



FAIR WORK
COMMISSION

19 January 2015

Ms Angela Stefani
Executive Officer, Victorian Branch
Australian Principals' Federation

sent to: astefani@apf.net.au

Dear Ms Stefani,

Re: Lodgement of Financial Statements and Accounts - Australian Principals' Federation, Victorian Branch - for year ended 30 June 2014 (FR2014/295)

I acknowledge receipt of the amended financial report of the Victorian Branch of the Australian Principals' Federation. The documents comprising the report were lodged with the Fair Work Commission on 15 January 2015. The amended financial report addresses matters identified in previous correspondence and has been filed.

The initial financial report was subject to 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 2015 may be subject to an advanced compliance review.

Should you require further information on the financial reporting requirements of the Act, I may be contacted on (02) [REDACTED] or (02) [REDACTED] or [REDACTED] or by email at stephen.kellett@fwc.gov.au

Yours sincerely

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

cc. Ms Danielle Ewart, Auditor



Australian Principals Federation
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Certificate for the period ended 30th June 2014 - Vic Branch
s.268 Fair Work (Registered Organisations) Act 2009 – Amended Reports

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 as amended for the Australian Principals Federation Victorian Branch for the period ended 30th June 2014 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report as amended was provided to members of the reporting unit on 1st January 2015
and
- that the full report as amended was presented to the *Committee of Management* of the reporting unit on 19th December 2014 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Chris Cotching
President
Date: 15th January 2015

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Principal Activities

The core business of the Australian Principals Federation remains and continues as it has in previous periods.

What continues to be a feature of recent reporting periods 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 Employees 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, support in mediation processes, complaints advice and resolution, salary packaging, disciplinary action, performance management and a myriad of related issues.

In the current reporting period there has been an escalation in matters of conflict particularly at the level and function of a school community. This often involves Principal Class Employees being subject to the complaints processes of the employer, brought about largely by difficulties with the management of school councils, parents and the broader community. The relative and real reduction in funding levels in schools continues to create in part, a considerable mismatch between the aspirations of community members in places and the capacity of the school and invariably the Principal to meet and manage those expectations.

Essentially the work of the APF in relation to member support relates to two clear dimensions. Matters directly involved with employment of Principal Class Employees such as contracts of employment and their renewal, classification and range, performance management, payroll and entitlements, are of immediate interest and form a significant proportion of the support, advice and advocacy provided. Secondly, is the support and advocacy that forms the second dimension of our activity. This relates to the responsibilities and accountabilities of a Principal Class Employee by way of Schedule B of their contract of employment; the relevant and emerging legislative obligations and Ministerial Orders provided, together with an ever burgeoning scope of policy obligations and processes. It is the view of the APF that the escalation in changes at the second dimension account significantly to the enormous work load increase for Principal Class Employees and also a very changed work value, more reflective of their ever changing role and function. Increasingly, the APF has been required to provide support and advocate for the actions of the Principal Class when confronted either directly or vicariously at such bodies as the Victorian Civil Appeals Board, the Merit Protection Board, the Accident Compensation Conciliation Service and at other forums, including the Victorian Equal Opportunity and Human Rights Commission. More recently support has been provided to Principal Class Employees in preparation for mediation involvement with colleagues or staff.

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 2013, 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.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Principal Activities (continued)

Prior to the end of the previous reporting period on 17th April 2013 the APF accepted in principle an agreement with the employer regarding matters concerning the Principal Class. This had followed from a protracted and involved negotiating period, incorporating some thirty eight negotiation meetings with representatives from the Department of Education and Early Childhood Development and the Department of Treasury and Finance.

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 185 of the Fair Work Act 2009*. This has been a significant achievement and augurs well for our increasing and strengthened role into the future.

Throughout the period following certification of the Victorian Government Schools Agreement 2013 the APF has continued to pursue matters of interest to our members, but recognised as outside the scope and substance of the VGSA 2013. The former Enterprise Bargaining Team comprising Mr David Finnerty, Mr Kevin McKay, Ms Julie Podbury, Ms Wendy Inman, Mr Peter Kearney and Mr Christopher Cotching have continued to meet with representatives of the employer DEECD to further our interests in relation to such matters as Principal Class contracts and renewal policy, transfer of Principal Class Employees, Superannuation anomalies and concerns, complaints processes involving Principal Class Employees, matters pertaining to Principal Class Health & Wellbeing, along with other areas including support for Principals Class Employees with areas of risk and management, most notably, occupational health and safety.

Throughout the reporting period the APF continues to evolve and develop through its structures and organisation. This includes meetings of State Council, the Executive and regular and comprehensive meetings at venues throughout metropolitan Melbourne and regional, rural and remote Victoria. Furthermore, membership support is provided directly and face to face throughout school and work locations across Victoria. Direct and regular contact with members occurs through phone and email contact and via a detailed and comprehensive newsletter each month. Additionally, the APF website continues to be upgraded, reviewed and enhanced.

Additionally the APF continues to liaise, communicate and influence a range of outcomes for Principal Class Employees in relation to a myriad of their roles and accountabilities. This involves regular meetings with the Minister for Education, the Secretary and Deputy Secretaries and Executive Directors together with Regional Directors as the line managers of Principals. Towards the end of the reporting period the APF formulated a policy position in relation to priorities for the next State Government. This has been progressively served on registered political parties and communicated our position in relation to issues involving Public Education, School Governance, System Support for Principal Class Employees and Principal Professional recognition and development.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Significant Changes

The current reporting period is one of enormous and historic significance to the Australian Principals Federation.

In recent years the past leadership and executives of the APF had considered the proposition of relocating premises. On 24th July 2013 the APF Executive resolved for the APF to move premises to Suite 1315A 401 Docklands Drive, Docklands. This decision was further endorsed unanimously at the APF State Council of Friday 26th July 2014. On 12th August 2014 the APF took lease of the premises at 401 Docklands Drive, Docklands.

The move to our own premises was timely and necessary. Importantly the financial arrangements involved clearly demonstrated compliance with the *Fair Work Act 2009* and importantly, the *Fair Work (Amendment Act) 2012*. Again the APF was appreciative of the support, advice and direction provided by officers of the Fair Work Commission Compliance Branch in assisting the APF with the transition.

Importantly the move enabled APF members to be assured of complete confidentiality and discretion when seeking the services and support of their industrial organisation. The provision of an expansive office together with discrete meeting areas has been enormously effective in addressing our member and organisational needs.

Furthermore, on 3rd July 2013 the APF became a party to a certified agreement under *Section 185* of the *Fair Work Act 2009*, for the first time in its history. Whilst not achieving a separate Principal Class Agreement in the recent round of negotiations it was nonetheless a significant achievement that augurs well for the future growth and role of the APF.

Thirdly, from January 2014 the APF engaged the services of Mr Mark Arkinstall, former and retired Principal of many years to provide industrial officer support to our burgeoning member demands. This has been a part time role which has been highly beneficial and effective in supporting members in a timely manner. Subject to available resources, we look forward to expanding this role in the next reporting period, with further industrial support officers to meet escalating requests of the organisation.

At the end of the last reporting period we foreshadowed a number of expected changes to Government and / or Employer initiatives which we maintained would influence the employment relationship and the ever increasing needs of our members for increased advocacy, support, intervention and protections. To a large extent these appear to have stalled in their policy implementation. The key documents of interest continue to be the following:

- Release of the second Ministerial policy document – *Towards Victoria as a Learning Community – November 2012*.
- 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, Release of the Terms of Reference into the inquiry into School Devolution and Autonomy by the *Victorian Competition and Efficiency Commission* in October 2012.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Significant Changes (continued)

- *Review of School Governance* by the Department of Education and Early Childhood Development – November 2012
- From *Directions to Actions: World Class Teaching and School Leadership* - November 2013

Previously we have reported our response and concerns about the policy intent of these documents. We are yet to see any release of the DEECD *Review of School Governance*, despite representations to the Minister for Education, senior DEECD bureaucrats and others, and ongoing assurances that the release of the document was 'imminent'. It is our view that the clarity of message provided by the APF in relation to these key issues has been instrumental in the government and employer reconsidering its policy thrust and language in this area. This has continued relentlessly at a range of levels, building upon clear APF policy expressions in this area since 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. This has been done incrementally and increasingly across a range of policy areas. 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.

Given the tardiness of any employer release of their *Review of Governance* the APF provided its own statement on *Principalship and Governance* on 13th June 2014. This statement was made available to the Minister for Education, Hon. Martin Dixon; political advisors and politicians, senior bureaucrats and most importantly, our members. This statement reiterated the following:

1. The APF rejects the notion that a Principal Class Employee be employed by the School Council and /or governing body.
2. The APF rejects the notion that a School Council and /or governing body will have any involvement in the Performance Management of the Principal or any Principal Class Employees.
3. The APF rejects the notion that the School Council and /or governing body will determine the staffing profile of the school.
4. The APF rejects the notion that the curriculum plan or curriculum provision of the school will be ultimately determined by the School Council and /or governing body.
5. The APF affirms the notion that only a person of an appropriate and accredited educational background can perform the role as school leader or as a Principal Class Employee

**THE AUSTRALIAN PRINCIPALS FEDERATION
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OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Significant Changes (continued)

Significantly in October 2013 the APF assumed a prominent and agenda forming role in its response to the DEECD policy approach to Performance Management. On 16th October 2013 the APF took action in relation to avenues available under Clause 28 of the *Victorian Government Schools Agreement 2013*. Subsequently, the APF sought action under section 739 of the *Fair Work Act 2009* through an application to deal with a dispute. Apart from pursuing processes and remedies available at the Fair Work Commission the APF used a broad political and communication strategy to convey its message. This resulted in the production of a highly effective *You Tube* clip that generated an active response from our members and subsequently in response, from the employer. Accordingly the policy approach was amended significantly. This was an enormous achievement for the APF and our members. The organisation responded promptly and effectively to influence the debate and to seek a reasonable and more sustainable outcome for Principal Class Employees.

Increasingly, Principal Class Employees 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 continued to be the most bureaucratised, the Victorian system presents escalating challenges for Principal Class Employees. Furthermore, the rhetoric of increased autonomy, as part of the Government's commitment to its third wave of reform is yet to be clearly expressed or understood. Invariably there is now an established belief that schools are on their own and in places, a sense of abandonment prevails. Yet almost paradoxically, the corollary of intense and unrelenting demands for policy implementation by Principal Class Employees 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 Employees 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 Employees has become more apparent the latter have increasingly sought interest, protection and advice from our organisation.

More significantly, whilst such employees may have been members of professional associations, there is now a wider recognition, particularly in the current reporting period, that industrial protection from the APF is increasingly needed from an organisation that is utterly independent of the employer. At no time does this become more apparent when a Principal Class Employee is in potential conflict with their employer or in need of some informed, timely and critical industrial advice.

THE AUSTRALIAN PRINCIPALS FEDERATION VICTORIAN BRANCH

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Significant Financial Changes

The escalating demands placed upon the APF have seen an increase in the request for *one on one* support state wide. Whilst the subscription fees were increased to \$612.00 from the 1st January 2013 the demands upon these resources have increased disproportionately. It is expected that in the future reporting period the level of these subscriptions will be reviewed by the Federal Council.

A range of increasing initiatives have continued to contribute positively to the financial 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, GSAL, 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 Employee 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.

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; the Occupational Health & Safety Consultative Committee and others including consultations arising out of *Toward Victoria as a Learning Community* and the implementation of the third wave of school reform.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Significant Financial Changes (continued)

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 *From Directions to Actions: World Class Teaching and School Leadership*; *the Victoria as a Learning Community Action Plan*; *Performance Management for Members of the Principal and Teacher Class*; *Ministerial Orders* 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

For part of 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 co-location continued on a monthly arrangement until 12th August 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 share equally the cost of office materials with the exception of photocopying and postage which was on a user pay basis

During the whole reporting period such 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 until December 2013.

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

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 2014

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 2014 was 789.

Number of Employees

The APF employed 1 office holder and 1 employee (full time equivalents) at the end of the reporting period.

Committee of Management

For the period of the financial year, 1 July 2013 to 31 December 2013, the individuals listed below (**Table 1**) held office of the Australian Principals Federation - Victorian Branch Council unless otherwise stated. AEC Elections for all positions were declared on 29 October 2013. (**Table 2**). A further election was called to fill vacant positions and this was declared on 5th June 2014.

Table 1

First Name	Last Name	Sector	Constituency
Vacant		Secondary	Barwon South West Region
Vacant		Secondary	Gippsland Region
Vacant		Secondary	Hume Region
John	Burt	Secondary	Grampians Region
Chris	Cotching	Primary	Statewide Victorian
Andrew	Dalgleish	Primary	Grampians Region
Jeff	Douma	Primary	Barwon South West Region
Christopher	Eeles	Secondary	Loddon Mallee Region
David	Finnerty	Secondary	Statewide Victorian
John	Handley	Secondary	Eastern Metropolitan Region
Wendy	Inman	Primary	Gippsland Region
Peter	Kearney	Primary	Western Metropolitan Region
Rod	Kendall	Secondary	Western Metropolitan Region
Elizabeth	Lloyd	Primary	Hume Region
Branko	Lukic	Secondary	Northern Metropolitan Region
Kevin	Mackay	Primary	Southern Metropolitan Region
Loretta	Piazza	Primary	Northern Metropolitan Region
Julie	Podbury	Secondary	Southern Metropolitan Region
John	Scobie	Primary	Loddon Mallee Region
Ian	Sloane	Primary	Eastern Metropolitan Region

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

OPERATING REPORT FOR THE FINANCIAL YEAR 2014

Committee of Management (continued)

Table 2

First Name	Last Name	Sector	Constituency
Kathie	Arnold	Primary	South Eastern Vic Region
Chris	Cotching	Primary	Statewide Primary Sector
Andrew	Dalgleish	Primary	South Western Vic Region
Steve	Durkin	Primary	South Western Vic Region
Christopher	Eeles	Echuca College	North Western Vic Region
John	Handley	Secondary	North Eastern Vic Region
John	Handley	Secondary (resigned 7 th March 2014)	Statewide Secondary
Julie	Hommelhoff	Comprehensive	North Western Vic Region
Peter	Kearney	Comprehensive	South Western Vic Region
Rod	Kendall	Secondary	South Western Vic Region
Kevin	Mackay	Primary	South Eastern Vic Region
Mark	Moir	Secondary	South Eastern Vic Region
John	Mooney	Comprehensive	North Western Vic Region
Alison	Murphy	Secondary	South Western Vic Region
Loretta	Piazza	Primary	North Western Vic Region
Julie	Podbury	Secondary	South Eastern Vic Region
Philip	Rogers	Secondary	North Eastern Vic Region
John	Scobie	Primary (Retired 17 th July 2014)	North Western Vic Region
Ian	Sloane	Primary	North Eastern Vic Region
Margaret	Staley	Primary (Declared 5 th June 2014)	North Eastern Vic Region



Chris Cotching
President
19 December 2014

**THE AUSTRALIAN PRICIPALS FEDERATION
VICTORIAN BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

On 19 December 2014 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 2014.

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.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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



Chris Cotching
President
19 December 2014

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
INCOME			
Subscriptions		425,631	402,762
Capitation Fees		-	-
Levies		-	-
Interest		10	18
Grants or Donations	3	-	-
Other Revenue		12,058	95,509
		-----	-----
		437,699	498,289
		-----	-----
LESS EXPENDITURE			
Employee Expenses	4	275,305	277,010
Capitation Fees	4	7,648	4,296
Affiliation Fees		-	-
Occupancy Expenses		63,028	122,205
Office Expenses		12,144	14,523
Grants or Donations		-	-
Depreciation	4	4,843	9,954
Finance Expenses		6,065	5,630
Legal Costs		-	-
Audit Fees		6,650	6,500
Motor Vehicle Expenses		12,328	8,427
Consultancies		18,899	3,318
Meeting Expenses		7,477	19,155
Training		9,865	-
Loss on disposal of assets		6,550	-
Fees and Allowances		-	-
Penalties under the RO Act		-	-
		-----	-----
		430,802	471,018
		-----	-----
Other Comprehensive Income		-	-
Other Comprehensive Income for the Year		-	-
		-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,897	27,271
		=====	=====

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 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash	5	14,213	31,559
Receivables	6	-	-
Rental bond		3,835	-
Prepaid rent		2,073	-
		-----	-----
TOTAL CURRENT ASSETS		20,121	31,559
		-----	-----
NON-CURRENT ASSETS			
Plant & Equipment	7	28,167	44,957
Loan to Federal Branch	12	43,664	48,390
		-----	-----
TOTAL NON-CURRENT ASSETS		71,831	93,347
		-----	-----
TOTAL ASSETS		91,952	124,906
		-----	-----
CURRENT LIABILITIES			
Creditors & Borrowings	8	22,407	40,447
Employee Benefits	9	7,138	4,925
Commitment to Federal Branch	12	37,548	46,851
Income in Advance		-	20,910
		-----	-----
TOTAL CURRENT LIABILITIES		67,093	113,133
		-----	-----
NON-CURRENT LIABILITIES			
Employee Benefits	9	18,220	15,425
		-----	-----
TOTAL NON-CURRENT LIABILITIES		18,220	15,425
		-----	-----
TOTAL LIABILITIES		85,313	128,558
		-----	-----
NET ASSETS		6,639	(3,652)
		=====	=====
MEMBERS' EQUITY			
Reserves	10	26,635	23,241
Retained Profits/(Accumulated Losses)		(19,996)	(26,893)
		-----	-----
TOTAL MEMBERS' EQUITY		6,639	(3,652)
		=====	=====

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 2014**

2014	Retained Profits	Reserves	Total
	\$	\$	\$
Beginning of the financial year	(26,893)	23,241	(3,652)
Movement for the year	6,897	3,394	10,291
Voluntary contributions	-	-	-
Transfers	-	-	-
End of the financial year	----- (19,996) =====	----- 26,635 =====	----- 6,639 =====
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
Voluntary contributions	-	-	-
Transfers	-	-	-
End of the financial year	----- (26,893) =====	----- 23,241 =====	----- (3,652) =====

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 2014**

	NOTE	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Subscriptions		425,631	406,512
Receipts from Other Revenue		12,058	95,509
Payments to suppliers and employees		(465,167)	(443,908)
Interest received		10	18
		-----	-----
Net cash provided by (used in) operating activities	11	(27,468)	58,131
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Monies received for fixed assets		17,879	-
Fixed asset purchases		(12,483)	(5,824)
		-----	-----
Net cash provided by (used in) investing activities		5,396	(5,824)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of loan		4,726	-
Loan to Federal Branch		-	(48,390)
		-----	-----
Net cash provided by (used in) financing activities		4,726	(48,390)
Net increase (decrease) in cash held		(17,346)	3,917
Cash at the beginning of the financial year		31,559	27,642
		-----	-----
Cash at the end of the financial year	5	14,213	31,559
		=====	=====

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 2014**

	2014	2013
	\$	\$
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
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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 2014**

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 or, 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 2014 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 2014**

2. EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2014, 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	2014	2013
	\$	\$
Grants or Donations		
Grants	-	-
Donations	-	-
Sponsorship	-	-
	-----	-----
	-	-
	=====	=====

4. EXPENSES

Operating profit (loss) includes the following specific expenses:

Employee Expenses

Holder of Office:

Wages and Salaries	161,920	157,982
Superannuation	14,978	14,218
Leave and other entitlements	1,894	2,514
Other employee expenses	2,231	2,103
Separation and redundancies	-	-
	-----	-----
	181,023	176,817

Employees:

Wages and Salaries	84,113	91,606
Superannuation	7,055	7,172
Leave and other entitlements	3,114	1,415
Other employee expenses	-	-
Separation and redundancies	-	-
	-----	-----
	94,282	100,193

Total Employee Expenses

	-----	-----
	275,305	277,010
	=====	=====

Capitation Fees – Federal Branch	7,648	4,296
Depreciation of plant and equipment	4,843	9,954

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

		2014	2013
		\$	\$
5. CASH			
	Cash on Hand	110	206
	General Cheque Account	14,103	31,353
		-----	-----
		14,213	31,559
		=====	=====
6. RECEIVABLES			
	Trade Debtors	-	-
		-----	-----
		-	-
		=====	=====
7. PLANT & EQUIPMENT			
	Motor Vehicles - Cost	14,545	14,545
	Less Accumulated Depreciation	(8,029)	(6,137)
		-----	-----
		6,516	8,408
		-----	-----
	Office Furniture & Equipment - Cost	28,583	58,170
	Less Accumulated Depreciation	(6,932)	(21,621)
		-----	-----
		21,651	36,549
		-----	-----
		28,167	44,957
		=====	=====
8. CREDITORS & BORROWINGS			
	Trade Creditors	13,891	24,619
	Accrued Expenses	3,412	6,360
	GST Liability	1,282	1,139
	Hire Purchase Liability	3,822	8,329
		-----	-----
		22,407	40,447
		=====	=====
9. EMPLOYEE BENEFITS			
	Current Annual Leave – Holder of Office	4,408	2,514
	Current Annual Leave – Employees	2,730	2,411
	Non Current Long Service Leave – HOO	-	-
	Non Current Long Service Leave – Employees	18,220	15,425
	Separation and Redundancies – HOO	-	-
	Separation and Redundancies- Employees	-	-
	Other Employee Provisions – HOO	-	-
	Other Employee Provisions – Employees	-	-
		-----	-----
		25,358	20,350
		=====	=====

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

10. RESERVES	2014	2013
	\$	\$
(a) Legal Fund	26,635	23,241
	<u> </u>	<u> </u>
(b) Movements		
Balance 1 July	23,241	37,078
Member's subscriptions received	-	-
Legal fees paid – Victorian Branch	(5,909)	(10,652)
Legal fees paid – Federal Branch	-	-
Legal fees committed – Federal Branch	9,303	(3,185)
	<u> </u>	<u> </u>
Balance 30 June	26,635	23,241
	<u> </u>	<u> </u>
(c) The legal fund contains member's subscriptions received to cover legal fees such as registration and member issues.		

11. CASH FLOW INFORMATION	2014	2013
	\$	\$
Reconciliation of Net Cash Provided by Operating Activities with Net Income:		
Net Income/(loss)	6,897	27,271
Non-cash flows in net income:		
Depreciation	4,843	9,954
Loss on disposal of assets	6,550	-
Changes in assets and liabilities:		
Decrease/(increase) in receivables	-	3,750
Decrease/(increase) in rental bond	(3,835)	-
Decrease/(increase) in prepaid rent	(2,073)	-
Increase/(decrease) in creditors & borrowings	(18,040)	2,968
Increase/(decrease) in legal fund	3,394	(13,837)
Increase/(decrease) in commitments	(9,303)	3,185
Increase/(decrease) in income in advance	(20,910)	20,910
Increase/(decrease) in provisions	5,009	3,930
	<u> </u>	<u> </u>
Net Cash provided by (used in) operating activities	(27,468)	58,131
	<u> </u>	<u> </u>

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

12. FINANCIAL SUPPORT

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 \$37,548 (2013: \$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, during the 2013 financial year, 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. Balance of loan as at 30 June 2014 is \$43,664.

The Branch is not, for the purpose of continuing as a going concern, reliant on and does not receive any other kind of financial support from any other reporting unit.

13. REMUNERATION OF AUDITORS	2014	2013
	\$	\$
During the year the following fees were paid 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	6,650	6,500
<i>Other Services</i>		
Mark Costigan & Associates	420	420
Taxation services	-----	-----
	<u>7,070</u>	<u>6,920</u>
	=====	=====

14. RELATED PARTY TRANSACTIONS

a. Key management personnel compensation

Short-term employee benefits		
Salary (including annual leave taken)	161,920	157,982
Annual leave accrued	4,408	2,514
Long-term employee benefits		
Nil	-	-
	-----	-----
	<u>166,328</u>	<u>160,496</u>
	=====	=====

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.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

15. EMPLOYEES

The APF employed 1 office holder and 1 employee (full time equivalents) at the end of the reporting period.

16. LEASE COMMITMENTS

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

	2014	2013
	\$	\$
Within one year	9,120	7,928
Later than one year, but not later than five years	-	-
	9,120	7,928
	9,120	7,928

17. ACQUISITION OF ASSETS AND LIABILITIES

No asset or liability has been acquired throughout the year as a result of:

- a. an amalgamation under Part 2 of Chapter 3, of the RO Act
- b. a restructure of the branches of the organization
- c. a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure
- d. a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

18. ADDITIONAL DISCLOSURES

There are been none of the following throughout the year or at year end:

- Expenses incurred as consideration for employers making payroll deductions of membership subscriptions
- Compulsory levies
- Payables incurred as consideration for employers making payroll deductions of membership subscriptions
- No other fund required by the rules

19. 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).

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Federation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate Within 1 Year		No interest 1 to 5 years		Floating Interest Rate		Fixed Interest Rate Maturing				Total	
							Within 1 year		1 to 5 years			
	2014 %	2013 %	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Financial Assets												
Cash at Bank	1.0	1.0	-	-	14,213	31,559	-	-	-	-	14,213	31,559
Receivables			-	-	-	-	-	-	-	-	-	-
Loan	0.0	0.0	43,664	48,390	-	-	-	-	-	-	43,664	48,390
Total			43,664	48,390	14,213	31,559	-	-	-	-	57,877	79,949
Financial Liabilities												
Creditors			22,407	40,447	-	-	-	-	-	-	22,407	40,447
Commitment	0.0	0.0	37,548	46,851	-	-	-	-	-	-	37,548	46,851
			59,955	87,298	-	-	-	-	-	-	59,955	87,298

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Federation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Federation.

(c) Net Fair Values

Net fair value approximates the carrying value of assets and liabilities.

**THE AUSTRALIAN PRINCIPALS FEDERATION
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

20. FINANCIAL INSTRUMENTS (Cont.)	2014	2013
	\$	\$
Net income and expenses from financial assets		
Interest revenue	10	18
	-----	-----
	10	18
	=====	=====
Net income and expenses from financial liabilities		
No items to disclose.		



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 2014. The financial report includes statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement, recovery of wages activity, notes to and forming part of the financial statements 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 and fair presentation of the financial report in appropriate to meet the requirements of the Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee determine are 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 applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion,

- (a) the financial report presents fairly, in all material aspects, the financial position of the Australian Principals Federation Federal Office as at 30 June 2014, and its financial performance and its cash flows for the year then ended in accordance with:
 - i. the Australian Accounting Standards; and
 - ii. the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) act 2009.
- (b) committee's use of the going concern basis of accounting in the preparation of the financial report is appropriate.

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.



Signed by Danielle Ewart

For and on behalf of Complete Audit Pty Ltd

Complete Audit Pty Ltd is an Authorised Audit Company

Member of the Institute of Chartered Accountants in Australia holding a current Public Practice Certificate

Lilydale Victoria
19 December 2014



FAIR WORK
COMMISSION

3 December 2014

Ms Angela Stefani
Executive Officer, Victorian Branch
Australian Principals' Federation

sent to: astefani@apf.net.au

Dear Ms Stefani,

Re: Lodgement of Financial Statements and Accounts - Australian Principals' Federation, Victorian Branch - for year ended 30 June 2014 (FR2014/295)

I acknowledge receipt of the financial report of the Victorian Branch [‘the reporting unit’] of the Australian Principals' Federation. The documents comprising the report were lodged with the Fair Work Commission on 21 November 2014.

The financial report has not been filed. I have examined the financial report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

Non compliance with previous request

While we filed last year's financial report, we raised the following issue for the reporting unit to address in the preparation of future financial reports. I notice that the same error appeared in the current report, namely the requirement to disclose that there were no employee benefits expenses and employee benefits provisions for separation/redundancy provisions for either office-holders or employers (other than office-holders) in accordance with Reporting Guideline 21 in relation to the items at Reporting Guidelines 16(f)(iv), 16(g)(iv) and 20(c)(iii) and 20(d)(iii).

The Fair Work Commission aims to assist reporting units in complying with their obligations under the RO Act and Reporting Guidelines, by providing advice about the errors identified in financial reports. Failure to address these issues may lead to the General Manager exercising her powers under section 330 of the RO Act.

Other issues

In our discussion today, it was agreed that any amendment to the report should incorporate any additional amendments required to comply with reporting requirements that were not reflected in the report. I set these out as follows:

Activities under Reporting Guideline not disclosed

Paragraphs 13, 15, 17, 21, and 23 of the Reporting Guidelines state that if the activities identified in the preceding guidelines have not occurred in the reporting period, a statement to this effect (or a nil balance) must be included in the notes to the GPFR. I note that for the following no such disclosure has been made:

- RG10 going concern financial support received from another reporting unit

- RG12 acquisition of asset or liability due to an amalgamation under Part 2 of Chapter 3, a restructure of the branches of an organisation, a s245 determination or s249 revocation by the General Manager
- RG14(e) any other financial support received from another reporting unit of the organisation
- RG16(a) fees incurred as consideration for employers making payroll deductions of membership subscriptions
- RG16(d) compulsory levies incurred
- RG16(h) fees or allowances paid to persons to attend a conferences or other meeting as a representative of the reporting unit
- RG18(a) any receivable from another reporting unit of the organisation
- RG20(a) payables to employers as consideration for the employers making payroll deductions of membership subscriptions
- RG20(b) payables in respect of legal costs and other expenses related to litigation or other legal matters
- RG20(c) payables (provisions) in respect of employee benefits for separation/redundancy and 'other' provisions for office-holders
- RG20(c) payables (provisions) in respect of employee benefits for separation/redundancy and 'other provisions' for employees other than office-holders
- RG22(a) name and balance of each fund or account in respect to compulsory levies or voluntary contributions
- RG22(d) details of any transfer or withdrawals to a specific purpose fund, account or controlled entity

Financial instruments disclosures

Australian Accounting Standard *AASB 7 Financial Instruments: Disclosures* details reporting disclosures required by an entity in relation to financial instruments. Relevant information does not appear to have been included in the report and this standard should be considered as to whether further information¹ should be included in the notes to the amended report.

Auditor's Statement

The Auditor's statement will require the following amendments:

Paragraph 23(c) of Australian Auditing Standard (ASA) 700 requires that the introductory paragraph of the Auditor's report shall "identify the title of each statement that comprises the financial report". This information was not included in full.

Paragraph 38(a)(i) of the Reporting Guidelines requires that in the Auditor's Statement, the auditor must declare they are either an approved auditor or the auditor is a member of a firm where at least one member is an approved auditor.

Paragraph 39 of the Reporting Guidelines requires that the Auditor's Statement include a declaration, that as part of the audit of the financial statements, they have concluded that management's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.²

These declarations were not included in the Auditor's statement. The Auditor's Statement will need to be amended to include the abovementioned omissions.

¹ compare with Notes 15 and 16 as set out in the Model Financial statements 2013-2014 at <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

² This declaration is a comment on the appropriateness of the accounting basis and is therefore distinct from comments about future viability. It is therefore required in addition to and irrespective of the comment by the auditor in relation to a material uncertainty about the reporting unit's ability to operate as a going concern.

Operating report - Number of employees

Subsection 254(2)(f) and Regulation 159(b) require the disclosure of the number of persons that were, at the end of the financial year to which the report relates, employees of the reporting unit. Regulation 159(b) also requires that where the number of employees includes both full-time and part-time employees the number shall be measured on a full-time equivalent basis.

The Operating Report simply stated that 'the APF employed 1 office-holder and 1 employee'. If this number consisted only of full-time employees, this should be stated or expressed as a full-time equivalent.

Action

The reporting unit should re-pass the amended GPFR, make a fresh Committee of Management Statement and submit the report for audit. The amended report should be provided to members after the revised audit report is made. The amended report is to be presented to a Committee of Management meeting³ and lodged with FWC with a fresh Designated Officer's certificate within 14 days of that meeting.

Conclusion

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6723 7237 or (02) 6746 3283 or 0429 462 979 or by email at stephen.kellett@fwc.gov.au

Yours sincerely



Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

³.for the purposes of section 266 of the RO Act, the report may be presented to the same meeting of the Committee of Management that has passed the amended report.