

# **Federation of Parents and Citizens Associations of New South Wales**

**ABN 37 439 975 796**

**Financial Statements - 31 May 2016**

**Federation of Parents and Citizens Associations of New South Wales**

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**31 May 2016**

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**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of comprehensive income**  
**For the year ended 31 May 2016**

	Note	2016 \$	2015 \$
<b>Revenue</b>	4	985,754	909,859
Other income	5	2,428,879	90,346
<b>Expenses</b>			
Representative expenses		(89,202)	(38,989)
Administration expenses	6	(468,428)	(426,042)
Employee benefits expense	6	(434,771)	(627,964)
Occupancy expenses		(93,067)	(54,636)
Depreciation and amortisation expense	6	(25,053)	(49,844)
Journal expenses		(49,448)	(56,616)
Other expenses		(7,261)	(2,766)
<b>Surplus/(deficit) before income tax expense</b>		2,247,403	(256,652)
Income tax expense		-	-
<b>Surplus/(deficit) after income tax expense for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales</b>		2,247,403	(256,652)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings		-	371,613
Other comprehensive income for the year, net of tax		-	371,613
<b>Total comprehensive income for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales</b>		<u>2,247,403</u>	<u>114,961</u>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of financial position**  
**As at 31 May 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,283,992	290,356
Trade and other receivables	8	2,251,304	19,747
Other	9	21,265	38,574
Total current assets		<u>4,556,561</u>	<u>348,677</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	15,145	2,023,526
Intangibles	11	2,281	3,326
Total non-current assets		<u>17,426</u>	<u>2,026,852</u>
<b>Total assets</b>		<u>4,573,987</u>	<u>2,375,529</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	77,154	77,642
Employee benefits	13	45,540	30,082
Other	14	371,609	426,803
Total current liabilities		<u>494,303</u>	<u>534,527</u>
<b>Non-current liabilities</b>			
Employee benefits	15	3,847	12,568
Total non-current liabilities		<u>3,847</u>	<u>12,568</u>
<b>Total liabilities</b>		<u>498,150</u>	<u>547,095</u>
<b>Net assets</b>		<u>4,075,837</u>	<u>1,828,434</u>
<b>Equity</b>			
Reserves	16	-	609,187
Retained surplus		4,075,837	1,219,247
<b>Total equity</b>		<u>4,075,837</u>	<u>1,828,434</u>

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

**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of changes in equity**  
**For the year ended 31 May 2016**

	<b>Reserves</b> \$	<b>Retained surplus</b> \$	<b>Total equity</b> \$
Balance at 1 June 2014	237,574	1,475,899	1,713,473
Deficit after income tax expense for the year	-	(256,652)	(256,652)
Other comprehensive income for the year, net of tax	371,613	-	371,613
	<u>371,613</u>	<u>(256,652)</u>	<u>114,961</u>
Total comprehensive income for the year	371,613	(256,652)	114,961
Balance at 31 May 2015	<u>609,187</u>	<u>1,219,247</u>	<u>1,828,434</u>
	<b>Reserves</b> \$	<b>Retained surplus</b> \$	<b>Total equity</b> \$
Balance at 1 June 2015	609,187	1,219,247	1,828,434
Surplus after income tax expense for the year	-	2,247,403	2,247,403
Other comprehensive income for the year, net of tax	(609,187)	609,187	-
	<u>(609,187)</u>	<u>2,856,590</u>	<u>2,247,403</u>
Total comprehensive income for the year	(609,187)	2,856,590	2,247,403
Balance at 31 May 2016	<u>-</u>	<u>4,075,837</u>	<u>4,075,837</u>

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

**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of cash flows**  
**For the year ended 31 May 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers (inclusive of GST)		1,024,104	1,083,660
Receipts from Government Grants (inclusive of GST)		404,547	394,680
Payments to suppliers and employees (inclusive of GST)		<u>(1,657,996)</u>	<u>(1,597,495)</u>
		(229,345)	(119,155)
Interest received		<u>20,279</u>	<u>6,479</u>
Net cash used in operating activities		<u>(209,066)</u>	<u>(112,676)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	10	-	(18,444)
Payments for intangibles	11	-	(4,182)
Proceeds from disposal of property, plant and equipment		<u>2,202,702</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>2,202,702</u>	<u>(22,626)</u>
<b>Cash flows from financing activities</b>			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		1,993,636	(135,302)
Cash and cash equivalents at the beginning of the financial year		<u>290,356</u>	<u>425,658</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>2,283,992</u></u>	<u><u>290,356</u></u>

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

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 1. General information**

The financial statements cover Federation of Parents and Citizens Associations of New South Wales ("P&C Federation") as an individual entity. The financial statements are presented in Australian dollars, which is Federation of Parents and Citizens Associations of New South Wales's functional and presentation currency.

Federation of Parents and Citizens Associations of New South Wales is a not-for-profit incorporated association.

The financial statements were authorised for issue on 25 June 2016. The directors have the power to amend and reissue the financial statements.

**Note 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, revised or amending Accounting Standards and Interpretations adopted**

The P&C Federation has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and Parents and Citizens Associations Incorporation Act 1976 NSW. The P&C Federation is a not-for profit entity for financial reporting purposes under the Australian Accounting Standards.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the P&C Federation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Revenue recognition**

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

*Sale of goods and journal advertising*

Revenue from sale of goods and journal advertising is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Grant revenue*

Grant revenue is recognised in the statement of comprehensive income when the P&C Federation obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the P&C Federation and the amount of the grant can be measured reliably.

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

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

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 2. Significant accounting policies (continued)**

*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 P&C Federation is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

**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 P&C Federation'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 P&C Federation'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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the P&C Federation will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated collectable amount, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

**Property, plant and equipment**

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the asset revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the asset revaluation reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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.



**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 2. Significant accounting policies (continued)**

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

Buildings	2.5%
Plant and equipment	12.5% - 20%
Fixtures and fittings	12.5%

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 P&C Federation. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

**Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Website*

Costs associated with the development of the revenue generating and service providing aspects of the website are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

**Impairment of non-financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the P&C Federation 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 - 60 days of recognition.

**Employee benefits**

*Short-term employee benefits*

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

**Note 2. Significant accounting policies (continued)**

*Other long-term employee benefits*

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

*Defined contribution superannuation expense*

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

**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.

**Note 3. Critical accounting judgements, estimates and assumptions**

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

*Fair value measurement hierarchy*

The P&C Federation is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

*Estimation of useful lives of assets*

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

*Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Note 4. Revenue**

	2016 \$	2015 \$
Affiliation fees	664,364	534,131
Insurance commission	251,220	275,873
Journal advertising	47,436	46,637
Administration and late fees	8,036	10,339
Sale of goods	3,427	4,032
Sundry income	11,271	38,847
	<u>985,754</u>	<u>909,859</u>
Revenue	<u>985,754</u>	<u>909,859</u>

On 23 May 2014, the Minister for Education appointed Garry Payne as the administrator of the P&C Federation to oversee the operations of the entity and implement a new corporate governance structure. His appointment ended on 23 January 2015.

On 27 June 2014 a new constitution was gazetted. One of the changes to the constitution was the extension of the 2013 - 2014 affiliation period from 12 months ending 31 July 2014 to 16 months ending 30 November 2014. Due to the change in constitution occurring after 31 May 2014, the split of affiliation revenue and deferred revenue were not adjusted to reflect the extended affiliation period.

On 16 January 2015 the constitution was further amended to reduce the 2014 -2015 affiliation period to eight months ending 31 July 2015.

As a result, the affiliation revenue for the 2014 - 2015 membership period has been allocated as six-eighths to the financial year ended 31 May 2015 and two-eighths to the financial year ending 31 May 2016.

**Note 5. Other income**

	2016 \$	2015 \$
Net gain on disposal of property, plant and equipment	2,034,080	-
Grant - NSW Department of Education and Communities	374,520	83,867
Interest received	20,279	6,479
	<u>2,428,879</u>	<u>90,346</u>
Other income	<u>2,428,879</u>	<u>90,346</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 6. Expenses**

	2016 \$	2015 \$
Surplus/(deficit) before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation expense	24,008	48,988
Amortisation expense	1,045	856
Total depreciation and amortisation expense	<u>25,053</u>	<u>49,844</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	34,439	48,240
<i>Bad and doubtful debts</i>		
Bad and doubtful debt expense	914	1,642
<i>Government grant expenditure</i>		
NSW Department of Education and Communities - Association representation expenses	88,414	10,056
NSW Department of Education and Communities - External consultant costs	13,127	9,409
NSW Department of Education and Communities - Salaries and wages	348,610	64,402
Total government grant expenditure	<u>450,151</u>	<u>83,867</u>

**Note 7. Current assets - cash and cash equivalents**

	2016 \$	2015 \$
Cash at bank	<u>2,283,992</u>	<u>290,356</u>

**Note 8. Current assets - trade and other receivables**

	2016 \$	2015 \$
Trade receivables	16,535	5,668
Other receivables	2,222,000	-
GST receivable	12,769	14,079
	<u>2,251,304</u>	<u>19,747</u>

*Impairment of receivables*

On 30 October 2015 P&C Federation executed a contract to sell the Granville property to a third party developer. The purchase price in the sale contract is \$4,420,000 (including GST). The terms of the sale are such that purchaser must pay the the purchase price in 3 instalments:

Instalment 1: \$220,000 (incl GST) on execution of the sale contract which occurred on 30 October 2015.

Instalment 2: \$1,980,000 (incl GST) on settlement which occurred on 16 December 2015.

Instalment 3: \$2,222,000 (incl GST) 12 months after settlement.

As security for payment of Instalment 3, the purchaser has provided a bank guarantee made in favour of P&C Federation for \$2,222,000.

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 9. Current assets - other**

	2016 \$	2015 \$
Prepayments	<u>21,265</u>	<u>38,574</u>

**Note 10. Non-current assets - property, plant and equipment**

	2016 \$	2015 \$
Land - at fair value	-	433,000
Buildings - at fair value	-	1,567,000
Plant and equipment - at cost	81,677	235,753
Less: Accumulated depreciation	<u>(66,542)</u>	<u>(212,804)</u>
	15,135	22,949
Fixtures and fittings - at cost	15,254	27,006
Less: Accumulated depreciation	<u>(15,244)</u>	<u>(26,429)</u>
	10	577
	<u>15,145</u>	<u>2,023,526</u>

*Reconciliations*

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

	Land \$	Buildings \$	Plant and Equipment \$	Fixtures and fittings \$	Total \$
Balance at 1 June 2015	433,000	1,567,000	22,949	577	2,023,526
Disposals	(433,000)	(1,550,793)	(69)	(511)	(1,984,373)
Depreciation expense	<u>-</u>	<u>(16,207)</u>	<u>(7,745)</u>	<u>(56)</u>	<u>(24,008)</u>
Balance at 31 May 2016	<u>-</u>	<u>-</u>	<u>15,135</u>	<u>10</u>	<u>15,145</u>

*Valuations of land and buildings*

The land and buildings were revalued on 31 May 2015 based on independent assessments by a member of the Australian Property Institute.

**Note 11. Non-current assets - intangibles**

	2016 \$	2015 \$
Website - at cost	4,182	4,182
Less: Accumulated amortisation	<u>(1,901)</u>	<u>(856)</u>
	<u>2,281</u>	<u>3,326</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 11. Non-current assets - intangibles (continued)**

*Reconciliations*

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

	Website \$	Total \$
Balance at 1 June 2015	3,326	3,326
Amortisation expense	<u>(1,045)</u>	<u>(1,045)</u>
Balance at 31 May 2016	<u><u>2,281</u></u>	<u><u>2,281</u></u>

**Note 12. Current liabilities - trade and other payables**

	2016 \$	2015 \$
Trade payables	66,827	68,401
Other payables	<u>10,327</u>	<u>9,241</u>
	<u><u>77,154</u></u>	<u><u>77,642</u></u>

**Note 13. Current liabilities - employee benefits**

	2016 \$	2015 \$
Annual leave	30,989	30,082
Long service leave	12,681	-
Other employee benefits	<u>1,870</u>	<u>-</u>
	<u><u>45,540</u></u>	<u><u>30,082</u></u>

**Note 14. Current liabilities - other**

	2016 \$	2015 \$
Deferred revenue	103,426	151,870
Deferred government grants	<u>268,183</u>	<u>274,933</u>
	<u><u>371,609</u></u>	<u><u>426,803</u></u>

On 23 May 2014, the Minister for Education appointed Garry Payne as the administrator of the P&C Federation to oversee the operations of the entity and implement a new corporate governance structure. His appointment ended on 23 January 2015.

On 27 June 2014 a new constitution was gazetted. One of the changes to the constitution was the extension of the 2013 - 2014 affiliation period from 12 months ending 31 July 2014 to 16 months ending 30 November 2014. Due to the change in constitution occurring after 31 May 2014, the split of affiliation revenue and deferred revenue were not adjusted to reflect the extended affiliation period.

On 16 January 2015 the constitution was further amended to reduce the 2014 -2015 affiliation period to eight months ending 31 July 2015.

As a result, the affiliation revenue for the 2014 - 2015 membership period has been allocated as six-eighths to the financial year ended 31 May 2015 and two-eighths to the financial year ending 31 May 2016.

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 15. Non-current liabilities - employee benefits**

	2016 \$	2015 \$
Long service leave	<u>3,847</u>	<u>12,568</u>

**Note 16. Equity - reserves**

	2016 \$	2015 \$
Asset revaluation reserve	<u>-</u>	<u>609,187</u>

*Asset revaluation reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

	Asset revaluation reserve \$	Total \$
Balance at 1 June 2014	237,574	237,574
Revaluation - gross	<u>371,613</u>	<u>371,613</u>
Balance at 31 May 2015	609,187	609,187
Reclassification to retained earnings	<u>(609,187)</u>	<u>(609,187)</u>
Balance at 31 May 2016	<u>-</u>	<u>-</u>

**Note 17. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the P&C Federation is set out below:

	2016 \$	2015 \$
Aggregate compensation	<u>104,863</u>	<u>227,255</u>

No member of the Board receives directly or indirectly any fees, bonuses, or other remuneration as a consequence of their appointment to the Board.

	2016 \$	2015 \$
<b>Other related parties</b>		
Gwen Briggs is mother of Sharon Johnson, former General Manager. She was formerly employed as Member Support Services Officer.	<u>-</u>	<u>45,225</u>

Other related parties include close family members of key management personnel. Transactions between other related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2016**

**Note 18. Remuneration of auditor**

	2016 \$	2015 \$
<b>Audit Services</b>		
Audit of the financial statements	10,200	9,700

**Note 19. Contingent liabilities**

The P&C Federation had no contingent liabilities as at 31 May 2016 and 31 May 2015.

**Note 20. Commitments**

	2016 \$	2015 \$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	65,527	40,986
One to five years	8,589	36,922
	<u>74,116</u>	<u>77,908</u>

**Note 21. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17.

*Other related parties*

Disclosures relating to other related parties are set out in note 18.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Note 22. Events after the reporting period**

No matter or circumstance has arisen since 31 May 2016 that has significantly affected, or may significantly affect the P&C Federation's operations, the results of those operations, or the P&C Federation's state of affairs in future financial years.

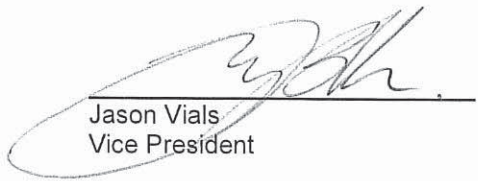


**Federation of Parents and Citizens Associations of New South Wales**  
**Directors' declaration**  
**31 May 2016**

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations and the Parents and Citizens Associations Incorporation Act 1976 NSW;
- the attached financial statements and notes give a true and fair view of the P&C Federation's financial position as at 31 May 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the P&C Federation will be able to pay its debts as and when they become due and payable.

On behalf of the directors



Jason Vials  
Vice President

25 June 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDERATION OF PARENTS AND CITIZENS ASSOCIATIONS OF NEW SOUTH WALES

### Report on the Financial Report

We have audited the accompanying financial report of Federation of Parents and Citizens Associations of New South Wales on pages 2 to 16, which comprises the statement of financial position as at 31 May 2016, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *Managements' Responsibility for the Financial Report*

Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime and Parents and Citizens Associations Incorporation Act 1976 NSW and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

#### CHARTERED ACCOUNTANTS & ADVISORS

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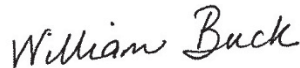
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FEDERATION OF PARENTS AND CITIZENS ASSOCIATIONS OF NEW SOUTH WALES (CONT)**

*Auditor's Opinion*

gives a true and fair view of the financial position of the Federation of Parents and Citizens Associations of New South Wales as at 31 May 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Parents and Citizens' Associations Incorporation Act 1976 NSW.

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report of Federation of Parents and Citizens Associations of New South Wales for the year ended 31 May 2016 included on Federation of Parents and Citizens Associations of New South Wales web site. The company's directors are responsible for the integrity of the Federation of Parents and Citizens Associations of New South Wales web site. We have not been engaged to report on the integrity of the Federation of Parents and Citizens Associations of New South Wales web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in black ink that reads 'William Buck'.

William Buck  
ABN 16 021 300 521

A handwritten signature in black ink that reads 'M A Nevill'.

M A Nevill  
Partner  
Dated 25 June, 2016

# Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 79

**Disclaimer**  
**31 May 2016**

The additional financial data presented in the following pages is in accordance with the books and records of the Federation of Parents and Citizens Associations of New South Wales which have been subjected to the auditing procedures applied in our statutory audit of the entity for the year ended 31 May 2016. It will be appreciated that our statutory audit did not cover all details of the additional financial data. The commentary in the following pages has not been subjected to auditing procedures in our statutory audit of the entity for the year ended 31 May 2016.

Accordingly, we do not express an opinion on the information in the following pages and we give no warranty of accuracy or reliability in respect of the information provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Federation of Parents and Citizens Associations of New South Wales) in respect of such information, including any errors or omissions therein however caused.



William Buck  
ABN 16 021 300 521



M A Nevill  
Partner  
Dated 25 June, 2016

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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# Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 796

## Detailed Income and Expenditure Statement

31 May 2016

	2016	2015
	\$	\$
<b>Revenue.</b>		
Affiliation fees	664,364	534,131
Insurance commission	251,220	275,873
Journal - advertising and subscriptions	47,436	46,637
Administration and late fees	8,036	10,339
Sale of goods	3,427	4,032
Sundry income	11,271	38,847
<b>Revenue - Total</b>	<b>985,754</b>	<b>909,859</b>
<b>Other Income</b>		
Net Gain on disposal of property, plant and equipment	2,034,080	-
Grant - Department of Education	374,520	83,867
Interest received	20,279	6,479
<b>Other Income - Total</b>	<b>2,428,879</b>	<b>90,346</b>
<b>REVENUE - TOTAL</b>	<b>3,414,633</b>	<b>1,000,205</b>
<b>Representative expenses</b>		
Annual General Meeting	9,243	-
Board meetings	23,278	11,324
Professional fees – Parent forums	-	16,739
Executive meetings	5,920	393
Federation representation	50,761	10,533
<b>Representative expenses - Total</b>	<b>89,202</b>	<b>38,989</b>
<b>Administration expenses</b>		
Audit fees	9,800	9,700
Election expenses	7,898	17,815
Forum expenses	9,998	9,755
Insurance – Federation	34,794	24,305
Insurance – Member P&C Associations Public Liability	172,727	170,494
Internet and website	7,705	8,590
IT consultant services	44,579	61,013
Legal fees	13,715	37,472
Membership / subscriptions	11,510	4,428
Office equipment lease costs	31,800	32,553
Office telephone	12,631	28,919
Postage and PO Box	1,743	1,319
Postage franking machine lease expenses	7,686	7,089
Property negotiation fees	95,601	-

# Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 796

Property valuation fees	1,417	7,000
Stationery	4,063	3,321
Teleconferencing	494	177
Technology software / hardware expenses	267	2,092
<b>Administration expenses - Total</b>	<b>468,428</b>	<b>426,042</b>
<b>Employee benefits expense</b>		
Wages and superannuation	409,449	616,497
Long service leave expense	3,960	(344)
Staff amenities / expenses / recognition	472	11,811
Contract staff	20,890	-
<b>Employee benefits expense - Total</b>	<b>434,771</b>	<b>627,964</b>
<b>Occupancy expenses</b>		
Building maintenance	1,622	4,397
Cleaning	7,715	12,139
Council rates	4,264	5,618
Electricity	11,056	12,161
Equipment maintenance and expenses	1,276	19,681
Rent	63,772	-
Water and sewerage	212	220
Waste collection / recycling	3,150	420
<b>Occupancy expenses - Total</b>	<b>93,067</b>	<b>54,636</b>
<b>Depreciation and amortisation expense</b>	<b>25,053</b>	<b>49,844</b>
<b>Journal expenses</b>		
Journal production	12,086	15,600
Journal printing	28,408	30,169
Journal postage	8,954	10,847
<b>Journal expenses - Total</b>	<b>49,448</b>	<b>56,616</b>
<b>Other expenses</b>		
Bad and doubtful debts expense	914	(1,358)
Bank charges	4,347	3,050
Sponsorship paid (Foundation for Public Education)	2,000	-
Public relations	-	475
Sundry expenses	-	599
<b>Other expenses - Total</b>	<b>7,261</b>	<b>2,766</b>
<b>EXPENSES - TOTAL</b>	<b>1,167,230</b>	<b>1,256,857</b>
<b>Surplus (Loss) for the year</b>	<b>2,247,403</b>	<b>(256,652)</b>

# Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 796

## Notes

**Sundry income** – In 2016, comprised of three grants from the Office of Environment and Heritage. In 2015, nearly 60% of the total was paid parental leave funding from the Federal Government that was passed on to employee(s) on maternity leave. The remainder is mostly comprised of a grant from the Office of Environment and Heritage (\$3,000), termination of the Fighting Fund for Government Schools (\$3,519) and surplus funds received from a dissolved P&C Association (\$3,909).

**Annual General Meeting** - Cost of holding Annual General Meeting, consisting primarily of travel and accommodation costs.

**Board / Council meetings** – Cost of holding Board meetings (previously, Council meetings), consisting primarily of travel and accommodation costs.

**Professional fees – Parent forums** – Speakers, meeting facilitators and independent reviewer engaged as part of the program of parent forums.

**Executive meetings** – Cost of holding Executive meetings, consisting primarily of travel and communication costs.

**Federation representation** – Cost of personnel representing public school parents on various committees, consisting primarily of travel and accommodation costs.

**Forum expenses** – Out of pocket expenses for conducting parent forums.

**Election expenses** – Cost of holding elections and by-elections of Councillors, Delegates, Executive and Office-bearers.

**Insurance – Federation** – Cost of various insurances held by the Federation.

**Insurance – Member P&C Associations Public Liability** – Cost of group public liability insurance policy obtained on behalf of all member P&C Associations.

**Membership / subscriptions** – Cost of memberships and subscriptions taken up by the Federation.

**Office equipment lease costs** – Primarily photocopiers.

**Postage franking machine expenses** – Primarily the fixed lease costs of a postage franking machine.

**Rent** – Rent paid for building at 41 Cowper Street, Granville, after sale.

**Journal production** – Cost of external designer of Journal issues.