



10 May 2014

Mr Christopher Cotching
President
Australian Principals Federation-Victorian Branch
via email: apf@apf.net.au
cc: astefani@apf.net.au

Dear Mr Cotching,

**Australian Principals Federation-Victorian Branch
Financial Report for the year ended 30 June 2013 [FR2013/372]**

I acknowledge receipt of the financial report of the Australian Principals Federation-Victorian Branch. The documents were lodged with the Fair Work Commission on 2 December 2013.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and Reporting Guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 30 June 2014 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to [Financial reporting process](#) which explains the timeline requirements, and [Summary of financial reporting timelines](#) which sets out the timeline requirements in diagrammatical form.

I note that the following timescale requirements were not met:

Documents must be lodged with the Fair Work Commission within 14 days of General Meeting

Section 268 of the RO Act states that the full report and the designated officer's certificate are required to be lodged with the Fair Work Commission within 14 days of the meeting of the Committee of Management. The Designated Officer's Certificate indicates that this meeting occurred on 15 November 2013. If this is correct the full report should have been lodged with the Fair Work Commission by 29 November 2013.

The full report was lodged on 2 December 2013.

If these dates are correct, the branch should have applied for an extension of time to lodge the required reports and the designated officer's certificate in accordance with section 268 of the RO Act.

Please note that in future financial years a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made if the branch cannot lodge on time.

Disclosure of employee expenses and provisions to office holders and other employees

Paragraph 17 of the Reporting Guidelines sets out the expenses required to be disclosed in the financial statements. Paragraph 17(f) sets out disclosures with respect to office holders and Paragraph 17(g) sets out disclosures with respect to other employees. Paragraph 18 of the Reporting Guidelines requires that if any of the activities identified in Paragraph 17 have not occurred in the reporting period, a statement to this effect be included in the financial statements or notes.

Note 4 to the GPFR discloses wages and salaries, superannuation, leave and other entitlements and other employee expenses separately for officer holders and employees, but does not disclose separation and redundancies.

Paragraph 21 of the Reporting Guidelines sets out the liabilities required to be disclosed in the financial statements. Paragraph 21(c) sets out disclosures with respect to office holders and Paragraph 21(d) sets out disclosures with respect to other employees. Paragraph 22 of the Reporting Guidelines requires that if any of the activities identified in Paragraph 21 have not occurred in the reporting period, a statement to this effect be included in the financial statements or notes.

Note 9 to the GPFR discloses liabilities for annual leave and long service leave separately for office holders and employees, but does not disclose liabilities for separation and redundancies and other employee provisions.

In future, please ensure that the financial statements or notes refer to each of the items listed in Paragraphs 17 and 21 of the Reporting Guidelines, even if the amount is nil.

If you have any queries regarding this letter, please contact me on (03) 8661 7942 or via email at rebecca.lee@fwc.gov.au.

Yours sincerely,



Rebecca Lee
Regulatory Compliance Branch



Australian Principals Federation

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Certificate of Secretary or Other Authorised Officer
2012 -13 Australian Principals Federation
Vic Branch

I, Christopher Cotching, being the President of the Australian Principals Federation Victorian Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Principals Federation Victorian Branch for the period ended 30th June 2013 referred to in s268 of Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members on 21st October 2013 ; and
- that the full report was presented to the Committee of Management held on 15th November 2013.

Chris Cotching
President
Date: 02th December 2013

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2013

Review of Principal Activities

The essential business of the Australian Principals Federation remains and continues as it has in previous periods. What is significantly different from the previous reporting period is the intensity and demands placed upon the organisation, to respond to members issues both collectively and individually. Importantly, main functions include providing effective advice and support to Principal Class Officers as well as representing and advocating for them with the employer, in relation to matters such as classification, range and salary; contractual issues including matters of tenure and renewal processes; retirement and resignation; Work Cover; complaints resolution; salary packaging, disciplinary action; performance management and a myriad of related issues.

Throughout the current period the APF has continued to support members and negotiate in relation to matters emanating from the implementation of the Victorian Government Schools Agreement 2008, Ministerial Orders, most notably number 199, their contracts of employment and the implementation of Department of Education and Early Childhood Development policy across an increasing range of areas. Considerable disputation, advocacy and representation has occurred on behalf of members because of a clear breach on numerous occasions of DEECD policy and guidelines.

Throughout the reporting period the APF continued to pursue matters in relation to the development of an Enterprise Bargaining Agreement for Principal Class Officers. This process has been extraordinarily protracted with over thirty eight separate meetings of the negotiating team with representatives from the Department of Treasury and Finance and the Department of Education and Early Childhood Development over the period. Our negotiating team comprised of six highly skilled and experienced Principal Class members, whose immediate background involved primary and secondary schools in rural, regional or metropolitan settings. This process commenced on 19th May 2011 when the APF served a comprehensive log of claims on the Department of Education and Early Childhood Development (DEECD) with a focus upon achieving a separate Principal Class Agreement. Negotiations commenced on Thursday 4th August 2011 with an agreement in principle finally reached on 17th April 2013, after the APF Executive endorsed an offer by the employer.

Throughout the period of negotiation ongoing reporting occurred to our Executive, Council and broader membership. APF meetings and forums were conducted in an ongoing manner around the State throughout the period. Similarly legal counsel was regularly sought and throughout the process actions and remedies were sought under the Fair Work Act 2009. This included reliance on Section 240 (1) with an *Application for the Fair Work Commission to deal with a bargaining dispute* and Section 437 with an *Application for a Protected Action Ballot Order*. On 2nd April 2013 Commissioner Bissett granted an Order for a Protected Action Ballot. This was a significant and highly strategic outcome, given the stage and progress of negotiations at that time. These industrial instruments were effective in furthering the interests and imperatives of our negotiating team.

Nevertheless, whilst the APF was not successful in achieving a separate Principal Class Agreement on this occasion the APF for the first time ever became a party to the Victorian Government Schools Agreement at certification under *Sections 183 and 202 of the Fair Work Act 2009*. This has been a significant achievement and augurs well for our increasing and strengthened role into the future.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2013

Significant Changes for the Branch

At the end of the reporting period we witness the cusp of considerable potential change in employment matters affecting Principal Class Officers. The following Government and /or Employer initiatives will continue to influence the employment relationship and the ever increasing needs of our members for increased advocacy, support, intervention and protections. Whilst some of the inherent initiatives commenced in the previous period the corollary of effects was more pronounced in the current reporting period.

- Release of the second Ministerial policy document – *Towards Victoria as a Learning Community – November 2012*. This followed from the previous release of *Victoria as a Learning Community* in November 2011.
- Release of the *New Directions for School Leadership and the Teaching Profession* – 21st June 2012
- Continued Organisational Restructure of the DEECD and therein the structure, functions and roles of Central Office, Regional Offices and demise of School Networks. Of significance for many members is the abolition of some 72 Regional Network Leaders State wide and the withdrawal of support services due in part to significant staffing cuts to the Public Service in Victoria. The replacement with some 34 Senior Advisors Regional Performance and Planning with a changed and emerging role has signalled increasing challenges for the future.
- Release of the Terms of Reference into the inquiry into School Devolution and Autonomy by the *Victorian Competition and Efficiency Commission* in October 2012.
- *Review of School Governance* by the Department of Education and Early Childhood Development – November 2012

Importantly, the Australian Principals Federation has taken a proactive steps to represent the interests of our members in relation to these changing policy positions. The APF provided a detailed response to the DEECD discussion paper *New Directions for School Leadership and the Teaching Profession*, as released in June 2012. A detailed response informed by member views was submitted prior to the 1st September 2012. Similarly, the APF was active in providing a detailed response to the Interim Report by the Victorian Competition and Efficiency Commission *Inquiry into School Devolution and Accountability* with a submission provided by 16th June 2013. This was further enriched by participation by APF Executive members and Councillors in round table forums concerning Governance and Principal Accountability with Commissioners from the VCEC.

Increasingly, Principal Class Officers are becoming aware of the need for an industrial organisation to safeguard and promote their interests. As one of the most devolved education systems in the *Organisation for Economic Co-operation and Development (OECD)* and yet paradoxically, as one that in the immediate period has been the most bureaucratised, the Victorian system presents escalating challenges for Principal Class Officers. The corollary of intense and unrelenting demands for policy implementation by Principal Class Officers has resulted in a system where practical support from the employer is increasingly acknowledged as wanting at best, and more widely perceived as non-existent. Principal Class Officers are increasingly reporting a sense of being isolated, marginalised and forgotten by the employer. Furthermore, as the gulf between the interests of teachers and Principal Class Officers has become more apparent the latter have increasingly sought interest, protection and advice from our organisation.

**THE AUSTRALIAN PRINCIPALS FEDERATION
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OPERATING REPORT FOR THE FINANCIAL YEAR 2013

Significant Changes for the Branch (continued)

More significantly, whilst such officers have been members of professional associations there is a wider recognition, particularly in the reporting period, that industrial protection from the APF is increasingly needed and is a separate function to the services provided by a professional body. This continues to be a surprise to some members of the Principal Class in Victoria.

Significant Changes to Financial Affairs

The APF has been operating in an under resourced manner for a number of years and this was no longer sustainable with the increase in demand from members for *one on one* support state wide. As a result in July 2012 the APF membership subscription fees were increased from \$397.20 to \$612.00 per calendar year. Membership fees had not increased since January 2008. The increase in fees came into effect as a pro rata on 1st July 2012. Whilst this has created some immediate pressures regarding membership numbers we are confident that over the longer term Principal Class Employees will become aware of their need for specialised and exclusive Principal Class representation.

A range of initiatives have contributed positively to the operational viability of the Australian Principals Federation. These include but are not limited to:

- The significant change to access to members of Government and Senior Officers of the DEECD, including the State Education Minister (s) and their advisors
- Regular representations and dialogue with the Secretary, Deputy Secretaries and Executive Directors and those involved in Statutory authorities regarding member interests.
- Active and direct representations to Members of Parliament on a regular basis through written and verbal communications
- Regular representations and strategic alliances with other stakeholder organisations to effect member interests, including VICCSO, ASCIV, Parents Victoria and others.
- Increased profile created through in excess of eighty meetings / forums / consultations conducted state wide in regional centres in preparation and reporting in regards to Enterprise Bargaining but also in relation to ongoing member matters.
- Improvements in documentation and support to State Councillors and members;
- Membership drive with high levels of presence and connectedness.
- Significant responsiveness to existing member needs and emerging interests.
- Increased and regular communication via newsletters, presentations to groups and emails on specific issues.

Furthermore, as a result of the application of Section 26A of the *Fair Work Australia Act 2009* the Australian Principals Federation has been continually registered since January 2006. This is not insignificant in reflecting the industrial status of our organisation, nor in communicating with confidence our capacity to represent the industrial interests of Principal Class Officers into the future. The decision by the full bench of the High Court on 4th May 2012 in its affirmation of this position has created a watershed, ensuring once and for all that the resources of the APF will no longer need to be diverted to such distractions. The lack of diversion and ensuing conflict in such matters is also important as the APF gains momentum and increasing acceptance that it is and remains the Industrial Organisation exclusively for members of the Principal Class.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2013

Significant Changes to Financial Affairs (continued)

Additionally the APF has continued in representation on a further range of consultative forums conducted by the employer. These have included representation on the Ministerial Advisory Committee regarding Election Commitments; the Student Resource Package Consultative Committee. The Principal Data Advisory Group and others including the Review of School Governance and the implementation of broadening consultations arising out of Toward Victoria as a Learning Community and the implementation of the third wave of school reform.

Significantly the contributions and representations have increased markedly in the current reporting period. Apart from those already cited such involvement has included active involvement in forums and consultations emanating from the release of such documents as *the New Directions for School Leadership and the Teaching Profession*; *School Networks*; *School Compacts*; *Intervention and Support*; an *Action Plan for School Reform* and other ongoing dialogue in matters emanating from the School Education Group; the People and Executive Services Group; Regional Services Group and Strategy and Review Group of the DEECD.

Related Parties

During the reporting period the Australian Principals Federation co located with the Victorian Association of State Secondary Principals and the Victorian Principals Association. This co-location has existed since the inception of the organisation.

As part of this co-location a Memorandum of Agreement existed between the three organisations which expired on 30th June 2013.

The Memorandum of Agreement allowed for the following:

- Time in lieu of rent from the APF Executive Officer to perform task of account management and administration, IT support and administration, administration of service agreements and office processes.
- The organisation shared equally the cost of a full time receptionist.
- The organisation shared equally the cost of office materials with the exception of photocopying and postage which was a user pay basis.

During such time the Treasurer of the Victorian Principals Association Ian Sloane was on the APF Victorian State Branch Council as a Councillor and further more Kevin Mackay, Board members of the Victorian Principals Association was on the APF Victorian State Branch Executive and Federal Office Executive.

Councillor of the Victorian Principals Association who also sat on the APF State Branch Council includes Andrew Dalglish, Kevin Mackay, Ian Sloane and Jeff Douma.

Right to Resign

A members' right to resign is regulated by Section 174 of the Fair Work (Registered Organisations) Act 2009 and is covered by Rule 12 which provides *inter alia* that a member may resign by written notice addressed and delivered to the President.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2013

Trustee of Superannuation Entity

The APF has no officers or members who are trustees of a superannuation entity or of an exempt public sector superannuation scheme or as a director of a company that is a trustee of such an entity or scheme.

Number of Members

The number of financial members of the APF Victorian Branch as at 30 June 2013 was 749.

Number of Employees

The APF employed 1 office holder and 1 employee at the end of the reporting period.

Committee of Management (APF Victorian Branch Council)

For the entirety of the financial year, 1 July 2012 to 30 June 2013, the individuals listed below held office of the Australian Principals Federation - Victorian Branch Council unless otherwise stated.

Name	Sector	Constituency
Chris Cotching	Primary	Statewide Victorian
David Finnerty	Secondary	Statewide Victorian
Jeff Douma	Primary	Barwon South West Region
Barry Rowland (resigned 6 th May 2013)	Secondary	Barwon South West Region
Wendy Inman	Primary	Gippsland Region
Vacant	Secondary	Gippsland Region
Andrew Dalglish (elected 18 th September 2012)	Primary	Grampians Region
John Burt (elected 18 th September 2012)	Secondary	Grampians Region
Elizabeth Lloyd	Primary	Hume Region
John Pryor (resigned 10 th May 2013)	Secondary	Hume Region
John Scobie (elected 18 th September 2012)	Primary	Loddon Mallee Region
Christopher Eeles	Secondary	Loddon Mallee Region
Ian Sloane	Primary	Eastern Metropolitan Region
John Handley	Secondary	Eastern Metropolitan Region
Loretta Piazza	Primary	Northern Metropolitan Region
Branko Lukic	Secondary	Northern Metropolitan Region
Kevin Mackay	Primary	Southern Metropolitan Region
Julie Podbury	Secondary	Southern Metropolitan Region
Peter Kearney	Primary	Western Metropolitan Region
Rod Kendall	Secondary	Western Metropolitan Region



Chris Cotching
President
18 October 2013

**THE AUSTRALIAN PRICIPALS FEDERATION
VICTORIAN BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

On 18 October 2013 the Committee of Management of The Australian Principals Federation passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 30 June 2013.

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request of a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
 - (vi) where any order of inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

**THE AUSTRALIAN PRICIPALS FEDERATION
VICTORIAN BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2013**

- (f) in relation to recovery of wages activity:
- (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - (ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
 - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

This declaration is made in accordance with a resolution of the Committee of Management.



Chris Cotching
President
18 October 2013

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 \$	2012 \$
INCOME			
Subscriptions		402,762	306,402
Capitation Fees		-	-
Levies		-	-
Interest		18	654
Grants or Donations	3	-	22,132
Other Revenue		95,509	93,473
		-----	-----
		498,289	422,661
		-----	-----
LESS EXPENDITURE			
Employee Expenses	4	277,010	233,800
Capitation Fees	4	4,296	4,797
Affiliation Fees		-	-
Occupancy Expenses		122,205	131,062
Office Expenses		14,523	15,232
Grants or Donations		-	-
Depreciation	4	9,954	8,771
Finance Expenses		5,630	4,000
Legal Costs		-	-
Audit Fees		6,500	6,300
Motor Vehicle Expenses		8,427	9,660
Consultancies		3,318	870
Meeting Expenses		19,155	16,783
Penalties under the RO Act		-	-
		-----	-----
		471,018	431,275
		-----	-----
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year		-	-
		-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,271	(8,614)
		=====	=====

The above statement should be read in conjunction with the notes.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash	5	31,559	27,642
Receivables	6	-	3,750
		-----	-----
TOTAL CURRENT ASSETS		31,559	31,392
		-----	-----
NON-CURRENT ASSETS			
Plant & Equipment	7	44,957	49,087
Loan to Federal Branch	12	48,390	-
		-----	-----
TOTAL NON-CURRENT ASSETS		93,347	49,087
		-----	-----
TOTAL ASSETS		124,906	80,479
		-----	-----
CURRENT LIABILITIES			
Creditors & Borrowings	8	40,447	37,479
Employee Benefits	9	4,925	3,520
Commitment to Federal Branch	12	46,851	43,666
Income in Advance		20,910	-
		-----	-----
TOTAL CURRENT LIABILITIES		113,133	84,665
		-----	-----
NON-CURRENT LIABILITIES			
Employee Benefits	9	15,425	12,900
		-----	-----
TOTAL NON-CURRENT LIABILITIES		15,425	12,900
		-----	-----
TOTAL LIABILITIES		128,558	97,565
		-----	-----
NET ASSETS		(3,652)	(17,086)
		=====	=====
MEMBERS' EQUITY			
Reserves	10	23,241	37,078
Retained Profits/(Accumulated Losses)		(26,893)	(54,164)
		-----	-----
TOTAL MEMBERS' EQUITY		(3,652)	(17,086)
		=====	=====

The above statement should be read in conjunction with the notes.

**THE AUSTRALIAN PRICIPALS FEDERATION
VICTORIAN BRANCH**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

2013	Retained Profits \$	Reserves \$	Total \$
Beginning of the financial year	(54,164)	37,078	(17,086)
Movement for the year	27,271	(13,837)	13,434
End of the financial year	----- (26,893) =====	----- 23,241 =====	----- (3,652) =====
 2012	 Retained Profits \$	 Reserves \$	 Total \$
Beginning of the financial year	(45,550)	103,602	58,052
Movement for the year	(8,614)	(66,524)	(75,138)
End of the financial year	----- (54,164) =====	----- 37,078 =====	----- (17,086) =====

The above statement should be read in conjunction with the notes.

**THE AUSTRALIAN PRICIPALS FEDERATION
VICTORIAN BRANCH**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	NOTE	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Subscriptions		406,512	315,960
Receipts from Other Revenue		95,509	109,315
Payments to suppliers and employees		(443,908)	(432,426)
Interest received		18	654
		-----	-----
Net cash provided by (used in) operating activities	11	58,131	(6,497)
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Fixed asset purchases		(5,824)	(13,053)
		-----	-----
Net cash provided by (used in) investing activities		(5,824)	(13,053)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan to Federal Branch		(48,390)	-
		-----	-----
Net cash provided by (used in) financing activities		(48,390)	-
Net increase (decrease) in cash held		3,917	(19,550)
Cash at the beginning of the financial year		27,642	47,192
		-----	-----
Cash at the end of the financial year	5	31,559	27,642
		=====	=====

The above statement should be read in conjunction with the notes.

**THE AUSTRALIAN PRICIPALS FEDERATION
VICTORIAN BRANCH**

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Nil	-	-
Payments		
Nil	-	-
	-----	-----
Cash assets in respect of recovered money at end of year	-	-
	=====	=====
 Number of workers to which the monies recovered relates	 -	 -
 Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-

The above statement should be read in conjunction with the notes.

**THE AUSTRALIAN PRINCIPALS FEDERATION
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian Principals Federation Victorian Branch is a not-for profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities at measured fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

(b) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded in the year to which it relates.

Reimbursement income is recognised on receipt from associations in which business agreements are held. The Foundation receives reimbursements from these associations for office expenses incurred.

Donations and sponsorships income is recognised when it is received.

Interest income is recognised on an accrual basis using the effective interest method.

**THE AUSTRALIAN PRINCIPALS FEDERATION
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Income Tax

The Australian Principals Federation Victorian Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

(e) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicated 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

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VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Plant and Equipment

Asset Recognition Threshold

Purchases of plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciable plant and equipment assets are written off to their estimated residual values over their estimated useful life using, in all cases, the diminishing value method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Motor Vehicles	22.5%
Office Furniture and Equipment	10 – 25%

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

(i) Creditors and Borrowings

These amounts represent liabilities for goods and services provided to the Federation prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. The legal fund amounts represent monies collected from members for legal support and industrial representation.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee Benefits (continued)

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property of, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

(l) Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

(m) New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

(n) Future Australian Accounting Standard Requirements

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Federation has assessed the impact of these new standards and interpretations and is not expecting a significant impact on the financial statements.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2. EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2013, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of The Australian Principals Federation Victorian Branch.

3. INCOME	2013	2012
	\$	\$
Grants or Donations		
Grants	-	-
Donations	-	200
Sponsorship	-	21,932
	-----	-----
	-	22,132
	=====	=====

4. EXPENSES

Operating profit (loss) includes the following specific expenses:

Employee Expenses

Holder of Office:

Wages and Salaries	157,982	155,293
Superannuation	14,218	13,976
Leave and other entitlements	2,514	1,845
Other employee expenses	2,103	2,138
	-----	-----
	176,817	173,252

Employees:

Wages and Salaries	91,606	49,753
Superannuation	7,172	7,007
Leave and other entitlements	1,415	3,788
Other employee expenses	-	-
	-----	-----
	100,193	60,548

Total Employee Expenses	277,010	233,800
	=====	=====

Capitation Fees – Federal Branch	4,296	4,797
Depreciation of plant and equipment	9,954	8,771

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
5. CASH	\$	\$
Cash on Hand	206	200
General Cheque Account	31,353	27,442
	-----	-----
	31,559	27,642
	=====	=====
6. RECEIVABLES		
Trade Debtors	-	3,750
	-----	-----
	-	3,750
	=====	=====
7. PLANT & EQUIPMENT		
Motor Vehicles - Cost	14,545	14,545
Less Accumulated Depreciation	(6,137)	(3,695)
	-----	-----
	8,408	10,850
	-----	-----
Office Furniture & Equipment - Cost	58,170	62,158
Less Accumulated Depreciation	(21,621)	(23,921)
	-----	-----
	36,549	38,237
	-----	-----
	44,957	49,087
	=====	=====
8. CREDITORS & BORROWINGS		
Trade Creditors	24,619	20,968
Accrued Expenses	6,360	2,782
GST Liability	1,139	1,570
Hire Purchase Liability	8,329	12,159
	-----	-----
	40,447	37,479
	=====	=====
9. EMPLOYEE BENEFITS		
Current Annual Leave – Holder of Office	2,514	1,845
Current Annual Leave – Employees	2,411	1,675
Non Current Long Service Leave – Holder of Office	-	-
Non Current Long Service Leave - Employees	15,425	12,900
	-----	-----
	20,350	16,420
	=====	=====

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

10. RESERVES	2013	2012
	\$	\$
(a) Legal Fund	23,241	37,078
	=====	=====
(b) Movements		
Balance 1 July	37,078	103,602
Member's subscriptions received	-	20,040
Legal fees paid – Victorian Branch	(10,652)	(8,404)
Legal fees paid – Federal Branch	-	(34,494)
Legal fees committed – Federal Branch	(3,185)	(43,666)
	-----	-----
Balance 30 June	23,241	37,078
	=====	=====
(c) The legal fund contains member's subscriptions received to cover legal fees such as registration and member issues.		

11. CASH FLOW INFORMATION	2013	2012
	\$	\$
Reconciliation of Net Cash Provided by Operating Activities with Net Income:		
Net Income/(loss)	27,271	(8,614)
Non-cash flows in net income:		
Depreciation	9,954	8,771
Changes in assets and liabilities:		
Decrease/(increase) in receivables	3,750	15,848
Increase/(decrease) in creditors & borrowings	2,968	(5,278)
Increase/(decrease) in legal fund	(13,837)	(66,524)
Increase/(decrease) in commitments	3,185	43,666
Increase/(decrease) in income in advance	20,910	-
Increase/(decrease) in provisions	3,930	5,634
	-----	-----
Net Cash provided by (used in) operating activities	58,131	(6,497)
	=====	=====

12. FEDERAL BRANCH

The Australian Principals Federation Victorian Branch has agreed to provide The Australian Principals Federation Federal Branch with financial support to ensure they can continue on a going concern basis. The Federal Branch has accumulated losses totalling \$46,851 which has been recognised as a liability to the Victorian Branch as they have made a commitment to support the Federal Branch. The Federal Branch also borrowed \$48,390 from the Victorian Branch to cover its debts within the creditor's terms. This agreed financial support will continue for as long as necessary. This is an interest free agreement with repayments being made by way of capitation fees each year.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

13. REMUNERATION OF AUDITORS	2013	2012
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the entity:		
<i>Audit services</i>		
Mark Costigan & Associates		
Audit and review of financial reports and other audit work	6,500	6,300
<i>Other Services</i>		
Mark Costigan & Associates		
Taxation services	420	420
	-----	-----
	6,920	6,720
	=====	=====

14. RELATED PARTY TRANSACTIONS

a. Key management personnel compensation

Short-term office holder benefits		
Salary (including annual leave taken)	157,982	155,293
Annual leave accrued	2,514	1,845
Long-term employee benefits		
Nil	-	-
	-----	-----
	160,496	157,138
	=====	=====

b. Transactions with related parties

There are no transactions between the Federation and committee members for the supply of goods or services other than in the normal relationship between the Federation and a member. Transactions between the Federation and committee members are on the same terms and conditions available to all other members.

15. EMPLOYEES

The APF employed 1 office holder and 1 employee at the end of the reporting period

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

16. LEASE COMMITMENTS

Commitments in relation to leases contracted for at the reporting date, but not recognised as liabilities, payable:

	2013	2012
	\$	\$
Within one year	7,928	7,928
Later than one year, but not later than five years	-	7,928
	-----	-----
	7,928	15,856
	=====	=====

17. GOING CONCERN

Attention should be drawn to the statement of financial position which indicates that the Federation's total liabilities exceed total assets by \$3,652 (2012: \$17,086). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Federation's ability to continue as a going concern.

The Committee of Management have prepared a detailed cash flow projection and business plan for the next financial year and based on these projections are confident that the Federation will continue to trade profitably and will recoup these losses during this period.

18. SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which read as follows:

Information to be provided to members or the General Manager of Fair Work Australia:

- a. A member of a reporting unit, or the General Manager of Fair Work Australia, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- b. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- c. A reporting unit must comply with an application made under subsection (1).

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

We have audited the financial report of the Australian Principals Federation Victorian Branch for the year ended 30 June 2013. The financial report includes the financial statements of the Federation and the Committee of Management Statement.

Committee Members' Responsibility for the Financial Report

The committee of the Australian Principals Federation Victorian Branch are responsible for the preparation of the financial report, and has determined that the basis of preparation described in Note 1, is appropriate to meet the requirements of the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009 and is appropriate to meet the needs of the members. The committees' responsibility also includes such internal control as the committee determines is necessary to enable the preparation of a 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Federation's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee members', as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Fair Work (Registered Organisations) Act 2009.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material aspects, the financial position of the Australian Principals Federation Victorian Branch as at 30 June 2013, and its financial performance and its cash flows for the year then ended in accordance with:

- (a) the Australian Accounting Standards; and
- (b) The requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist The Australian Principals Federation Federal Office to meet the requirements of the Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. As a result, the financial report may not be suitable for another purpose.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 16 in the financial report which outlines there is significant uncertainty whether the entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The note indicates that the Federation's total liabilities exceed total assets by \$3,652. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Federation's ability to continue as a going concern.

MARK COSTIGAN & ASSOCIATES Chartered Accountants



Mark A. Costigan
Registered Company Auditor
Member of the Institute of Chartered Accountants in Australia holding a current Public Practice Certificate

Lilydale Victoria
18 October 2013