with inquiring into the Act, some proposed amendments to the Act and some proposed regulations. It issued its final report on 25 March 2020 and DSA will continue to monitor any prospective legislation.

MEMBER PERFORMANCE

The 2019 annual Direct Selling Australia Member Survey was conducted on behalf of Direct Selling Australia (DSA) in January 2020 by Survey Matters following last year's success employing this external provider to collect the data, and saw further increase in participation. The purpose of the survey was to provide the World Federation of Direct Selling Association (WFDSA) with 52 of the 56 members completing the survey* (4 smaller members were not included in the survey due to returning the information past the deadline)Estimated retail sales for 2019 were $1.250 billion compared to the estimated retail Sales for 2018 at $1,270.8 billion (Survey Matters for 2018 reports $1,324 million) * (Figures exclude the companies that did not respond to the survey). This shows a decrease of 5.5% for 2019. Some businesses reported moderate to large declines, while others reported moderate to large increases. Some new businesses doing well, offset poorly performing ones. The 93% response rate, up from 79% last year, resulted in excellent sector coverage. However, it should be noted that given the variances in organisation size and operating models composition can affect values.

SECTOR COMPOSITION

Of the sales generated in the last financial year, 44.4% were wellness products, 28.1% cosmetic products, 13.5% household goods, 4.2% homecare, 2.7 % clothing and accessories, and 2.4 % utilities.

1.25 BILLION RETAIL SALES

44% WELLNESS

28% COSMETICS

14% HOUSEHOLD

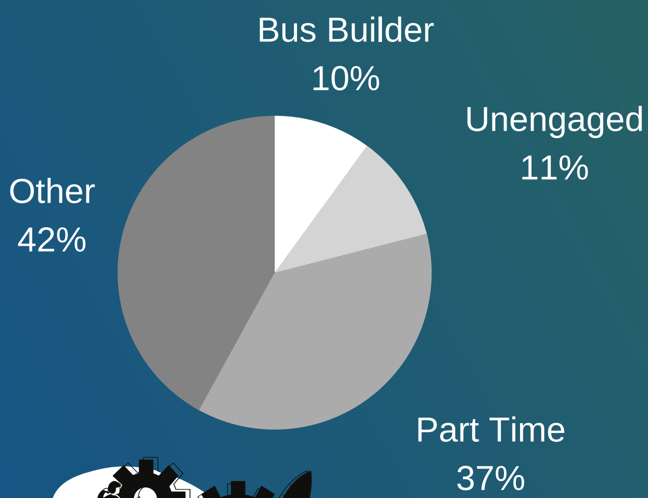
79% FEMALE

340,500

PREFERRED CUSTOMER PROGRAM

2,351,000

REGISTERED CUSTOMERS



70% CHANNEL

DSA MEMBERS

INDEPENDENT SALES PEOPLE

DSA collected data on segmentation of the industry. Business builder defined as ISP’s working full time at their direct selling activities and likely to be earning an income that can replace previous employment was said to be 10% - a figure which has doubled since last year. Part time business builders 37% (an increase from last year’s 33%) are working less than 30 hours a week in their direct selling business and a further 42% of ISPs have signed an independent representative agreement and as such are eligible to sell and keep retail profit and sponsor new people. 11% of ISP’s have signed an agreement but are not actively purchasing, selling or sponsoring showing a strong decrease from last year’s 29%. The channel is represented by 78.6% female ISP’s. 41% of members have a preferred customer program which equates to 340,500 signed agreements accounting for 14% off Net Sales (turnover). Responses to the survey indicated that members had 2,351,000 of Registered Customers.

NON - MEMBERS

DSA also collected data in relation to non-member companies and estimates there to be a further 70 non- member direct selling companies with retail sales revenue for the channel at over $2B. This indicates that DSA members represent circ 70% of the sales generated, i.e. market share by revenue.

Gill Stapleton

HOW WE OPERATE

BOARD OF DIRECTORS

PHIL HOBBY
CHAIRPERSON
LE RÊVE

CHRISTINE TERRILL
VICE CHAIRPERSON
AMWAY

DAVID FOUNTAIN
DIRECTOR (NOV-MARCH)
INTIMO LINGERIE

PETER GLENNIE
DIRECTOR
THE JUICE PLUS COMPANY

BRIAN O'CALLAGHAN
DIRECTOR
NORWEX

ROCHELLE POTTER
DIRECTOR
PARTYLITE

ADRIAN RYAN
DIRECTOR
LORRAINE LEA

ROD TAYLOR
DIRECTOR (APRIL-?)
NUTRIMETICS

GEOFF WATT
DIRECTOR (APRIL -?)
USANA

CHAIRPERSON

1967 – 68 George McKay – Beauty Counsellors
1968 – 69 W (Wally) Hollet – Watkins
1969 – 70 Jack Wackwitz – Rena Ware
1971 – 72 J (Bill) Cleghorn – Sarah Coventry
1972 – 73 Kerry Sullivan – Avon
1973 – 74 Graeme McDougall – Mary Kay
1974 – 75 Kim Clarke – Bessemer
1975 - 76 John Nevin – Field Enterprises
1977 - 78 Gordon Griffiths – Salamander
1979 - 81 Imelda Roche – Constan Industries
1982 - 83 John Woods – Avon
1984 - 85 John Watt – Mary Kay Cosmetics
1986 - 87 Bruce Shankland – Amway
1988 - 89 Neil Greenaway – Tupperware
1990 - 91 W (Bill) Roche – Nutrimetics
1991 - 92 Ian Ross – May Kay Cosmetics
1993 - 94 Val Fittler – Pro-Ma Systems
1995 - 97 Nigel Sinclair – Nutrimetics
1997 - 00 Raymond Vidor – Emma Page
2000 - 03 Val Fittler – Pro-Ma Systems
2003 - 06 Nigel Sinclair – Nu Skin
2006 - 09 Bill Duncan – USANA
2009 - 12 Tony Greig – Amway
2012 - 14 Jenny Messenger – PartyLite
2014 - 16 Michial Coldwell – Amway
2016 - 19 Phil Hobby – Le Reve

LIFE MEMBERS

1981 Robert Baird
1981 Graeme McDougall
1982 William Roche
1983 John Nevin
1985 Jack Walder
1988 Les Dell
1992 Bruce Shankland
1995 Imelda Roche
02 Val Fittler
2005 Ian Bult
2005 Nigel Sinclair
2006 John Fulton
2006 Jeanie McKendrick
2009 Bill Duncan
2013 Tony Greig
2018 John Holloway

MEMBERS

A Better Chance Pty Ltd - (ETL Learning)
ACN Pacific Pty Ltd
Amway of Australia
Arbonne Australia Pty Ltd
Atomy Oceania
Become International Pty Ltd
Bioxyne International
Creata Direct Pty Ltd
Direct Cellars
Dominant Homecare Products Pty Ltd
Enagic Australia Pty Ltd
Enjo Pty Ltd
Envy Jewellery Pty Ltd
Fifth Avenue Collection Pty Ltd
Herbalife Australasia Pty Ltd
Intimo Lingerie
Isagenix (Asia/Pacific) Australia Pty Ltd
Jeunesse Global Australia Pty Ltd
Kaszazz Pty Ltd
Kyani Australia Pty Ltd
Le Reve Pty Ltd
Life Force Australasia Pty Ltd
LifeVantage Australia Pty Ltd
Lily Anne Jewellery
Lorraine Lea
Mannatech Australia Pty Ltd
Mary Kay Cosmetics Pty Ltd
Modere Australia Pty Ltd
Morinda (Australia) Pty Ltd
Nature's Sunshine Products of Australia Pty Ltd
NeoLife International Pty Ltd (fmly GNLD Int)
Neora International Pty Ltd
Niagara Therapy Mfg. Aust P/L
Norwex Australia Pty Ltd
Nu Skin Enterprises Australia Inc.
Nutrimetics Australia Pty Ltd
PartyLite Pty Ltd
Plexus
PM-International
Postie Fashions Pty Ltd
Pro-Ma Systems (Aust) Pty Ltd
Rodan and Fields Australia Pty Ltd
Saladmaster, Inc.
Scentsy, Inc.
Seacret Direct Australia Pty Ltd
SeneGence International, Inc.
Silk International Pty Ltd
Stampin' Up! Australia Pty Ltd
Sunrider International Australia
The Body Shop At Home
The Commonwealth Key & Property Register
The Juice Plus Company (Australia) Pty Ltd
The Mix Australia Pty Ltd
USANA Australia Pty Ltd
World Organics Ltd
YJ International Pty Ltd
YOR Health
Young Living Essential Oils (Australasia) P/L
Younique LLC

SUPPLIER MEMBERS

542 Partners
A Better Chance
A Human Agency
Acquire BPO
Addisons Lawyers
Australian Nutraceuticals
Auxano Marketing
Be You Success Coaching
Bioxyne Limited
Brand Promotions Pty Ltd
By Design Technologies
Certica
CG Creative Studios
CINZ
Clare Martin & Associates
Click Energy
Clockwise Consulting
Club Med
Corporate Theatre Pty Ltd
Direct Selling Support
Emily Chadbourne
Event Travel Management
Exigo
Fastrack Fulfilment Pty Ltd
Fenton Green & Co
Finsbury Green
Freight & Distribution Management Systems Pty Ltd
GMM Consulting
Gold Coast Business Events
Hall Chadwick NSW Pty Ltd
Hawaii Tourism Oceania
Hyperwallet Systems Australia Pty Ltd
Ian Evans Consulting
Orange Canvas
idstc
Jenkon
LBW & Partners
LIPA Pharmaceuticals Ltd
Lisa Speaks
Marinova Pty Ltd
Marriott International
Match Up
Maui Jim Australia Pty Ltd
MCI Group
Mondo Search
National Products Fulfilment
Northern Territory Convention Bureau
Oscar Winning Productions
PayRight
RFA Regulatory Affairs
Russell Kennedy
Shangri-La Hotels and Resorts
Simpson Grierson
SmartFreight
Song Division
Speakers Institute Pty Ltd
Swarovski Australia Pty Ltd
The Events Authority
Tourism New Zealand - Business Events
Tourism Portfolio
Village Roadshow Theme Parks Pty Ltd
VisionScope Coaching Pty Ltd
Voyages Indigenous Tourism Pty Ltd
Wallara Logistics

Direct Selling Australia Limited

(Formerly known as Direct Selling Association of Australia Inc.)

ABN 68 413 038 101

Financial Statements - 31 March 2020

Contents

The Directors present their report, together with the financial statements, on the company for the year ended 31 March 2020.

Directors

The following persons were Directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Phillip Hobby	Appointed: 21/2/2020
Christine Susan Terrill	Appointed: 21/2/2020
Adrian Ryan	Appointed: 21/2/2020
Rochelle Rosemarie Potter	Appointed: 21/2/2020
Brian Brent O'Callaghan	Appointed: 21/2/2020
Paul Thomas Jones	Appointed: 21/2/2020
Peter John Glennie	Appointed: 21/2/2020
David Bruce Fountain	Appointed: 21/2/2020 Resigned: 12/3/2020

Objectives

- Protect, promote and serve the interests of the Members and distributors of their Products
- Protect and promote the Direct Selling channel in Australia including through self-regulation
- Ensure the marketing of Products and Direct Selling opportunities by Members and their distributors meet high levels of business ethics and customer protection and consumer satisfaction

Strategy for achieving the objectives

- Promote the direct selling industry
- Advocate for conductive business environment for the conduct of direct selling
- Require its members to adhere to high professional and ethical standards
- Provide valuable member services and business support
- Govern & manage the company well

Principal activities

During the financial year the principal continuing activities of the company consisted of:

- Increase industry awareness with key external stakeholders
- Monitor and respond to legal and regulatory issues
- Collection of Industry Statistics
- Strengthen relationships and engagement with Members through networking, conferences and other events
- Require Members to adhere to high professional and ethical standards.
- Provide a conducive environment systems and processes to ensure good business practice

Performance measures

The DSA reports to the Board using the strategic and business plan. This is reviewed at every Board meeting.

Significant changes

On 21 February 2020, the name of the entity was changed from Direct Selling Association of Australia Inc. to Direct Selling Australia Limited as a result of conversion of the structure from an association incorporated under the *Associations Incorporation Act 2009 (NSW)* to a company limited by guarantee under the *Corporations Act 2001*.

Information on Directors

Name:	Phillip Hobby
Title:	Chair
Experience and expertise:	43 years in direct selling. 38 years as direct selling owner & CEO

Name:	Christine Susan Terrill
Title:	Vice Chair
Qualifications:	BA, MBA
Experience and expertise:	25 years business experience, with11 years in direct selling & 4 years as a CEO

Name:	Adrian Ryan
Title:	Director
Qualifications:	BA Art & Design / Degree Advertising
Experience and expertise:	26 years in direct selling and owner of a DSO

Name:	Rochelle Potter
Title:	Director
Qualifications:	Bachelor of Commerce
Experience and expertise:	25 + years in direct selling

Name:	Brian Brent O'Callaghan
Title:	Director
Qualifications:	Bachelor of Commerce
Experience and expertise:	21 years In direct selling

Name:	Paul Thomas Jones
Title:	Director
Qualifications:	MBIAT – Member of the British institute of Architectural technicians
Experience and expertise:	8 years as a GM including 5 years in direct selling

Name:	Peter John Glennie
Title:	Director
Qualifications:	MAICD
Experience and expertise:	21 years in direct selling & owner of a DSO

Meetings of Directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 March 2020, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Phillip Hobby	2	2
Christine Susan Terrill	2	2
David Bruce Fountain	-	1
Adrian Ryan	1	2
Rochelle Potter	2	2
Brian Brent O'Callaghan	2	2
Paul Thomas Jones	2	2
Peter John Glennie	2	2

Held: represents the number of meetings held during the time the Director held office.

Matters subsequent to the end of the financial year

Subsequent to the reporting date, the COVID-19 ("Coronavirus') pandemic has been declared. The company has been monitoring the effect on Members closely. Initial concerns of the channel being highly impacted were unfounded with recent data collected by the DSA showing over 80% of Members reporting low or medium impact. Less than 25% of the Members applied for JobKeeper and many Members are reporting an increase in recruitment.

Contributions on winding up

In the event of the company being wound up, ordinary members are required to contribute a maximum of $1 each. Honorary members are not required to contribute.

The total amount that members of the company are liable to contribute if the company is wound up is $58, based on 58 current ordinary members.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Phil Hobby
Director

5 June 2020

Christine Terrill
Director

LBW & Partners
Chartered Accountants & Business Advisers
ABN 80 618 803 443

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Level 3, 845 Pacific Hwy, Chatswood NSW 2067
Postal address
PO Box 276, Chatswood NSW 2057
W www.lbw.com.au
E mail@lbw.com.au
P (02) 9411 4866

Partners
Rupa Dharmasiri
Alan M Perrott
George P Rochios
Mark W Willock

Direct Selling Australia Limited

(Formerly known as Direct Selling Association of Australia Inc.)

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Direct Selling Australia Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 March 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dharmasiri

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 4th day of June 2020

	Note	2020 $	2019 $
Revenue and other income	3	1,172,864	1,377,846
Expenses			
Employee benefits expense	4	(763,838)	(698,862)
Legal and professional expenses		(72,420)	(94,628)
Occupancy expenses		(48,819)	(72,687)
Computer and website costs		(16,489)	(15,571)
Depreciation and amortisation expense		(43,119)	(12,736)
Loss on disposal of assets		(12,485)	-
Advertising and promotion		(24,437)	(20,101)
Convention and seminar		(220,488)	(215,160)
Subscriptions and membership		(21,527)	(24,251)
Travel and accommodation		(26,821)	(24,333)
Other expenses		(47,279)	(63,799)
Profit/(loss) before income tax (expense)/benefit		(124,858)	135,718
Income tax (expense)/benefit		651	(20,623)
Profit/(loss) after income tax (expense)/benefit for the year		(124,207)	115,095
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(124,207)	115,095

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Direct Selling Australia Limited
(Formerly known as Direct Selling Association of Australia Inc.)
Statement of financial position
As at 31 March 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	505,253	535,186
Trade and other receivables	8	59,762	35,485
Financial assets at fair value through profit or loss	9	1,813,712	1,907,750
Income tax refund due		-	3,504
Other assets	10	23,209	62,627
Total current assets		2,401,936	2,544,552
Non-current assets			
Property, plant and equipment	11	749	19,699
Right-of-use assets	12	62,037	-
Total non-current assets		62,786	19,699
Total assets		2,464,722	2,564,251
Liabilities			
Current liabilities			
Trade and other payables	13	114,113	64,660
Lease liabilities		54,764	-
Income tax	5	1,237	-
Employee benefits	14	58,814	37,626
Contract liabilities		-	116,279
Total current liabilities		228,928	218,565
Non-current liabilities			
Lease liabilities		14,315	-
Total non-current liabilities		14,315	-
Total liabilities		243,243	218,565
Net assets		2,221,479	2,345,686
Equity			
Retained earnings		2,221,479	2,345,686
Total equity		2,221,479	2,345,686

The above statement of financial position should be read in conjunction with the accompanying notes

DIRECT SELLING AUSTRALIA

	Retained earnings $	Total equity $
Balance at 1 April 2018	2,230,591	2,230,591
Profit after income tax expense for the year	115,095	115,095
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	115,095	115,095
Balance at 31 March 2019	2,345,686	2,345,686

	Retained earnings $	Total equity $
Balance at 1 April 2019	2,345,686	2,345,686
Loss after income tax benefit for the year	(124,207)	(124,207)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(124,207)	(124,207)
Balance at 31 March 2020	2,221,479	2,221,479

The above statement of changes in equity should be read in conjunction with the accompanying notes

Direct Selling Australia Limited
(Formerly known as Direct Selling Association of Australia Inc.)
Statement of cash flows
For the year ended 31 March 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,247,140	1,430,553
Payments to suppliers and employees (inclusive of GST)		(1,251,402)	(1,296,226)
Interest received		1,969	3,448
Interest and other finance costs paid		(3,419)	-
Income taxes refunded		5,392	-
Income taxes paid		-	(7,746)
Net cash from/(used in) operating activities	15	(320)	130,029
Cash flows from investing activities			
Payments for property, plant and equipment	11	-	(2,901)
Proceeds from disposal of property, plant and equipment		568	-
Net cash from/(used in) investing activities		568	(2,901)
Cash flows from financing activities			
Repayment of lease liabilities		(30,181)	-
Net cash used in financing activities		(30,181)	-
Net increase/(decrease) in cash and cash equivalents		(29,933)	127,128
Cash and cash equivalents at the beginning of the financial year		535,186	408,058
Cash and cash equivalents at the end of the financial year	7	505,253	535,186

The above statement of cash flows should be read in conjunction with the accompanying notes

DIRECT SELLING AUSTRALIA

1. General information

The financial statements cover Direct Selling Australia Limited as an individual entity. The financial statements are presented in Australian dollars, which is Direct Selling Australia Limited's functional and presentation currency.

On 21 February 2020, the name of the entity was changed from Direct Selling Association of Australia Inc. to Direct Selling Australia Limited as a result of conversion of the structure from an association incorporated under the Associations Incorporation Act 2009 (NSW) to a company limited by guarantee under the Corporations Act 2001.

Direct Selling Australia Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 16, 175 Pitt Street
SYDNEY NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 5 June 2020.

2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

Impact of adoption

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

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

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

Basis of preparation

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

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the members of Direct Selling Australia Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Direct Selling Australia Limited.

2. Significant accounting policies (continued)

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for investments in financial assets at fair value through profit or loss which is accounted at fair value.

Revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Subscription revenue
Revenue from membership subscriptions is recognised on a straight line basis over the period of membership.

Revenue from convention and seminar
Advanced bookings for convention and seminar are brought to accounts as receivables when the booking is received and the company has raised an invoice in respect to that booking. The related revenue is treated as contract liabilities (net GST) until the event is actually held. Revenue is brought to account as income once the event is completed.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Income tax
The income tax expense (revenue) for the year comprises current income tax expense (income) calculated on non-mutual income of the company.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

The company does not apply deferred tax.

2. Significant accounting policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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

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

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

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

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

Furniture, Fixtures and Fittings	10 years
Computer Equipment	2-5 years

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

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

Right-of-use assets

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

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

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

Impairment of non-financial assets

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

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

2. Significant accounting policies (continued)

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

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

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

Employee benefits

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

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

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 31 March 2020. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

3. Revenue and other income

	2020 $	2019 $
Revenue		
Subscription revenue	1,055,729	1,090,049
Convention and seminar revenue	195,803	187,786
	1,251,532	1,277,835
Other income		
Dividends and trust distributions	66,015	71,743
Interest	2,419	6,970
Gain on the revaluation of equity instruments at fair value through profit or loss	(147,440)	21,298
Other income	338	-
	(78,668)	100,011
Revenue and other income	1,172,864	1,377,846

4. Employee benefits expense

	2020 $	2019 $
Salaries and wages	704,411	641,475
Superannuation	59,427	57,387
	763,838	698,862

5. Income tax

	2020 $	2019 $
Provision for income tax	1,237	-

DIRECT SELLING AUSTRALIA

6. Expenses

	2020 $	2019 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	5,897	12,736
Plant and equipment right-of-use assets	37,222	-
Total depreciation	43,119	12,736
Finance costs		
Interest and finance charges paid/payable on lease liabilities	3,419	-
Leases		
Minimum lease payments	-	69,750
Expected credit losses		
Credit losses recognised	-	35,274

7. Cash and cash equivalents

	2020 $	2019 $
Cash at bank and in hand	505,253	535,186

8. Trade and other receivables

	2020 $	2019 $
Trade receivables	543	35,485
Less: Allowance for expected credit losses	-	-
	543	35,485
Other receivables	59,219	-
	59,762	35,485

9. Financial assets at fair value through profit or loss

	2020 $	2019 $
Investment in equities and managed investment funds - designated at fair value through profit or loss	1,813,712	1,907,750

10. Other assets

	2020 $	2019 $
Prepayments	13,609	62,627
Security deposits	9,600	-
	23,209	62,627

11. Property, plant and equipment

	2020 $	2019 $
Furniture, fixtures and fittings - at cost	-	161,541
Less: Accumulated depreciation	-	(143,716)
	-	17,825
Computer equipment - at cost	24,191	24,191
Less: Accumulated depreciation	(23,442)	(22,317)
	749	1,874
	749	19,699

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

	Furniture, fixtures and fittings $	Computer equipment $	Total $
Balance at 1 April 2018	29,534	-	29,534
Additions	-	2,901	2,901
Depreciation expense	(11,709)	(1,027)	(12,736)
Balance at 31 March 2019	17,825	1,874	19,699
Disposals	(13,053)	-	(13,053)
Depreciation expense	(4,772)	(1,125)	(5,897)
Balance at 31 March 2020	-	749	749

12. Right-of-use assets

	2020 $	2019 $
Office lease - right-of-use	99,259	-
Less: Accumulated depreciation	(37,222)	-
	62,037	-

The company leases building for its office under agreement of between 1 to 2 years with an option to extend. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

12. Right-of-use assets (continued)

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

	Office lease - right-of-use $	Total $
Balance at 1 April 2018	-	-
Balance at 31 March 2019	-	-
Additions	99,259	99,259
Depreciation expense	(37,222)	(37,222)
Balance at 31 March 2020	62,037	62,037

13. Trade and other payables

	2020 $	2019 $
Trade payables	10,653	11,462
BAS payable	18,955	10,806
Accruals and other payables	84,505	42,392
	114,113	64,660

14. Employee benefits

	2020 $	2019 $
Annual leave	58,814	37,626

15. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2020 $	2019 $
Profit/(loss) after income tax (expense)/benefit for the year	(124,207)	115,095
Adjustments for:		
Depreciation and amortisation	43,120	12,736
Income reinvested	92,820	(84,173)
Net gain on disposal of property, plant and equipment	12,485	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(23,059)	(32,441)
Decrease in income tax refund due	4,741	12,877
Decrease in prepayments	39,418	31,187
Increase in trade and other payables	49,453	7,031
Increase in employee benefits	21,188	23,219
Increase/(decrease) in contract liabilities	(116,279)	44,498
Net cash from/(used in) operating activities	(320)	130,029

16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by LBW & Partners, the auditor of the company:

	2020 $	2019 $
Audit services - LBW & Partners		
Audit of the financial statements	10,000	10,000

17. Commitments

	2020 $	2019 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	80,698
One to five years	-	32,619
	-	113,317

Operating lease commitments includes contracted amounts for office premises under non-cancellable operating leases expiring in August 2020. The lease has been terminated and paid off in July 2019.

18. Contingent liabilities

The company had no contingent liabilities as at 31 March 2020 and 31 March 2019.

19. Events after the reporting period

Subsequent to the reporting date, the COVID-19 ("Coronavirus') pandemic has been declared. The company has been monitoring the effect on Members closely. Initial concerns of the channel being highly impacted were unfounded with recent data collected by the DSA showing over 80% of Members reporting low or medium impact. Less than 25% of the Members applied for JobKeeper and many Members are reporting an increase in recruitment.

Direct Selling Australia Limited
(Formerly known as Direct Selling Association of Australia Inc.)
Directors' declaration
31 March 2020

In the Directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the members of Direct Selling Australia Limited;

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 2 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 March 2020 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Phil Hobby	Christine Terrill
Director	Director

5 June 2020

LBW & Partners
Chartered Accountants & Business Advisers
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Direct Selling Australia Limited

(Formerly known as Direct Selling Association of Australia Inc.)

Independent Audit Report to the members of Direct Selling Australia Limited

Opinion

We have audited the accompanying financial report of Direct Selling Australia Limited (the company), which comprises the statement of financial position as at 31 March 2020, 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 directors' declaration.

In our opinion, the accompanying financial report of Direct Selling Australia Limited is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the company's financial position as at 31 March 2020 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards described in note 2 to the financial statements, the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – *Basis of Accounting*

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Direct Selling Australia Limited

(Formerly known as Direct Selling Association of Australia Inc.)

Independent Audit Report to the members of Direct Selling Australia Limited

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 and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located in the auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

Dharmasiri

Rupaninga Dharmasiri
Partner

LBW & Partners
Chartered Accountants
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 5th day of June 2020

2020

DIRECT SELLING AUSTRALIA LIMITED

ABN: 68 413 038 101
ACN: 639 273 037

REGISTERED OFFICE

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