

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Directors' Report

31 December 2015

The directors present their report on Workers' Educational Association - Hunter Limited for the financial year ended 31 December 2015.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Name	Occupation / Qualification	Years of Service	Special Responsibility
Meg McNaughton	Lawyer	12	Chairperson
Martin Coates	Manager	10	Deputy Chairperson
Anna Starrett	Financial Controller	10	Director
Benjamin Grushka	Executive Director	14	Company Secretary Executive Officer Public Officer
Peter Francis Hill	Teacher / Lecturer	17	Director
Megan Lugg	Risk Management & Evaluations Specialist	2	Director
Jenny Larrain	Business Woman	1	Director
Merran Magill	Lawyer	Appointed 05/03/2015	Director
Jamie Abbott	Public Relations	Appointed 25/03/2015	Director
Ricci Schwarzler	Business Owner	Resigned 28/04/2015	Director
Roderick Smith	Lawyer	Resigned 28/04/2015	Director
Benjamin Avery	Business Manager	Resigned 07/12/2015	Executive Member

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Ben Grushka who is also the Executive Director of the company has held the position of Company Secretary for 14 years.

Principal activities

The principal activities of the company are to provide education and training in the Hunter region.

No significant changes in the nature of the entity's activity occurred during the financial year.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Directors' Report

31 December 2015

2. Operating results and review of operations for the year

Operating results

The surplus of the Company amounted to \$ 169,821 (2014: surplus of \$325,989).

Dividends paid or recommended

The company's constitution prohibits the payment of dividends.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

After balance date events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Short and Long Term Objectives

The WEA Hunter is an Adult Education and Training provider which aims to enhance people's lives by delivering quality learning, accessible to all. It does so by focusing on Integrity, Innovation and Inclusion which are supported by a three year Strategic Plan (2014 - 2016). This plan articulates objectives, strategies and key performance indicators in four key focus areas. These are Sustainability, Compliance, People and Product as well as Marketing and Profile. Each one of the key focus areas is then constituted in the position descriptions and annual workplans of all staff. Staff report on these on a monthly basis to their supervisors, managers and then through the General Manager to the Board of WEA Hunter. The extent to which the KPI's are achieved is reviewed formally on an annual basis which in turn modifies or reinforces strategic direction, objectives and strategies as determined by the Board and management.

The Directors recognise the importance of strong financial management. Short term financial objectives include a focus on cash management and the improvement of working capital and liquidity. This focus is consistent with developments in the regulation and accreditation of Registered Training Organisations. The Company was successful in its accreditation in 2013 with the industry regulator renewing WEA's accreditation for a further period of 5 years to 2018.

WEA has also invested significantly in its capital assets which include property and improvements to its teaching facilities premises. These assets have been funded by existing cash including specific government grant funding. The company does not have any bank debt. Notwithstanding that the company's investment in land and buildings providing a level of financial security, the Board and Management are continually reviewing the range, structure and delivery of courses offered to identify ways to improve the financial contribution of each course.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Directors' Report

31 December 2015

3. Other items continued

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the company. At 31 December 2015 the number of regular members was 59, membership plus members was 0 and life members 5, total 64 (2014: 34).

Indemnification and insurance of officers

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012*, for the year ended 31 December 2015 has been received and can be found on page of the financial report.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Directors' Report

31 December 2015

Meetings of directors

During the financial year, 8 meetings of directors were held. The Executive Committee also met on 6 occasions. Attendances by each director during the year were as follows:

	Board Meetings		Executive Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Meg McNaughton	8	8	6	6
Martin Coates	8	8	6	6
Anna Starrett	8	5	-	-
Benjamin Grushka	8	8	6	6
Peter Francis Hill	8	6	-	-
Megan Lugg	8	4	-	-
Jenny Larrain	8	7	-	-
Merran Magill (Appointed 05/03/2015)	7	7	-	-
Jamie Abbott (Appointed 25/03/2015)	7	2	-	-
Ricci Schwarzler (Resigned 28/04/2015)	2	1	-	-
Roderick Smith (Resigned 28/04/2015)	2	1	-	-
Benjamin Avery (Resigned 07/12/2015)	8	5	6	5

Directors' Emoluments

Since the end of the previous financial year, no Board member has received or become entitled to receive a benefit by reason of a contract made by the Workers' Educational Association - Hunter Ltd with any member of the Board with a firm of which they are a member, or with a company in which they have a substantial financial interest. This statement excludes any amounts disclosed in the notes to the financial statements.

Signed in accordance with a resolution of the Board of Directors and on behalf of the Board of Directors:

Director: 

Director: 

Dated 19 April 2016

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Auditors Independence Declaration to the Directors of Workers' Educational Association - Hunter Limited

In accordance with subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of Workers' Educational Association - Hunter Limited.

As the lead auditor of the audit of the financial statements of Workers' Educational Association - Hunter Limited for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Cutcher & Neale
Chartered Accountants



M. J. O'Connor
Partner

13 April 2016

NEWCASTLE

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Independent Audit Report to the members of Workers' Educational Association - Hunter Limited

Report on the Financial Report

We have audited the accompanying financial report of Workers' Educational Association - Hunter Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-Profits Commission Act 2012*, which has been given to the directors of Workers' Educational Association - Hunter Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Independent Audit Report to the members of Workers' Educational Association - Hunter Limited

Opinion

In our opinion, the financial report of Workers' Educational Association - Hunter Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with *Australian Accounting Standards* and the *Australian Charities and Not-for-profits Commission Regulations 2013*.



Cutcher & Neale
Chartered Accountants



M. J. O'Connor
Partner

NEWCASTLE

26 April 2016

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 54 to 73, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards, and
 - b. give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.60.15 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Director



Director



Dated 19 April 2016

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2015

		2015	2014
	Note	\$	\$
Operating revenue	2	4,570,401	4,271,046
Other income	2	-	207,026
Employee benefits expense		(3,069,963)	(2,843,143)
Depreciation and amortisation expense	3	(277,402)	(282,162)
Finance costs	3	(13,641)	(14,069)
Other expenses	3	(1,039,574)	(1,012,709)
Operating surplus / (deficit) before income tax		169,821	325,989
Income tax expense	1(b)	-	-
Operating surplus / (deficit)		169,821	325,989
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		169,821	325,989

The accompanying notes form part of these financial statements.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Statement of Financial Position 31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	1,314,799	579,464
Trade and other receivables	9	118,820	125,842
Other assets	10	53,131	41,499
TOTAL CURRENT ASSETS		1,486,750	746,805
NON-CURRENT ASSETS			
Trade and other receivables	9	-	19,961
Property, plant and equipment	11	3,181,801	3,370,603
Intangible assets	12	170,285	90,787
TOTAL NON-CURRENT ASSETS		3,352,086	3,481,351
TOTAL ASSETS		4,838,836	4,228,156
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	393,123	258,089
Short-term provisions	14	158,204	153,427
Other liabilities	15	268,000	-
TOTAL CURRENT LIABILITIES		819,327	411,516
NON-CURRENT LIABILITIES			
Long-term provisions	14	35,210	2,162
TOTAL NON-CURRENT LIABILITIES		35,210	2,162
TOTAL LIABILITIES		854,537	413,678
NET ASSETS		3,984,299	3,814,478
EQUITY			
Reserves		3,273,927	3,273,927
Retained earnings		710,372	540,551
TOTAL EQUITY		3,984,299	3,814,478

The accompanying notes form part of these financial statements.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Statement of Changes in Equity For the Year Ended 31 December 2015

2015

	Retained Earnings	Asset Revaluation Reserve	Asset Realisation Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2015	540,551	1,686,546	1,587,381	3,814,478
Operating surplus / (deficit)	169,821	-	-	169,821
Balance at 31 December 2015	710,372	1,686,546	1,587,381	3,984,299

2014

Balance at 1 January 2014	214,562	1,686,546	1,587,381	3,488,489
Operating surplus / (deficit)	325,989	-	-	325,989
Balance at 31 December 2014	540,551	1,686,546	1,587,381	3,814,478

The accompanying notes form part of these financial statements.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Statement of Cash Flows

For the Year Ended 31 December 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		2,262,881	1,379,355
Receipts from grants		3,029,526	3,421,973
Payment to suppliers and employees		(4,381,223)	(4,224,324)
Interest received		12,933	9,522
Interest paid		(13,641)	(14,069)
Net cash provided by / (used in) operating activities	7	<u>910,476</u>	<u>572,457</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and intangible assets		<u>(175,141)</u>	<u>(301,117)</u>
Net cash used by investing activities		<u>(175,141)</u>	<u>(301,117)</u>
Net increase / (decrease) in cash and cash equivalents held		735,335	271,340
Cash and cash equivalents at beginning of year		<u>579,464</u>	<u>308,124</u>
Cash and cash equivalents at end of financial year	8	<u><u>1,314,799</u></u>	<u><u>579,464</u></u>

The accompanying notes form part of these financial statements.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

The financial report covers Workers' Educational Association - Hunter Limited as an individual entity. Workers' Educational Association - Hunter Limited is a Company limited by guarantee, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profits Commission Act 2012*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Income tax

The company is exempt from income tax under section 50-5 of the 1997 Income Tax Assessment Act.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment that have been contributed at no cost, or nominal cost, are valued and recognised at the fair value of the assets at the date of acquisition.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(c) Property, plant and equipment continued

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2% to 5%
Plant and Equipment	10% to 33%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses when incurred.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(e) Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(f) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when it is identified that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Course development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the curriculum.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value. Contributions are made to employee superannuation funds and are charged as expenses when incurred.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(i) Revenue and other income

Revenue from class fees is recognised on an accrual basis and brought to account when classes are run.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon delivery of the service to customers.

Operating grant funds are recognised as income in accordance with the grant terms and conditions. Where monies have been received from funding bodies in advance of the period to which they relate or where monies have not been expended at balance date this portion has been treated as a liability, unexpended grant monies.

Capital grant funds are recognised as revenue in accordance with the terms and conditions of the agreement. Where funds have been received but not expended at balance date, the funds have been recognised as a liability.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Comparative figures

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

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(m) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(m) Financial instruments continued

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Where a subsequent event causes the amount of the impairment loss to decrease (e.g. payment received), the reduction in the allowance account (provision for impairment of receivables) is taken through profit and loss.

However, any reversal in the value of an impaired available for sale asset is taken through other comprehensive income rather than profit and loss.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of profit or loss and other comprehensive income.

(n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies continued

(o) Unexpended grants

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled in a future period.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - impairment of plant and equipment

The Company assesses impairment at the end of the reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments - provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

Key estimates - fair value of land and buildings

The Company carries its land and buildings at fair value with changes in the fair value recognised in revaluation reserve. Independent valuations are obtained at least triennially and at the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations and movements in the market.

(q) Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

(r) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has considered the impact of these changes and determined that they will not materially impact the recognition, measurement or disclosure of transactions.

(s) Authorisation of Financial Statements

The financial statements were authorised for issue on 19 April 2016 by the directors.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Revenue

	2015 \$	2014 \$
Operating Activities		
- External grants	3,297,526	3,317,595
- Course fees	1,090,280	859,620
- Interest received	12,933	9,522
- Franchising income	56,756	21,608
- Rental	35,032	23,623
- Member subscriptions	440	130
- Other revenue	77,434	38,948
	<u>4,570,401</u>	<u>4,271,046</u>
Non Operating Activities		
- Contribution from Forster Tuncurry Community College - Transfer of assets	-	117,026
- Capital and refurbishment grants	-	90,000
	<u>-</u>	<u>207,026</u>
Total Revenue	<u>4,570,401</u>	<u>4,478,072</u>

3 Result for the Year

(a) Expenses

The result for the year includes the following specific expenses:

- Finance costs	13,641	14,069
- Depreciation and amortisation expense	277,402	282,162
Other expenses:		
Rental expense	236,130	195,184
Other operating expenses	803,444	817,525
	<u>1,039,574</u>	<u>1,012,709</u>

(b) Revenue and net gains

Capital and refurbishment grants	-	90,000
Contribution from Forster Tuncurry Community College - Transfer of assets	-	117,026
	<u>-</u>	<u>207,026</u>

The Company agreed to amalgamate the services and ongoing arrangements of Forster Tuncurry Community College with its own services following the decision by that Board to voluntarily liquidate that entity. Assets representing cash and property, plant and equipment valued at \$117,026 were transferred to WEA Hunter effective 1 July 2014 after the liabilities of Forster Tuncurry Community College were satisfied.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

4 Auditors' Remuneration

	2015	2014
	\$	\$
Remuneration of the auditor of the Company for:		
- audit or review of the financial report	17,000	13,000
- other services	5,700	6,850
	22,700	19,850

5 Related Parties

The Company's main related parties are as follows:

Directors

The names of the persons who were Directors of Workers' Educational Association - Hunter Limited at any time during the year are as they appear in the attached Directors Report and attached Directors meeting attendances.

Transactions between related parties are on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated.

6 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Workers' Educational Association - Hunter Limited during the year are as follows:

Short-term employee benefits	302,671	276,709
Post-employment benefits	46,157	51,249
	348,828	327,958

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

7 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2015	2014
	\$	\$
Operating surplus	169,821	325,989
Non-cash flows in profit:		
- depreciation and amortisation	277,402	282,162
- (profit) / loss on disposal of property, plant and equipment	7,043	41,490
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	26,983	(52,161)
- (increase)/decrease in other assets	(11,632)	13,639
- increase/(decrease) in income in advance	268,000	(14,378)
- increase/(decrease) in trade and other payables	135,034	30,053
- increase/(decrease) in employee benefits	37,825	(54,337)
Cashflow from operations	<u>910,476</u>	<u>572,457</u>

8 Cash and Cash Equivalents

Cash on hand	2,150	2,200
Cash at bank	<u>1,312,649</u>	<u>577,264</u>
	<u>1,314,799</u>	<u>579,464</u>

(a) Overdraft facility

The Company has an overdraft facility of \$100,000 (2014: \$100,000). As at 31 December 2015 \$100,000 was unused (2014: \$100,000).

9 Trade and Other Receivables

CURRENT		
Trade receivables	61,644	68,613
Provision for impairment	<u>(1,550)</u>	<u>(1,550)</u>
	60,094	67,063
Other receivables and accrued income	<u>58,726</u>	<u>58,779</u>
	<u>118,820</u>	<u>125,842</u>
NON-CURRENT		
Other receivables	-	19,961

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

10 Other Assets

	2015	2014
	\$	\$
Prepayments	53,131	41,499

11 Property, Plant and Equipment

LAND AND BUILDINGS

Freehold land

At independent valuation

1,514,000	1,514,000
-----------	-----------

Building

At independent valuation

1,186,000	1,186,000
-----------	-----------

Accumulated depreciation

(299,237)	(220,934)
-----------	-----------

Total buildings

886,763	965,066
---------	---------

Total land and buildings

2,400,763	2,479,066
-----------	-----------

CAPITAL WORKS IN PROGRESS

Capital works in progress

At cost

3,909	-
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PLANT AND EQUIPMENT

Plant and equipment

At cost

1,788,463	1,799,870
-----------	-----------

Accumulated depreciation

(1,011,334)	(908,333)
-------------	-----------

Total plant and equipment

777,129	891,537
---------	---------

Total property, plant and equipment

3,181,801	3,370,603
-----------	-----------

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

11 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	-	1,514,000	965,067	891,536	3,370,603
Additions	3,909	-	-	47,510	51,419
Disposals - written down value	-	-	-	(7,043)	(7,043)
Depreciation expense	-	-	(78,304)	(154,874)	(233,178)
Balance at 31 December 2015	3,909	1,514,000	886,763	777,129	3,181,801

Balance at 31 December 2014

Balance at the beginning of year	-	1,514,000	1,044,424	871,949	3,430,373
Additions	-	-	-	206,168	206,168
Disposals - written down value	-	-	-	(37,419)	(37,419)
Depreciation expense	-	-	(79,357)	(149,162)	(228,519)
Balance at 31 December 2014	-	1,514,000	965,067	891,536	3,370,603

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

12 Intangible Assets

	2015 \$	2014 \$
Course development costs		
NON CURRENT		
At cost	242,150	262,807
Accumulated amortisation and impairment	(71,865)	(172,020)
	<u>170,285</u>	<u>90,787</u>
		Development costs
		\$
Year ended 31 December 2014		
Balance at the beginning of the year		53,552
Additions		94,949
Disposals		(4,071)
Amortisation		(53,643)
Closing value at 31 December 2014		<u>90,787</u>
Year ended 31 December 2015		
Balance at the beginning of the year		90,787
Additions		123,722
Disposals		-
Amortisation		(44,224)
Closing value at 31 December 2015		<u>170,285</u>

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of profit or loss and other comprehensive income.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

13 Trade and Other Payables

	2015 \$	2014 \$
CURRENT		
Trade payables	138,598	106,645
Sundry payables and accrued expenses	71,240	91,814
GST	15,378	(2,205)
PAYG Tax	97,280	48,605
Course fees in advance	70,627	13,230
	393,123	258,089

14 Provisions

CURRENT		
Employee Entitlements	158,204	153,427
NON-CURRENT		
Employee entitlements	35,210	2,162

15 Other Liabilities

CURRENT		
Government grants	268,000	-

16 Financial Risk Management

The main risks Workers' Educational Association - Hunter Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank overdrafts and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Cash and cash equivalents	1,314,799	579,464
Trade and other receivables	118,820	125,842
Total financial assets	1,433,619	705,306

Financial Liabilities

- Trade and other payables	393,123	258,089
Total financial liabilities	393,123	258,089

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

16 Financial Risk Management continued

Financial risk management policies

The entity's policies for managing each of these risks is summarised below. The policies are subject to Board approval and are reviewed regularly.

(a) Credit risk

The maximum exposure to credit risk excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The largest part of the Accounts Receivable are "PaySmart" accounts, these are fees for long term courses and are paid fortnightly by direct debit. The accounts are started at the time of enrolment and then reduced each fortnight. Payments not made are followed up firstly by PaySmart and then by WEA Hunter. Certificates are not issued until the accounts are finalised.

(b) Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unused overdraft facilities are maintained.

(c) Market risk

The entity constantly analyses its interest rate exposure on all interest bearing loans. Within the analysis, consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

Interest rate risk

The entity is exposed to interest rate fluctuations on its cash at bank and cash on deposit and on fixed interest securities included in available for sale financial investments. It does not have a material risk in relation to interest bearing loans.

The entity actively monitors interest rates for cash at bank and on deposit to maximise interest income. The entity accepts the risk in relation to fixed interest securities as they are held to generate income on surplus funds.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of 100 basis points or a decrease of 50 basis points would have increased profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

16 Financial Risk Management continued

(c) Market risk continued

	Profit	
	100 basis points increase	50 basis points decrease
2015	13,149	(6,575)
2014	5,773	(2,886)

The sensitivity analysis is performed on the same basis as in 2014.

(d) Net Fair Values

Carrying amounts of financial assets and liabilities recorded in the financial statements represent their net fair values, as determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

17 Company Details

The registered office of and principal place of business of the company is:

Workers' Educational Association - Hunter Limited
150 King Street
NEWCASTLE 2300

18 Operating Segments

Segment Information

The Company operates in the education and training industry from premises located in Newcastle, Cooks Hill, Tuncurry and Raymond Terrace.

19 Contingent Liabilities

(a) Bank Guarantees

	2015	2014
	\$	\$
Greater Building Society - Rent for property at 150 King Street, Newcastle	53,900	53,900
Greater Building Society - NSW Department of Industry Grant Funding	268,000	-
	321,900	53,900

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Notes to the Financial Statements

For the Year Ended 31 December 2015

20 Capital and Leasing Commitments

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2015	2014
	\$	\$
Payable - minimum lease payments:		
- no later than 1 year	262,008	242,189
- between 1 year and 5 years	768,981	868,984
	<u>1,030,989</u>	<u>1,111,173</u>

Operating leases payable relate to:

- The property at 150 King Street Newcastle, with a 6 year term with a further 6 year option. The first term expired in December 2013. The option to extend the term for another 6 years was renewed 22 December 2013 and will expire 21 December 2019.

- The lease of photocopiers with 5 year terms and expiring in September and October 2018.

- The lease of premises at 8 Glenelg Street Raymond Terrace with a 3 year term and expiring in May 2017.

- The lease of telephone equipment with a 5 year term and expiring in October 2018.

(b) Contracted Commitments

Contracted commitments for:

Higher Education Application Costs - payable in less than 12 months	<u>65,000</u>	-
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21 Reserves

(a) Asset revaluation reserve

The asset revaluation reserve records unrealised gains on revaluation of property, plant and equipment recorded at fair value.

(b) Asset realisation reserve

The asset realisation reserve records profits from the sale of non-current assets above recorded values.

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

For the Year Ended 31 December 2015

Disclaimer

The additional financial data presented in the following Summary Income Statement, Notes to the Detail Statement or Performance and Detailed Income Statement is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2015. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Workers' Educational Association - Hunter Limited) in respect of such data, including any errors of omissions therein however caused.



Cutcher & Neale
Chartered Accountants



Mark O'Connor CA
Partner

Newcastle

13 April 2016

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Summary Income Statement for the Year ended 31 December 2015

	2015	2014
	\$	\$
Income		
Fees	1,090,280	859,620
Franchising	56,756	21,608
Grants	3,297,589	3,407,595
Other Operating	94,127	58,805
Other	31,649	130,444
Total Income	4,570,401	4,478,072
Course Costs		
Contract Training	139,575	156,471
Course Consumables	105,247	102,315
Rent & Hire	12,753	35,884
Teacher Salaries & Wages	928,308	557,911
Tutor Salaries & Wages	564,901	678,550
Total Course Costs	1,750,784	1,531,131
Gross Surplus / (Deficit)	2,819,617	2,946,941
Administration Costs		
Accounting & Audit Fee	21,460	26,350
Advertising & Marketing	121,432	166,888
Asset Purchases <\$1,000	14,234	8,173
Conferences & Functions	16,398	21,209
Consultancy & Legal Fees	2,654	3,751
Depreciation & Amortisation	277,402	282,162
Finance Costs	13,641	14,069
Foundation Expenses	19,361	-
Fringe Benefits Tax	6,312	7,071
Insurance	24,038	23,749
IT & Internet	56,140	46,717
Membership & Subscriptions	49,316	39,213
Motor Vehicle	9,796	7,188
Other	1,814	(13,927)
Printing Costs	68,114	67,834
Property	240,330	203,270
Repairs & Maintenance	42,610	40,179
Salaries & Wages	1,576,753	1,606,680
Staffing Expenses	31,189	18,013
Telephone	19,780	16,886
Utilities	37,020	35,477
Total Administration Costs	2,649,796	2,620,952
Net Surplus / (Deficit)	169,821	325,989

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Summary Income Statement for the Year ended 31 December 2015

Alesco		
	2015	2014
Income	\$	\$
Fees	1,280	1,923
Grants	1,937,685	1,115,209
Other	10,507	3,590
Other Operating	12,229	4,946
Total Income	1,961,701	1,125,667
Course Costs		
Course Consumables	32,518	10,609
Rent & Hire	45	-
Teacher Salaries & Wages	928,308	557,911
Total Course Costs	960,872	568,520
Gross Surplus / (Deficit)	1,000,829	557,147
Direct Department Costs		
Advertising & Marketing	167	70
Asset Purchases <\$1,000	4,947	111
Conferences & Functions	1,883	2,312
Consultancy & Legal Fees	71	76
Depreciation & Amortisation	65,004	65,004
IT	29	-
Membership & Subscriptions	927	4,729
Motor Vehicle	8	45
Printing Costs	2,238	841
Property	19,001	-
Repairs & Maintenance	2,939	37
Staff	8,000	1,448
Telephone	229	-
Utilities	1,019	-
Total Direct Department Costs	106,464	74,674
Surplus / (Deficit) before Administration	894,365	482,473
Administration Costs		
Admin Expense	218,686	110,600
Admin Dep'n Expense	101,666	74,764
Admin S&W	622,127	319,251
Total Department Costs	942,479	504,615
Net Surplus / (Deficit)	(48,114)	(22,141)

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Summary Income Statement for the Year ended 31 December 2015

WEA Hunter - Funded Training

	2015	2014
Income	\$	\$
Fees	118,591	180,457
Grants	1,161,858	2,175,434
Other	-	628
Other Operating	-	1,254
Total Income	1,280,449	2,357,773
Course Costs		
Contract Training	28,774	95,283
Course Consumables	37,477	59,313
Rent & Hire	2,833	22,672
Tutor Salaries & Wages	237,603	387,624
Total Course Costs	306,688	564,893
Gross Surplus / (Deficit)	973,761	1,792,880
Direct Department Costs		
Total Direct Department Costs	-	-
Surplus / (Deficit) before Administration	973,761	1,792,880
Administration Costs		
Admin Expense	145,742	348,127
Admin Dep'n Expense	66,360	92,921
Admin S&W	453,781	911,160
Total Department Costs	665,884	1,352,209
Net Surplus / (Deficit)	307,877	440,671

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Summary Income Statement for the Year ended 31 December 2015

WEA Hunter - VET		
	2015	2014
Income	\$	\$
Fees	499,395	285,550
Grants	-	5,412
Other Operating	-	330
Total Income	499,395	291,292
Course Costs		
Contract Training	21,859	2,975
Course Consumables	23,180	24,436
Rent & Hire	1,971	164
Tutor Salaries & Wages	143,404	144,696
Total Course Costs	190,414	172,271
Gross Surplus / (Deficit)	308,980	119,021
Direct Department Costs		
Total Direct Department Costs	-	-
Surplus / (Deficit) before Administration	308,980	119,021
Administration Costs		
Admin Expense	107,130	69,440
Admin Dep'n Expense	25,881	25,829
Admin S&W	174,899	190,871
Total Department Costs	307,910	286,139
Net Surplus / (Deficit)	1,070	(167,118)

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Summary Income Statement for the Year ended 31 December 2015

WEA Hunter - Lifestyle		
	2015	2014
Income	\$	\$
Fees	267,010	246,415
Other	265	390
Total Income	267,275	246,805
Course Costs		
Contract Training	37,355	36,923
Course Consumables	2,549	2,540
Rent & Hire	-	164
Tutor Salaries & Wages	108,921	97,221
Total Course Costs	148,825	136,848
Gross Surplus / (Deficit)	118,450	109,957
Direct Department Costs		
Total Direct Department Costs	-	-
Surplus / (Deficit) before Administration	118,450	109,957
Administration Costs		
Admin Expense	29,809	37,212
Admin Dep'n Expense	13,852	13,824
Admin S&W	92,937	101,432
Total Department Costs	136,598	152,468
Net Surplus / (Deficit)	(18,148)	(42,511)

Workers' Educational Association - Hunter Limited

ABN 61 062 580 634

Summary Income Statement for the Year ended 31 December 2015

WEA Coast		
	2015	2014
Income	\$	\$
Fees	89,422	49,964
Grants	196,046	107,541
Other	24,854	3,009
Other Operating	27,567	12,524
Total Income	337,889	173,037
Course Costs		
Contract Training	51,587	21,289
Course Consumables	11,434	1,516
Rent & Hire	640	5
Tutor Salaries & Wages	57,692	32,848
Total Course Costs	121,353	55,658
Gross Surplus / (Deficit)	216,536	117,379
Direct Department Costs		
Advertising & Marketing	23,097	5,245
Asset Purchases <\$1,000	121	160
Conferences & Functions	1,797	276
Consultancy & Legal Fees	913	78
Depreciation & Amortisation	24,000	8,000
Finance Costs	1,533	785
IT	3,477	1,364
Membership & Subscriptions	1,018	50
Motor Vehicle	-	142
Other	100	100
Printing Costs	12,906	2,526
Property	8,776	1,679
Repairs & Maintenance	11,512	5,693
Salaries & Wages	182,797	85,315
Staff	5,685	1,657
Telephone	7,551	3,252
Utilities	4,119	993
Total Direct Department Costs	289,401	117,317
Surplus / (Deficit) before Administration	(72,865)	62
Other Income		
FTCC Contribution		117,026
Total Other Income	-	117,026
Net Surplus / (Deficit)	(72,865)	117,088