

Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 796

Financial Statements - 31 May 2017

Federation of Parents and Citizens Associations of New South Wales

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31 May 2017

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Federation of Parents and Citizens Associations of New South Wales
Statement of comprehensive income
For the year ended 31 May 2017

	Note	2017 \$	2016 \$
Revenue	4	910,267	985,754
Other income	5	413,925	2,428,879
Expenses			
Representative expenses		(87,828)	(89,202)
Administration expenses		(493,026)	(468,428)
Employee benefits expense		(474,288)	(434,771)
Occupancy expenses		(177,062)	(93,067)
Depreciation and amortisation expense	6	(10,941)	(25,053)
Journal expenses		(36,420)	(49,448)
Other expenses		(6,680)	(7,261)
Surplus before income tax expense		37,947	2,247,403
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales		37,947	2,247,403
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales		<u>37,947</u>	<u>2,247,403</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 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	7	2,973,036	2,283,992
Trade and other receivables	8	37,122	2,251,304
Other	9	68,170	21,265
Total current assets		<u>3,078,328</u>	<u>4,556,561</u>
Non-current assets			
Property, plant and equipment	10	1,598,711	15,145
Intangibles	11	1,236	2,281
Total non-current assets		<u>1,599,947</u>	<u>17,426</u>
Total assets		<u>4,678,275</u>	<u>4,573,987</u>
Liabilities			
Current liabilities			
Trade and other payables	12	144,658	77,154
Employee benefits	13	56,616	45,540
Other	14	359,088	371,609
Total current liabilities		<u>560,362</u>	<u>494,303</u>
Non-current liabilities			
Employee benefits	15	4,129	3,847
Total non-current liabilities		<u>4,129</u>	<u>3,847</u>
Total liabilities		<u>564,491</u>	<u>498,150</u>
Net assets		<u>4,113,784</u>	<u>4,075,837</u>
Equity			
Retained surplus		<u>4,113,784</u>	<u>4,075,837</u>
Total equity		<u>4,113,784</u>	<u>4,075,837</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 2017

	Reserves \$	Retained surplus \$	Total equity \$
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	-
Total comprehensive income for the year	(609,187)	2,856,590	2,247,403
Balance at 31 May 2016	-	4,075,837	4,075,837
	Reserves \$	Retained surplus \$	Total equity \$
Balance at 1 June 2016	-	4,075,837	4,075,837
Surplus after income tax expense for the year	-	37,947	37,947
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	37,947	37,947
Balance at 31 May 2017	-	4,113,784	4,113,784

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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from members and customers (inclusive of GST)		1,006,310	1,024,104
Receipts from Government Grants (inclusive of GST)		404,547	404,547
Payments to suppliers and employees (inclusive of GST)		<u>(1,376,759)</u>	<u>(1,657,996)</u>
Interest received		34,098	(229,345)
		<u>26,408</u>	<u>20,279</u>
Net cash from/(used in) operating activities		<u>60,506</u>	<u>(209,066)</u>
Cash flows from investing activities			
Payments for property, plant and equipment	10	(1,593,462)	-
Proceeds from disposal of property, plant and equipment		<u>2,222,000</u>	<u>2,202,702</u>
Net cash from investing activities		<u>628,538</u>	<u>2,202,702</u>
Cash flows from financing activities			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		689,044	1,993,636
Cash and cash equivalents at the beginning of the financial year		<u>2,283,992</u>	<u>290,356</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>2,973,036</u></u>	<u><u>2,283,992</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 2017

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' functional and presentation currency.

Federation of Parents and Citizens Associations of New South Wales is a not-for-profit association incorporated under the Parents and Citizens Associations Incorporation Act 1976 NSW.

The financial statements were authorised for issue on 27 July 2017. 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 or amended Accounting Standards and Interpretations adopted

The P&C Federation 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.

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 2017

Note 2. Significant accounting policies (continued)

Interest

Interest revenue is recognised as interest accrues.

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

Buildings are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the buildings. Valuations are performed by external independent valuers, at least once every three years, to ensure the fair value is in excess of the carrying amount.

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

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

Buildings	2.5%
Plant and equipment	10% - 33%
Fixtures and fittings	12.5%

Note 2. Significant accounting policies (continued)

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.

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.

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 at 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.

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.

Federation of Parents and Citizens Associations of New South Wales
Notes to the financial statements
31 May 2017

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.

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

	2017 \$	2016 \$
Affiliation fees	615,462	664,364
Insurance commission	237,875	251,220
Journal advertising	33,946	47,436
Administration and late fees	7,022	8,036
Sale of goods	3,128	3,427
Sundry income	4,305	11,271
Rental income	8,529	-
	<u>910,267</u>	<u>985,754</u>
Revenue	<u>910,267</u>	<u>985,754</u>

The affiliation revenue for the financial year ended 31 May 2016 contains an overlap from the 2014 - 2015 membership period. 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.

The affiliation revenue for the financial year ended 31 May 2017 contains two months overlap from the 2015 - 2016 membership period, being June and July 2016, and ten months in the 2016 - 2017 membership period, being August 2016 to May 2017. The remaining two months of the 2016 - 2017 membership period, June and July 2017, have been deferred into the next financial year ending 31 May 2018 (refer to Note 14).

Note 5. Other income

	2017 \$	2016 \$
Net gain on disposal of property, plant and equipment	-	2,034,080
Grant - NSW Department of Education and Communities	379,272	374,520
Interest received	34,653	20,279
	<u>413,925</u>	<u>2,428,879</u>
Other income	<u>413,925</u>	<u>2,428,879</u>

Federation of Parents and Citizens Associations of New South Wales
Notes to the financial statements
31 May 2017

Note 6. Expenses

	2017 \$	2016 \$
Surplus before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation expense	9,896	24,008
Amortisation expense	1,045	1,045
Total depreciation and amortisation expense	<u>10,941</u>	<u>25,053</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>34,500</u>	<u>34,439</u>
<i>Bad and doubtful debts</i>		
Bad and doubtful debt expense	<u>2,331</u>	<u>914</u>
<i>Government grant expenditure</i>		
NSW Department of Education and Communities - Association representation expenses	126,255	88,414
NSW Department of Education and Communities - External consultant costs	22,184	13,127
NSW Department of Education and Communities - Salaries and wages	<u>230,833</u>	<u>348,610</u>
Total government grant expenditure	<u>379,272</u>	<u>450,151</u>

Note 7. Current assets - cash and cash equivalents

	2017 \$	2016 \$
Cash at bank	961,940	2,283,992
Cash on deposit	<u>2,011,096</u>	<u>-</u>
	<u><u>2,973,036</u></u>	<u><u>2,283,992</u></u>

Note 8. Current assets - trade and other receivables

	2017 \$	2016 \$
Trade receivables	10,500	16,535
Less: Provision for impairment of receivables	<u>(2,331)</u>	<u>-</u>
	<u>8,169</u>	<u>16,535</u>
Other receivables	8,245	2,222,000
GST receivable	<u>20,708</u>	<u>12,769</u>
	<u><u>37,122</u></u>	<u><u>2,251,304</u></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. The 3rd instalment was received in December 2016.

Federation of Parents and Citizens Associations of New South Wales
Notes to the financial statements
31 May 2017

Note 9. Current assets - other

	2017	2016
	\$	\$
Prepayments	66,370	21,265
Other current assets	1,800	-
	<u>68,170</u>	<u>21,265</u>

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

	2017	2016
	\$	\$
Buildings - at cost	1,568,226	-
Plant and equipment - at cost	106,913	81,677
Less: Accumulated depreciation	(76,428)	(66,542)
	<u>30,485</u>	<u>15,135</u>
Fixtures and fittings - at cost	15,254	15,254
Less: Accumulated depreciation	(15,254)	(15,244)
	<u>-</u>	<u>10</u>
	<u>1,598,711</u>	<u>15,145</u>

Reconciliations

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

	Buildings	Plant and Equipment	Fixtures and fittings	Total
	\$	\$	\$	\$
Balance at 1 June 2016	-	15,135	10	15,145
Additions	1,568,226	25,236	-	1,593,462
Depreciation expense	-	(9,886)	(10)	(9,896)
	<u>1,568,226</u>	<u>30,485</u>	<u>-</u>	<u>1,598,711</u>

Note 11. Non-current assets - intangibles

	2017	2016
	\$	\$
Website - at cost	4,182	4,182
Less: Accumulated amortisation	(2,946)	(1,901)
	<u>1,236</u>	<u>2,281</u>

Federation of Parents and Citizens Associations of New South Wales
Notes to the financial statements
31 May 2017

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 2016	2,281	2,281
Amortisation expense	<u>(1,045)</u>	<u>(1,045)</u>
Balance at 31 May 2017	<u><u>1,236</u></u>	<u><u>1,236</u></u>

Note 12. Current liabilities - trade and other payables

	2017 \$	2016 \$
Trade payables	134,628	66,827
Other payables	<u>10,030</u>	<u>10,327</u>
	<u><u>144,658</u></u>	<u><u>77,154</u></u>

Note 13. Current liabilities - employee benefits

	2017 \$	2016 \$
Annual leave	42,196	30,989
Long service leave	13,876	12,681
Other employee benefits	<u>544</u>	<u>1,870</u>
	<u><u>56,616</u></u>	<u><u>45,540</u></u>

Note 14. Current liabilities - other

	2017 \$	2016 \$
Deferred revenue	102,407	103,426
Deferred government grants	<u>256,681</u>	<u>268,183</u>
	<u><u>359,088</u></u>	<u><u>371,609</u></u>

The financial year ended 31 May 2017 contains a two month overlap from the 2015 - 2016 membership period, being June and July 2016, and ten months in the 2016 - 2017 membership period, being August 2016 to May 2017. The remaining two months of the 2016 - 2017 membership period, June and July 2017, have been deferred into the next financial year ending 31 May 2018.

Note 15. Non-current liabilities - employee benefits

	2017 \$	2016 \$
Long service leave	<u><u>4,129</u></u>	<u><u>3,847</u></u>

Federation of Parents and Citizens Associations of New South Wales
Notes to the financial statements
31 May 2017

Note 16. Key management personnel disclosures

Compensation

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

	2017	2016
	\$	\$
Aggregate compensation	<u>108,084</u>	<u>104,863</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.

During the year members of the Board were reimbursed \$49,686 (2016: \$36,753) for costs incurred to carry out their duties as representatives of P&C Federation.

Note 17. Remuneration of auditor

	2017	2016
	\$	\$
Audit Services		
Audit of the financial statements	<u>11,000</u>	<u>10,200</u>

Note 18. Contingent liabilities

The P&C Federation had no contingent liabilities as at 31 May 2017 and 31 May 2016.

Note 19. Commitments

	2017	2016
	\$	\$
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	35,000	65,527
One to five years	-	8,589
	<u>35,000</u>	<u>74,116</u>

Note 20. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 16.

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.

Federation of Parents and Citizens Associations of New South Wales
Notes to the financial statements
31 May 2017

Note 21. Events after the reporting period

On 9 June 2017, the P&C Federation entered into an agreement to fit out the new Phillip St property for a total cost of \$198,680 (ex GST).

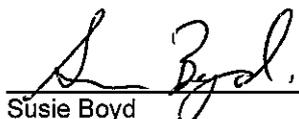
No other matter or circumstance has arisen since 31 May 2017 that has significantly affected, or may significantly affect the P&C Federation's operations, the results of those operations, or the P&C Federation's state of affairs in future financial years.

Federation of Parents and Citizens Associations of New South Wales
Directors' declaration
31 May 2017

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 2017 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



Susie Boyd
President

27 July 2017

Federation of Parents and Citizens Associations of New South Wales

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Federation of Parents and Citizens Associations of New South Wales (the entity), which comprises the statement of financial position as at 31 May 2017, the statement of 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 other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the entity has been prepared in accordance with the *Parents and Citizens Associations Incorporation Act 1976 NSW*, including:

- (i) giving a true and fair view of the entity's financial position as at 31 May 2017 and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime.

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 entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000

Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150

PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500

williambuck.com

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Detailed Income and Expenditure Statement but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner which gives a true and fair view.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

William Buck
Chartered Accountants
ABN 16 021 300 521

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

Michele Nevill
Partner

Dated this 27th day of July, 2017

Federation of Parents and Citizens Associations of New South Wales

Disclaimer
31 May 2017

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 2017. 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 audit procedures during our statutory audit of the entity for the year ended 31 May 2017.

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
Chartered Accountants
ABN 16 021 300 521



M A Nevill
Partner
Dated 27 July, 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

Federation of Parents and Citizens Associations of New South Wales
ABN 37 439 975 796

Detailed Income and Expenditure Statement
31 MAY 2017

REVENUE	2017	2016
Affiliation fees	615,462	664,364
Insurance commission	237,875	251,220
Journal - advertising and subscriptions	33,946	47,436
Administration and late fees	7,022	8,036
Sale of goods	3,128	3,427
Sundry income	4,305	11,271
Rental Income	8,529	-
Revenue - Total	910,267	985,754
Other Income		
Net Gain on disposal of Property , plant and equipment	-	2,034,080
Grant - Department of Education	379,272	374,520
Interest received	34,653	20,279
Other Income - Total	413,925	2,428,879
REVENUE - TOTAL	1,324,192	3,414,633
EXPENSES		
Representative expenses		
Annual General Meeting	10,847	9,243
Board meetings	25,107	23,278
Executive meetings	9,320	5,920
Federation representation	35,700	50,761
Forum representation	6,854	-
Representative expenses - Total	87,828	89,202
Administration expenses		
Audit Fees	11,000	9,800
Election expenses	-	7,898
Forum expenses	7,404	9,998
Insurance – Federation	20,621	34,794
Insurance – Member P&C Associations Public Liability	172,727	172,727
Internet and website	9,249	7,705
IT consultant services	50,545	44,579
Professional fees legal	40,964	13,715
Professional fees property	23,721	-
Professional fees investment advice	2,000	-
Membership / subscriptions	11,738	11,510
Office equipment photocopier lease costs	21,200	31,800
Office equipment photocopier payout costs	74,261	-
Office telephone	13,686	12,631
Postage and PO Box	5,276	1,743
Postage franking machine payout costs	10,067	-
Postage franking machine lease expenses	7,846	7,686

This financial statement should be read in conjunction with the attached Disclaimer

Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 796

EXPENSES Continued

Property negotiation fees	-	95,601
Property valuation fees	1,362	1,417
Stationery	5,728	4,063
Teleconferencing	2,805	494
Technology software / hardware expenses	666	267
Public relations	160	-
Administration expenses - Total	493,026	468,428

Employee benefits expense

Wages and Superannuation	407,077	409,449
Long service leave expense	1,477	3,960
Staff amenities / expenses / recognition	1,785	472
Contract staff	63,949	20,890
Employee benefits expense - Total	474,288	434,771

	2017	2016
Occupancy expenses		
Building Maintenance	-	1,622
Cleaning	8,971	7,715
Council rates	1,937	4,264
Electricity	9,805	11,056
Equipment maintenance and expenses	2,148	1,276
Rent	140,930	63,772
Water and sewerage	9	212
Waste collection / recycling	674	3,150
Strata Levy	12,588	-
Occupancy expenses - Total	177,062	93,067

Depreciation and amortisation expense	10,941	25,053
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Journal expenses

Journal production	8,487	12,086
Journal printing	19,344	28,408
Journal postage	8,589	8,954
Journal expenses - Total	36,420	49,448

Other expenses

Bad and doubtful debts expense	2,331	914
Bank charges	4,228	4,347
Sponsorship paid(Foundation for Public Education)	-	2,000
Misc/sundry expenses	121	-
Other expenses - Total	6,680	7,261

EXPENSES - TOTAL	1,286,245	1,167,230
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Surplus (Loss) for the year	37,947	2,247,403
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Federation of Parents and Citizens Associations of New South Wales

ABN 37 439 975 796

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Notes

Affiliation fees – P&C member affiliation fees, declining from prior year due to changes in length of membership year in prior year.

Insurance commission – Commission on insurance policies purchased by P&C members, declining from prior year due to availability of new insurance packages providing insurance at lower cost to P&C members.

Journal advertising and subscriptions – Decline from prior year due to changes in how advertisers are booking advertisements.

Sundry Income – Centrelink payments for maternity leave, Board of Studies sitting fees, unidentified insurance deposits.

Rental Income – Rent received for recently acquired Parramatta property

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

Board meetings – Cost of holding Board meetings, consisting primarily of travel and accommodation costs.

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 representation – Out of pocket expenses for conducting parent forums.

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

Forum expenses – Primarily hire of venues for conducting parent forums.

Insurance – Federation – Cost of various insurances held by the P&C Federation.

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

Internet and website – Current year expense Includes cost of moving website from former provider.

IT consultant services – Current year expense includes cost of moving to new IT provider in January 2017.

Professional Fees Legal – Cost of review of contracts and policies and P&C member guidance documents.

Professional Fees Property – Professional assistance in identification of new property for P&C Federation.

Professional Fees Investment Advice – Professional advice for formation of P&C Federation investment portfolio.

Membership / subscriptions – Cost of memberships and subscriptions taken up by P&C Federation.

Office equipment photocopier payout costs – Cost of early termination of leases of photocopiers.

Postage and PO Box – Cost of general mail and locked bags for P&C Federation.

Postage franking machine payout costs – Cost of early termination of leases of postage franking machine.

Property negotiation fees – Cost of independent property sale negotiators for sale of Granville property.

Property valuation fees – Independent property valuation of potential property purchases.

Teleconferencing – Increase in current year due to increased use of teleconferencing for subcommittee discussions.

Contract staff – Cost of casual staff to meet temporary needs following staff resignations and prior to hiring replacement staff.

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

Strata Levy – New cost item due to acquisition of strata-titled commercial property in Parramatta.

Journal production – Cost of external designer of Journal, with accompanying change of provider in current year.

Journal printing – Cost of external printer, with accompanying change of provider in current year.

Misc/sundry expenses – Batteries and petty office supplies.