

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

**ABN 37 439 975 796**

**Financial Statements - 31 May 2015**

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

**Contents**

**31 May 2015**

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**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of comprehensive income**  
**For the year ended 31 May 2015**

	Note	2015 \$	2014 \$
<b>Revenue</b>	5	909,859	966,523
Other income	6	90,346	40,836
<b>Expenses</b>			
Representative expenses		(38,989)	(117,522)
Administration expenses	7	(426,042)	(570,418)
Employee benefits expense	7	(627,964)	(477,591)
Occupancy expenses		(54,636)	(40,242)
Depreciation and amortisation expense	7	(49,844)	(65,927)
Journal expenses		(56,616)	(80,170)
Other expenses		(2,766)	(35,872)
<b>Deficit before income tax expense</b>		(256,652)	(380,383)
Income tax expense		-	-
<b>Deficit after income tax expense for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales</b>	18	(256,652)	(380,383)
<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>114,961</u>	<u>(380,383)</u>

Refer to note 4 for detailed information on restatement of comparatives.

**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of financial position**  
**As at 31 May 2015**

	Note	2015 \$	2014 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	290,356	425,658
Trade and other receivables	9	19,747	28,271
Other	10	38,574	29,530
Total current assets		<u>348,677</u>	<u>483,459</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	2,023,526	1,682,457
Intangibles	12	3,326	-
Total non-current assets		<u>2,026,852</u>	<u>1,682,457</u>
<b>Total assets</b>		<u>2,375,529</u>	<u>2,165,916</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	77,642	313,166
Employee benefits	14	30,082	37,311
Other	15	426,803	89,054
Total current liabilities		<u>534,527</u>	<u>439,531</u>
<b>Non-current liabilities</b>			
Employee benefits	16	12,568	12,912
Total non-current liabilities		<u>12,568</u>	<u>12,912</u>
<b>Total liabilities</b>		<u>547,095</u>	<u>452,443</u>
<b>Net assets</b>		<u>1,828,434</u>	<u>1,713,473</u>
<b>Equity</b>			
Reserves	17	609,187	237,574
Retained surplus	18	1,219,247	1,475,899
<b>Total equity</b>		<u>1,828,434</u>	<u>1,713,473</u>

Refer to note 4 for detailed information on restatement of comparatives.

**Federation of Parents and Citizens Associations of New South Wales**  
**Statement of changes in equity**  
**For the year ended 31 May 2015**

	<b>Reserves</b> \$	<b>Retained surplus</b> \$	<b>Total equity</b> \$
Balance at 1 June 2013	237,574	1,856,282	2,093,856
Deficit after income tax expense for the year	-	(380,383)	(380,383)
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(380,383)	(380,383)
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2014	<u>237,574</u>	<u>1,475,899</u>	<u>1,713,473</u>

Refer to note 4 for detailed information on restatement of comparatives.

	<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
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	371,613	(256,652)	114,961
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2015	<u>609,187</u>	<u>1,219,247</u>	<u>1,828,434</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 2015**

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from members and customers (inclusive of GST)		1,083,660	1,074,198
Receipts from Government Grants (inclusive of GST)		394,680	-
Payments to suppliers and employees (inclusive of GST)		<u>(1,597,495)</u>	<u>(1,157,712)</u>
		(119,155)	(83,514)
Interest received		<u>6,479</u>	<u>13,836</u>
Net cash used in operating activities		<u>(112,676)</u>	<u>(69,678)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(18,444)	(4,298)
Payments for intangibles	12	<u>(4,182)</u>	<u>-</u>
Net cash used in investing activities		<u>(22,626)</u>	<u>(4,298)</u>
<b>Cash flows from financing activities</b>			
Net cash from financing activities		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		(135,302)	(73,976)
Cash and cash equivalents at the beginning of the financial year		<u>425,658</u>	<u>499,634</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>290,356</u></u>	<u><u>425,658</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 2015**

**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.

The financial statements were authorised for issue on 21 August 2015. The officers 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 2015**

**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 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 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 2015**

**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 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 2015**

**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. Restatement of comparatives**

*Correction of error*

During the 2014 financial year, P&C Federation's Executive Council members were involved in a legal dispute. Substantial legal costs were incurred as a result of this dispute which P&C Federation paid after the date the 2014 financial statements were signed. An accrual for these costs was not recognised in the 2014 financial statements. The total dollar value impact of these transactions was an increase in 2014 reported deficit of \$128,603 and a corresponding increase in 2014 Administration Expenses and 2014 Trade Payables.

During the 2015 financial year, management identified several transactions that were not recorded in the correct accounting period relating to insurance premiums payable to P&C Federation's insurance broker, insurance commissions and affiliation revenue. The total dollar value impact of these transactions was a decrease in 2014 reported deficit of \$17,155. The components of this total are:

- \$4,550 of membership affiliation fees received in the 2014-15 year but which related to the 2013-2014 year, resulting in an increase in 2014 revenue and a corresponding increase in 2014 Trade Receivables.
- \$18,970 of commission income received in the 2014-15 year but paid in respect of student injury insurance premiums received in the 2013-14 year, resulting in an increase in 2014 revenue and a corresponding increase in 2014 Trade Receivables.
- \$6,365 of member insurance premiums received in the 2013-14 year but forwarded to the P&C Federation's insurance broker in the 2014-15 year, resulting in an increase in 2014 Administration Expenses and a corresponding increase in 2014 Trade Payables.

During the 2015 financial year, management identified that in the 2013 - 14 year the Federation received a grant of \$11,000 on behalf of a member and subsequently forwarded that grant to the member in the 2014-15 year. However, the incorrect offsetting of expenses of \$11,000 against the grant in the 2013 - 14 year resulted in the grant and expenses not being recorded in the 2014 financial statements. Correcting this results in an increase in 2014 reported deficit of \$11,000 and a corresponding increase in 2014 Other Expenses and 2014 Other Payables.

*Reclassification*

During the 2015 financial year, management decided to report depreciation and amortisation expense separately from Administration Expenses, in which it had previously been included. This results in the 2014 Administration Expenses being reduced by \$65,927 with a corresponding increase in the 2014 Depreciation and Amortisation Expense.

During the 2015 financial year, management identified that the previous reporting of Parent/Infant Club Levy revenue was incorrect. The presentation of the 2014 results have been amended so that the Parent/Infant Club Levy revenue is now recognised within Administration Expenses. As a result 2014 revenue decreased by \$2,215 with a corresponding decrease in 2014 Administration Expenses.

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 4. Restatement of comparatives (continued)**

*Statement of comprehensive income*

<b>Extract</b>	<b>2014</b> <b>\$</b> <b>Reported</b>	<b>\$</b> <b>Adjustment</b>	<b>2014</b> <b>\$</b> <b>Restated</b>
Affiliation fees (see Note 5)	613,905	4,550	618,455
Insurance commission (see Note 5)	267,824	18,970	286,794
Parent/infant club levy (see Note 5)	2,215	(2,215)	-
	<hr/>	<hr/>	<hr/>
<b>Revenue</b>	945,218	21,305	966,523
<b>Expenses</b>			
Administration expenses	(503,592)	(66,826)	(570,418)
Depreciation and amortisation expense	-	(65,927)	(65,927)
Other expenses	(24,872)	(11,000)	(35,872)
	<hr/>	<hr/>	<hr/>
<b>Deficit before income tax expense</b>	(257,935)	(122,448)	(380,383)
Income tax expense	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Deficit after income tax expense for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales</b>	(257,935)	(122,448)	(380,383)
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to the members of Federation of Parents and Citizens Associations of New South Wales</b>	<u>(257,935)</u>	<u>(122,448)</u>	<u>(380,383)</u>

*Statement of financial position at the beginning of the earliest comparative period*

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 June 2013. However, as there were no adjustments made as at 1 June 2013, the P&C Federation has elected not to show the 1 June 2013 statement of financial position.

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 4. Restatement of comparatives (continued)**

*Statement of financial position at the end of the earliest comparative period*

<b>Extract</b>	<b>2014</b> <b>\$</b> <b>Reported</b>	<b>\$</b> <b>Adjustment</b>	<b>2014</b> <b>\$</b> <b>Restated</b>
<b>Assets</b>			
<b>Current assets</b>			
Trade receivables (see Note 9)	3,789	23,520	27,309
Trade and other receivables	4,751	23,520	28,271
Total current assets	<u>459,939</u>	<u>23,520</u>	<u>483,459</u>
<b>Total assets</b>	<u>2,142,396</u>	<u>23,520</u>	<u>2,165,916</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables (see Note 13)	110,230	134,968	245,198
Other payables (see Note 13)	53,449	11,000	64,449
Trade and other payables	167,198	145,968	313,166
Total current liabilities	<u>293,563</u>	<u>145,968</u>	<u>439,531</u>
<b>Total liabilities</b>	<u>306,475</u>	<u>145,968</u>	<u>452,443</u>
<b>Net assets</b>	<u>1,835,921</u>	<u>(122,448)</u>	<u>1,713,473</u>
<b>Equity</b>			
Retained surplus	1,598,347	(122,448)	1,475,899
<b>Total equity</b>	<u>1,835,921</u>	<u>(122,448)</u>	<u>1,713,473</u>

**Note 5. Revenue**

	<b>2015</b> <b>\$</b>	<b>2014</b> <b>\$</b>
Affiliation fees	534,131	618,455
Insurance commission	275,873	286,794
Journal advertising	46,637	36,667
Conference income	-	4,000
Administration and late fees	10,339	11,940
Sale of goods	4,032	4,742
Sundry income	38,847	3,925
Revenue	<u>909,859</u>	<u>966,523</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 5. Revenue (continued)**

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 6. Other income**

	2015 \$	2014 \$
Grant - NSW Department of Education and Communities	83,867	-
Grant - Office of Environment and Heritage	-	27,000
Interest received	6,479	13,836
	<u>90,346</u>	<u>40,836</u>
Other income	<u>90,346</u>	<u>40,836</u>

**Note 7. Expenses**

	2015 \$	2014 \$
Deficit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation expense	48,988	65,927
Amortisation expense	856	-
Total depreciation and amortisation expense	<u>49,844</u>	<u>65,927</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>48,240</u>	<u>38,207</u>
<i>Bad and doubtful debts</i>		
Bad and doubtful debt expense	<u>1,642</u>	<u>1,955</u>
<i>Government grant expenditure</i>		
NSW Department of Education and Communities - Association representation expenses	10,056	-
NSW Department of Education and Communities - External consultant costs	9,409	-
NSW Department of Education and Communities - Salaries and wages	64,402	-
Office of Environment and Heritage	-	27,000
Total government grant expenditure	<u>83,867</u>	<u>27,000</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 8. Current assets - cash and cash equivalents**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	290,356	294,893
Cash on deposit	-	130,765
	<u>290,356</u>	<u>425,658</u>

The effective interest rate on short term deposits in 2014 was 3.40% and these deposits had an average maturity of 90 days.

**Note 9. Current assets - trade and other receivables**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	5,668	27,309
Less: Provision for impairment of receivables	-	(3,000)
	<u>5,668</u>	<u>24,309</u>
GST receivable	14,079	3,962
	<u>19,747</u>	<u>28,271</u>

**Note 10. Current assets - other**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Prepayments	<u>38,574</u>	<u>29,530</u>

**Note 11. Non-current assets - property, plant and equipment**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Land - at fair value	433,000	-
Land - at Executive Council's valuation	-	400,000
	<u>433,000</u>	<u>400,000</u>
Buildings - at fair value	1,567,000	-
Land and buildings - at Executive Council's valuation	-	1,351,272
Less: Accumulated depreciation	-	(87,778)
	<u>1,567,000</u>	<u>1,263,494</u>
Plant and equipment - at cost	235,753	217,309
Less: Accumulated depreciation	(212,804)	(200,156)
	<u>22,949</u>	<u>17,153</u>
Fixtures and fittings - at cost	27,006	27,006
Less: Accumulated depreciation	(26,429)	(25,196)
	<u>577</u>	<u>1,810</u>
	<u>2,023,526</u>	<u>1,682,457</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 11. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

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

	Land \$	Land and Buildings \$	Plant and Equipment \$	Fixtures and fittings \$	Total \$
Balance at 1 June 2014	400,000	1,263,494	17,153	1,810	1,682,457
Additions	-	-	18,444	-	18,444
Revaluation increments	33,000	338,613	-	-	371,613
Depreciation expense	-	(35,107)	(12,648)	(1,233)	(48,988)
Balance at 31 May 2015	<u>433,000</u>	<u>1,567,000</u>	<u>22,949</u>	<u>577</u>	<u>2,023,526</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. The officers do not believe that there has been a material movement in fair value since the revaluation date.

**Note 12. Non-current assets - intangibles**

	2015 \$	2014 \$
Website - at cost	4,182	-
Less: Accumulated amortisation	(856)	-
	<u>3,326</u>	<u>-</u>

*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 2014	-	-
Additions	4,182	4,182
Amortisation expense	(856)	(856)
Balance at 31 May 2015	<u>3,326</u>	<u>3,326</u>

**Note 13. Current liabilities - trade and other payables**

	2015 \$	2014 \$
Trade payables	68,401	245,198
Fighting funds for government schools	-	3,519
Other payables	9,241	64,449
	<u>77,642</u>	<u>313,166</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 14. Current liabilities - employee benefits**

	2015 \$	2014 \$
Annual leave	<u>30,082</u>	<u>37,311</u>

**Note 15. Current liabilities - other**

	2015 \$	2014 \$
Deferred revenue	151,870	89,054
Deferred government grants	<u>274,933</u>	<u>-</u>
	<u>426,803</u>	<u>89,054</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 16. Non-current liabilities - employee benefits**

	2015 \$	2014 \$
Long service leave	<u>12,568</u>	<u>12,912</u>

**Note 17. Equity - reserves**

	2015 \$	2014 \$
Asset revaluation reserve	<u>609,187</u>	<u>237,574</u>

*Asset revaluation reserve*

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

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 17. Equity - reserves (continued)**

*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 2013	237,574	237,574
Balance at 31 May 2014	237,574	237,574
Revaluation - gross	371,613	371,613
Balance at 31 May 2015	<u>609,187</u>	<u>609,187</u>

**Note 18. Equity - retained surplus**

	2015 \$	2014 \$
Retained surplus at the beginning of the financial year	1,475,899	1,856,282
Deficit after income tax expense for the year	(256,652)	(380,383)
Retained surplus at the end of the financial year	<u>1,219,247</u>	<u>1,475,899</u>

**Note 19. Key management personnel disclosures**

*Compensation*

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

	2015 \$	2014 \$
Aggregate compensation	<u>227,255</u>	<u>152,603</u>

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

	2015 \$	2014 \$
<b>Other related parties</b> Gwen Briggs is the mother-in-law of Rodney Johnson, former Senior Vice President. She was formerly employed as Member Support Services Officer.	<u>45,225</u>	<u>45,346</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.

**Note 20. Remuneration of auditor**

	2015 \$	2014 \$
<b>Audit Services</b> Audit of the financial statements	<u>9,700</u>	<u>9,300</u>

**Federation of Parents and Citizens Associations of New South Wales**  
**Notes to the financial statements**  
**31 May 2015**

**Note 21. Contingent liabilities**

The P&C Federation had no contingent liabilities as at 31 May 2015 and 31 May 2014.

**Note 22. Commitments**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	40,986	39,985
One to five years	36,922	55,385
	<u>77,908</u>	<u>95,370</u>

**Note 23. Related party transactions**

*Key management personnel*

Disclosures relating to key management personnel are set out in note 19.

*Other related parties*

Disclosures relating to other related parties are set out in note 19.

*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 24. Events after the reporting period**

No matter or circumstance has arisen since 31 May 2015 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**  
**Officers' declaration**  
**31 May 2015**

In the officers' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements;
- the attached financial statements and notes give a true and fair view of the P&C Federation's financial position as at 31 May 2015 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 officers



Alan Gardiner  
Vice President

21 AUGUST 2015

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

### **Report on the Financial Report**

We have audited the accompanying financial report of the Federation of Parents and Citizens Associations of New South Wales on pages 2 to 19, which comprises the statement of financial position as at 31 May 2015, the statement of 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 officers' 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' Association 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 THE FEDERATION OF PARENTS AND CITIZENS ASSOCIATIONS OF NEW SOUTH WALES (CONT)**

### *Auditor's Opinion*

In our opinion the financial report on pages 2 to 19 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 2015, 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 2015 included on Federation of Parents and Citizens Associations of New South Wales' web site. The entity'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  
Chartered Accountants

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

M A Nevill  
Partner

Dated this 21st day of August, 2015