



18 July 2022

Patrick Judge  
Branch Secretary  
Australian Education Union - ACT Branch  
Sent via email: [patrick.judge@aeuact.org.au](mailto:patrick.judge@aeuact.org.au)  
CC: [rodney.miller@rsm.com.au](mailto:rodney.miller@rsm.com.au)

Dear Patrick Judge,

**Australian Education Union - ACT Branch  
Financial Report for the year ended 31 December 2021 – (FR2021/315)**

I acknowledge receipt of the financial report for the year ended 31 December 2021 for the Australian Education Union - ACT Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 23 June 2022.

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

You are not required to take any further action in respect of the report lodged. Please note that the financial report for the year ending 31 December 2022 may be subject to an advanced compliance review.

**Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0841 or by email at [Mihiri.jayawardane@roc.gov.au](mailto:Mihiri.jayawardane@roc.gov.au).

Yours sincerely,

**Mihiri Jayawardane**  
Registered Organisations Commission

**AUSTRALIAN EDUCATION UNION – ACT BRANCH  
ABN 98 106 001 142**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

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## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION ACT BRANCH** **Report on the Audit of the Financial Report**

### **Opinion**

I have audited the financial report of Australian Education Union ACT Branch, which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2021, notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Education Union ACT Branch as at 31 December 2021, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **THE POWER OF BEING UNDERSTOOD** **AUDIT | TAX | CONSULTING**

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### **Information Other than the Financial Report and Auditor's Report Thereon**

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

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

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

### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an auditor registered under the RO Act.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

In my opinion, no such matters were noted.

A handwritten signature in black ink, appearing to be 'RSM'.

**RSM Australia Pty Ltd**

A handwritten signature in black ink, appearing to be 'Roney Miller'.

**Roney Miller**  
**Director**

Canberra  
26 May 2022

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/144

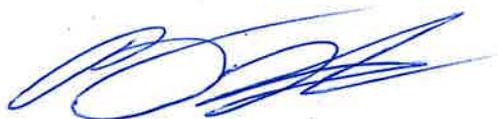
**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**Certificate by prescribed designated officer**  
**Certificate for the year ended 31 December 2021**

I, Patrick Judge, being Branch Secretary of the Australian Education Union ACT Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Education Union ACT Branch for the period ended referred to in s.268 of the Fair Work(Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 27 May 2022 and
- that the full report was presented at a meeting of the committee of management of the reporting unit on 22 June 2022 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of designated officer:



Name and title of designated officer: Patrick Judge, Branch Secretary

Dated: 22/06/2022

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**Report required under subsection 255(2A)**

for the year ended 31 December 2021

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 31 December 2021.

Descriptive form

Categories of expenditures	2021 (\$)	2020 (\$)
Remuneration and other employment-related costs and expenses – employees	2,334,064	2,050,540
Advertising	Nil	Nil
Operating costs	722,219	778,475
Donations to political parties	Nil	Nil
Legal costs	203,073	11,534

Signature of designated officer: 

Name and title of designated officer: PATRICK JUDE, BRANCH SECRETARY

Dated: 26/05/22

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**OPERATING REPORT**

For the period ended 31 December 2021

The Committee presents its report on the reporting unit for the financial year ended 31 December 2021.

**Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year.**

**Principal Activities**

During the year, the principal continuing activities of the union were to obtain and secure for its members the best possible conditions and proper and sufficient remuneration and to guard them against hardship, oppression or injustice in connection with their employment. Additionally, the union fosters, protects and promotes the interests of government and public education, including kindergarten and preschool education, infants and primary education, secondary education, and technical and further education.

**Results of the Principal Activities**

The Australian Education Union - ACT Branch (AEUACT) is a federally registered Union and provides a wide range of industrial relations services to assist members to comply with employment issues, regulatory and legislative matters.

Secondly, the AEUACT serves as a lobby group on behalf of the industry and provides a voice for the collective interests of teachers in the education industry.

Thirdly, the AEUACT has developed strong relationships with key local and federal parliamentary figures, and with senior public servants in relevant government departments and agencies.

**Significant changes in the nature of the principal activities**

This year the major change in the undertaking of our principal activities was the move to online organising due to COVID-19 restrictions, and the cancellation of numerous face-to-face activities, including events.

**Financial Operating Result**

The operating surplus of the union amounted to \$571,869. The figure represents a true and fair view of the results achieved during the reporting period.

**Non-Financial Operating Result**

None of us could have anticipated the extent of the challenges that 2021 would present for AEUACT members. Together, we have weathered an ongoing global pandemic, encountered a serious and worsening teacher shortage and seen continuing attacks on TAFE from the federal government.

Despite all this, as a union, our achievements throughout the year have included:

- continued strong membership growth. Net growth for the year was 100 resulting in a total membership of 4,316 as at 31 December 2021.
- securing priority access to COVID-19 vaccinations for school staff
- negotiating new interim agreements with improved pay and conditions for CIT and School Assistant members.
- demonstrating the teacher shortage crisis so clearly and forcefully that all three political parties in our Legislative Assembly acknowledge that action is required to address it.
- forming a teacher shortage taskforce that has commenced the important work of reducing workloads and improving conditions to attract and retain teaching staff.
- responding to member feedback for more ambitious and creative action in developing a draft log of claims that sets a bold new agenda in the lead up to teaching staff enterprise agreement negotiations in 2022.

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In the AEU office, the organisers hit the ground running in 2021 and ran outstanding events for new educators and activist members early in the year. This included the best attended activist retreat in ACT Branch history which established a firm basis for successfully maintaining membership engagement in the subsequently prevailing online environment.

While COVID lockdowns put a dampener on organising plans, the team adapted and sought new ways to engage with the membership, most notably through the teacher shortage survey. This survey was undertaken in response to member concerns over the shortage of relief staff to cover staff absences and the consequential prevalence of splitting or collapsing classes. Members were surveyed on their perception of staff shortages, workload, work safety and teaching as a profession. The more than 1,800 educators who completed the survey reported that the teacher shortage in the ACT is worsening considerably and that the negative impacts caused by the shortage are serious and must be urgently addressed.

The report findings revealed a stark picture of an education system in urgent need of more staff, more resources and new approaches to address the complexity of the work of educators.

- More than half of the principals surveyed are unable to fill ongoing or temporary positions at their school.
- 97% of school staff said that students are disadvantaged and their learning outcomes compromised by split or modified classes.
- Almost all teachers report working unpaid overtime every week. More than 40% of teachers report working an average of two days of unpaid overtime every week.
- 70% of principals rate their workload as very or extremely difficult. More than one third of principals regularly work between 10-15 hours over time per week and a further third report working more than 20 additional hours per week.
- More than half of the classroom teachers surveyed would not recommend teaching as a career to family members or friends.
- 85% of respondents said they did not think that the Education Directorate was sufficiently resourced to meet the demands put upon schools.

This survey report gave the union leverage. Immediately it resulted in the formation of the Teacher Shortage Taskforce and a seat at the table for the AEU to work with government to tackle the teacher shortage. Work undertaken by the Taskforce in the last quarter of 2021 resulted in a moratorium on the introduction of new programs, leverage with the Teacher Quality Institute that led to all teachers receiving credit of five hours of teacher identified professional learning to apply to their next registration renewal and a raft of changes that will come into effect in the new year. These include:

1. Centralised supports through ESO to make it easier and faster for schools to access temporary and casual staff.
2. The introduction of a fairer secure work conversion process that will see more staff converted to permanent roles through the work of the insecure work taskforce.
3. Simplified recruitment processes will make recruiting new staff faster and easier, including some improvements to the integrity of the existing school leader recruitment processes.
4. Roles and responsibilities of staff will be clarified through new documentation, beginning with casual staff and new educators.

The AEUACT's industrial team responded to more than 1500 new matters this year and, while a number of those were COVID-related, they also included disputes, workers compensation, workload issues, occupational violence and advice on conditions and entitlements. They also represented AEU members in important policy forums, including on workers compensation, occupational violence, work safety and preventing and responding to sexual assault in the workplace.

In March, Branch Council unanimously endorsed a rule change to restructure the Branch by amending the existing honorary Branch President position to become a full time paid officer of the Branch, in addition to the Branch Secretary. This rule change was approved by the Fair Work Commission in July 2021 and the first elections for the newly created positions were held in the latter part of 2021. Patrick Judge was elected unopposed as the Branch Secretary. An election was contested for the Branch President position resulting in Angela Burroughs being declared elected.

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
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**Significant changes in financial affairs**

Unfortunately the Branch was engaged in a protracted legal dispute throughout 2021 with one of its former officers. The matter involved allegations of serious misconduct made by seven members of the office staff. An independent investigation determined there was a case to answer which triggered charges being laid against the member in accordance with the Branch's Rules. This internal dispute process was concluded in late 2021.

Staffing has been severely impacted by this dispute. Mr Vince McDevitt accepted the role of acting Branch Secretary in the absence on leave of the Branch Secretary; Branch President Angela Burroughs took up a paid position of branch coordinator; multiple staff have been absent due to workplace injury; one staff member was made redundant and another resigned. Three new appointments have been made: one in each of the administrative, industrial and organising teams. The financial impact of this dispute was significant involving substantial costs in time lost due to injury, mediation, legal and employee assistance program costs as well as substantially impacting future year insurance premiums.

In July 2021 WorkSafe ACT issued the AEUACT Branch an Improvement Notice in relation to the AEU's processes for early and effective management of allegations of inappropriate behaviours of bullying and harassment. The Branch pursued various actions to address the matters identified by WorkSafe ACT, including the development of a Workplace Conduct Policy based on a best-practice template endorsed by Safe Work Australia. In late August WorkSafe ACT confirmed that the Branch had complied with the improvement notice.

The building in which the union office is located was sold on 13 October 2021. The AEU office is in the process of purchasing new office space in Kingston. It is co-locating with the United Workers Union and anticipates moving to new premises in early 2022.

**Right of members to resign.**

All members of the Union have the right to resign from the Union in accordance with Rule 34(c) of the Union Rules, (and section 174 of the Fair Work (Registered Organisations) Act 2009); namely, by providing written notice of changes to their membership within 28 days of the change occurring.

**Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee.**

No officers or members were involved in trusteeships or directorships on behalf of the Association as directors of any superannuation fund where the criterion for the officer or member to be the trustee is that the person is an officer or member of a registered organisation.

No officers or members were a director of a company that is a superannuation fund trustee.

**Number of members**

The number of persons that were at the end of the financial year recorded in the register of members for sec. 230 of the Fair Work (Registered Organisations) Act 2009 and who are taken to be members of the Branch under sec. 244 of the Fair Work (Registered Organisations) Act 2009 was 4,316.

Our new sub-branch was established in 2021.

**Number of employees**

As at 31 December, 15.8 full-time equivalent employees were employed by the ACT Branch.

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**Names of Committee of Management members and period positions held during the financial year.**

Patrick Judge  
Branch Secretary  
From 19 November 2021 to 31 December 2021  
Occupation: Branch Secretary

Glenn Fowler  
Branch Secretary  
From 1 January 2021 to 18 November 2021  
Occupation: Branch Secretary

Angela Burroughs  
Branch President  
From 1 January 2021 to 31 December 2021  
Occupation: Teacher/union official

Roger Amey  
Branch Vice President  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Sarah Warren  
Branch Vice President  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Karen Noble  
TAFE Vice President  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Peter Curtis  
General Membership Representative  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Holly Godfree  
General Membership Representative  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Karl-Erik Paasonen  
General Membership Representative  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Trina Cleary  
General Membership Representative  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Murray Chisholm  
General Membership Representative  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

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Sarah Veitch  
General Membership Representative  
From 1 January 2021 – 31 December 2021  
Occupation: Teacher

Tabatha Kellett  
General Membership Representative  
From 1 March 2021 – 31 December 2021  
Occupation: Teacher

Stephanie O'Neill  
General Membership Representative  
From 10 March 2021 – 31 December 2021  
Occupation: Teacher

Cherie Connors  
General Membership Representative  
From 1 January 2021 – 3 February 2021  
Occupation: Teacher

Katie Slater  
General Membership Representative  
From 1 January 2021 – 10 March 2021  
Occupation: Teacher

Tim Dobson  
School Assistant Representative  
From 1 January 2021 – 17 December 2021  
Occupation: School Assistant

Ninetta McCauley  
School Assistant Alternate Representative  
From 1 January 2021 – 31 December 2021  
Occupation: School Assistant

The address for all persons is Level 1, 71 Leichhardt Street, Kinston ACT 2604

Signature of designated officer:



Name and title of designated officer: Patrick Judge, Branch Secretary

Dated: 26/05/ 2022

**Australian Education Union - ACT Branch**  
**ABN 98 106 001142**

for the year ended 31 December 2021

On 26 May 2022 the Committee of management passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2021:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- 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; and
- 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 by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
  - vi. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the committee of management.



Signature of designated officer:

Name and title of designated officer: Patrick Judge, Branch Secretary

Dated: 26 May 2022

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
<b>Revenue from contracts with customers</b>	3		
Membership subscription	3	3,282,753	3,061,549
Other non-member revenue	3	5,736	9,950
Capitation fees and other revenue from another reporting unit	3A	-	-
Levies	3B	-	-
<b>Total revenue from contracts with customers</b>		<u>3,288,489</u>	<u>3,071,499</u>
<b>Income for furthering objectives</b>			
Grants and/or donations	3C	-	-
<b>Total income for furthering objectives</b>		<u>-</u>	<u>-</u>
<b>Other income</b>			
Net gains from sale of assets	3D	335,264	1,236
Revenue from recovery of wages activity	3E	-	-
Investment income	3F	10,494	21,667
Rental income	3G	30,000	45,334
Change in fair value of investments		36,585	5,944
Other revenue	3H	163,360	104,119
<b>Total other income</b>		<u>575,703</u>	<u>178,300</u>
<b>Total income</b>		<u>3,864,192</u>	<u>3,249,799</u>
<b>Expenses</b>			
Employee expenses	4A	(2,334,064)	(2,050,540)
Capitation fees and other expenses to another reporting unit	4B	(142,080)	(121,202)
Affiliation fees	4C	(56,317)	(50,467)
Administration expenses	4D	(426,270)	(454,947)
Grants or donations	4E	(2,000)	(19,400)
Depreciation and amortisation	4F	(30,967)	(39,636)
Finance costs	4G	(5,997)	(5,243)
Legal costs	4H	(203,073)	(11,534)
Audit fees	13	(17,500)	(15,225)
Other expenses	4I	(74,055)	(111,991)
<b>Total expenses</b>		<u>(3,292,323)</u>	<u>(2,880,185)</u>
<b>Surplus for the year</b>		<u>571,869</u>	<u>369,614</u>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>571,869</u>	<u>369,614</u>

The accompanying notes form part of these financial statements

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5A	3,140,174	1,221,838
Trade and other receivables	5B	11,122	12,544
Inventory	5C	12,621	4,883
Other current assets	5D	59,179	47,878
<b>Total current assets</b>		<u><b>3,223,096</b></u>	<u><b>1,287,143</b></u>
<b>Non-current assets</b>			
Property, plant and equipment	6A	463,127	1,388,330
Intangibles	6B	2,074	4,147
Other financial assets	6C	499,405	454,352
<b>Total non-current assets</b>		<u><b>964,606</b></u>	<u><b>1,846,829</b></u>
<b>TOTAL ASSETS</b>		<u><b>4,187,702</b></u>	<u><b>3,133,972</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	7A	351,162	12,619
Other payables	7B	198,767	165,566
Employee provisions	8A	341,826	235,400
<b>Total current liabilities</b>		<u><b>891,755</b></u>	<u><b>413,585</b></u>
<b>Non-current liabilities</b>			
Employee provisions	8A	134,954	131,263
<b>Total non-current liabilities</b>		<u><b>134,954</b></u>	<u><b>131,263</b></u>
<b>TOTAL LIABILITIES</b>		<u><b>1,026,709</b></u>	<u><b>544,848</b></u>
<b>NET ASSETS</b>		<u><b>3,160,993</b></u>	<u><b>2,589,124</b></u>
<b>EQUITY</b>			
General funds	9A	-	-
Reserves	9A	-	392,601
Retained earnings		3,160,993	2,196,523
<b>TOTAL EQUITY</b>		<u><b>3,160,993</b></u>	<u><b>2,589,124</b></u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	General funds /reserves	Retained earnings	Total equity
		\$		\$
Balance at 1 January 2020		404,087	1,809,479	2,213,566
Surplus		-	369,614	369,614
Transfer to retained earnings upon correction of the prior period error	1.24	(11,486)	17,430	5,944
<b>Balance at 31 December 2020</b>		<b><u>392,601</u></b>	<b><u>2,196,523</u></b>	<b><u>2,589,124</u></b>
Balance at 1 January 2021		392,601	2,196,523	2,589,124
Surplus		-	571,869	571,869
Transfer from revaluation reserve upon disposal of the property	9A	(392,601)	392,601	-
<b>Balance at 31 December 2021</b>		<b><u>-</u></b>	<b><u>3,160,993</u></b>	<b><u>3,160,993</u></b>

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 \$	2020 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from members and other parties		3,781,708	3,548,877
Rent received		30,000	45,334
Interest received		3,350	8,491
Dividends received		8,468	13,176
<b>Cash used</b>			
Employees		(2,223,947)	(2,050,540)
Suppliers		(762,269)	(850,695)
Payments to other reporting units/controlled entity(s)	10B	(142,080)	(121,201)
<b>Net cash from operating activities</b>	<b>10A</b>	<b><u>695,231</u></b>	<b><u>593,442</u></b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of plant and equipment		-	1,970
Proceeds from sale of land and buildings		1,680,000	-
Payments to acquire investments		(8,468)	-
<b>Cash used</b>			
Purchase of plant and equipment		(448,427)	(35,759)
<b>Net cash from (used in) investing activities</b>		<b><u>1,223,105</u></b>	<b><u>(33,789)</u></b>
<b>Net increase in cash held</b>		<b>1,918,336</b>	<b>559,653</b>
Cash & cash equivalents at the beginning of the financial year		1,221,838	662,185
<b>Cash &amp; cash equivalents at the end of the financial year</b>	<b>10A</b>	<b><u>3,140,174</u></b>	<b><u>1,221,838</u></b>

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation of the financial statements**

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 (RO Act). For the purpose of preparing the general purpose financial statements, the Australian Education Union ACT Branch is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. The financial statements have been prepared on a historical cost basis, except for certain assets and liabilities measured at 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.

**1.2 Comparative amounts**

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

**1.3 Significant accounting judgements and estimates**

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

***Accounting estimates - Impairment of Assets***

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

***Accounting estimates – Provisions***

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

**1.4 New Australian Accounting Standards**

**Adoption of New Australian Accounting Standards and amendments**

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

**Future Australian Accounting Standards**

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Australian Education Union ACT Branch include:

***AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current***

This Standard amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

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**1.5 Acquisition of assets and or liabilities that do not constitute a business combination**

Australian Education Union ACT Branch did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

**1.6 Current versus non-current classification**

The Australian Education Union ACT Branch presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Australian Education Union ACT Branch classifies all other liabilities as non-current.

**1.7 Revenue**

The Australian Education Union ACT Branch enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

**Revenue from contracts with customers**

Where the Australian Education Union ACT Branch has a contract with a customer, the Australian Education Union ACT Branch recognises revenue when or as it transfers control of goods or services to the customer. The Australian Education Union ACT Branch accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

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**Membership subscriptions**

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Australian Education Union ACT Branch.

The Australian Education Union ACT Branch recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Australian Education Union ACT Branch's promise to stand ready to provide assistance and support to the member as required.

When a member subsequently purchases additional goods or services from the Australian Education Union ACT Branch at their standalone selling price, the Australian Education Union ACT Branch accounts for those sales as a separate contract with a customer.

**Gains from sale of assets**

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

**Interest income**

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

**Rental income**

Leases in which the Australian Education Union ACT Branch as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**1.8 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 which are expected to be settled within twelve months of the end of 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.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Australian Education Union ACT Branch in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Australian Education Union ACT Branch recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

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**1.9 Leases**

The Australian Education Union ACT Branch assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Australian Education Union ACT Branch as a lessee**

The Australian Education Union ACT Branch applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Australian Education Union ACT Branch recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Short-term leases and leases of low-value assets**

The Australian Education Union ACT Branch's short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to the lease of a copier machine. Lease payments on leases of short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**1.10 Borrowing costs**

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

**1.11 Cash**

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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**1.12 Financial instruments**

Financial assets and financial liabilities are recognised when the Australian Education Union ACT Branch becomes a party to the contractual provisions of the instrument.

**1.13 Financial assets**

**Contract assets and receivables**

A contract asset is recognised when the Australian Education Union ACT Branch's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Australian Education Union ACT Branch's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow

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characteristics and the Australian Education Union ACT Branch business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Australian Education Union ACT Branch initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Australian Education Union ACT Branch business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Australian Education Union ACT Branch commits to purchase or sell the asset.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in five categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through profit or loss

#### **Financial assets at amortised cost**

The Australian Education Union ACT Branch measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Australian Education Union ACT Branch financial assets at amortised cost includes trade receivables and loans to related parties.

#### **Financial assets at fair value through other comprehensive income**

The Australian Education Union ACT Branch measures debt instruments at fair value through other comprehensive income (OCI) if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost.

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The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Australian Education Union ACT Branch's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

**Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Australian Education Union ACT Branch has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Australian Education Union ACT Branch has transferred substantially all the risks and rewards of the asset, or
  - b) the Australian Education Union ACT Branch has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Australian Education Union ACT Branch has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Australian Education Union ACT Branch continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**Impairment**

***Expected credit losses***

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

**(i) Trade receivables**

For trade receivables that do not have a significant financing component, the Australian Education Union ACT Branch applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Australian Education Union ACT Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Australian Education Union ACT Branch has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Debt instruments other than trade receivables**

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Australian Education Union ACT Branch recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in

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accordance with the contract and all the cash flows that the Australian Education Union ACT Branch expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Australian Education Union ACT Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Australian Education Union ACT Branch may also consider a financial asset to be in default when internal or external information indicates that the Australian Education Union ACT Branch is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### **1.14 Financial Liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Australian Education Union ACT Branch financial liabilities include trade and other payables.

##### **Subsequent measurement**

###### ***Financial liabilities at amortised cost***

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

###### ***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### **1.15 Liabilities relating to contracts with customers**

##### **Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Australian Education Union ACT Branch transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Australian Education Union ACT Branch performs under the contract (i.e., transfers control of the related goods or services to the customer).

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**Refund liabilities**

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Australian Education Union ACT Branch refund liabilities arise from customers' right of return. The liability is measured at the amount the Australian Education Union ACT Branch ultimately expects it will have to return to the customer. The Australian Education Union ACT Branch updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

**1.16 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.

**1.17 Land, buildings, plant and equipment**

**Asset recognition threshold**

Purchases of land, buildings, 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.

**Revaluations - Land and Buildings**

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

**Depreciation**

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight-line 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:

	2021	2020
Land & buildings	40 years	40 years
Plant and equipment	2 to 5 years	2 to 5 years

**Derecognition**

An item of land, buildings, 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 property, 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.

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**1.18 Intangibles**

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of the entity's intangible assets are:

	2021	2020
Intangibles	2 to 5 years	2 to 5 years

**1.19 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

**1.20 Taxation**

The Australian Education Union ACT 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 statement of cash flows 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.

**1.21 Fair value measurement**

The Australian Education Union ACT Branch measures financial instruments, such as, financial assets at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Australian Education Union ACT

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Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Australian Education Union ACT Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Australian Education Union ACT Branch determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Australian Education Union ACT Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### **1.22 Inventory**

Finished goods are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **1.23 Going concern**

Australian Education Union ACT Branch is not reliant on the agreed financial support of another Australian Education Union Branch to continue on a going concern basis.

#### **1.24 Re-statements of comparative amounts**

The entity did not apply the requirements of the AASB 9 Financial Instruments in recognition of the changes in fair value of its financial investments. The change in the fair value of financial investments was previously recognised in the Changes in Equity Statement under the asset valuation reserve. This error has been retrospectively corrected in the currently financial year. As a part of this correction, the balance of the asset valuation reserve in relation to the investments as at 1 January 2020 was transferred to the retaining earnings and the change in the fair value of investments during the prior financial was recognised in the profit and loss as a restatement of comparative amounts.

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**NOTE 2. EVENTS AFTER THE REPORTING PERIOD**

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Australian Education Union ACT Branch is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Australian Education Union ACT Branch.

While an internal legal matter was concluded in 2021, subsequent to the year end, the Australian Education Union ACT Branch received notice of legal action being taken against the Branch. The cost of the action cannot be estimated at this time, although it is anticipated any costs incurred will be recoverable through the Branch's insurer.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Australian Education Union ACT Branch, the results of those operations, or the state of affairs of the Australian Education Union ACT Branch in subsequent financial periods.

**AUSTRALIAN EDUCATION UNION - ACT BRANCH**  
**ABN 98 106 001 142**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3. REVENUE AND INCOME</b>		
<b>Disaggregation of revenue from contracts with customers</b>		
A disaggregation of the Australian Education Union ACT Branch revenue by type of arrangement is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of revenue by type of customer:		
<b>Type of customer</b>		
Members - Memberships	3,282,753	3,061,549
Non- member		
Advertising	2,100	9,950
Public Education Week event	3,636	-
<b>Total revenue from contracts with customers</b>	<b><u>3,288,489</u></b>	<b><u>3,071,499</u></b>
<b>Note 3A. Capitation fees and other revenue from another reporting unit</b>		
Capitation fees: AEU - Federal Office	-	-
Other revenue from another reporting units	-	-
<b>Total capitation fees and other revenue from other reporting units</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Note 3B. Levies</b>		
Levies	-	-
<b>Total levies</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Note 3C. Grants and/or donations</b>		
Grants	-	-
Donations	-	-
<b>Total grants and donations</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Note 3D. Net gains from sale of assets</b>		
Land and buildings	335,264	-
Plant and equipment	-	1,236
<b>Total grants and donations</b>	<b><u>335,264</u></b>	<b><u>1,236</u></b>
<b>Note 3E. Revenue from recovery of wages activity</b>		
Amounts recovered from employers in respect of wages	-	-
Interest received on recovered money	-	-
<b>Total revenue from recovery of wages activity</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Note 3F. Investment income</b>		
Interest	2,026	8,491
Dividends	8,468	13,176
<b>Total investment income</b>	<b><u>10,494</u></b>	<b><u>21,667</u></b>
<b>Note 3G. Rental income</b>		
Properties	30,000	45,334
<b>Total rental income</b>	<b><u>30,000</u></b>	<b><u>45,334</u></b>

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	2021	2020
	\$	\$
<b>NOTE 3. REVENUE AND INCOME (CONTINUED)</b>		
<b>Note 3H. Other revenue</b>		
Cash flow boost	-	100,000
Workers Compensation Income	154,238	-
Other	9,122	10,063
<b>Total other revenue</b>	<b><u>163,360</u></b>	<b><u>110,063</u></b>
<b>NOTE 4. EXPENSES</b>		
<b>Note 4A. Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	364,695	170,169
Superannuation	67,171	47,543
Leave and other entitlements	25,890	8,398
Separation and redundancies	-	-
Other employee expenses	-	6,264
<b>Subtotal employee expenses holders of office</b>	<b><u>457,756</u></b>	<b><u>232,374</u></b>
<b>Employees other than office holders:</b>		
Wages and salaries	1,510,394	1,540,934
Superannuation	257,170	249,732
Leave and other entitlements	84,228	16,773
Separation and redundancies	24,516	-
Other employee expenses	-	10,728
<b>Subtotal employee expenses employees other than office holders</b>	<b><u>1,876,308</u></b>	<b><u>1,818,167</u></b>
<b>Total employee expenses</b>	<b><u>2,334,064</u></b>	<b><u>2,050,541</u></b>
<b>Note 4B. Capitation fees and other expenses to another reporting unit</b>		
<b>Capitation fees</b>		
Australian Education Union - Federal Office	142,080	121,202
<b>Subtotal capitation fees</b>	<b><u>142,080</u></b>	<b><u>121,202</u></b>
<b>Other expenses to another reporting unit</b>		
<b>Subtotal other expense to another reporting unit</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total capitation fees and other expenses to another reporting unit</b>	<b><u>142,080</u></b>	<b><u>121,202</u></b>
<b>Note 4C. Affiliation fees</b>		
Australian Education Union - Federal Office	22,589	20,027
Trades and Labour Council ACT	33,728	30,440
<b>Total affiliation fees/subscriptions</b>	<b><u>56,317</u></b>	<b><u>50,467</u></b>

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	2021	2020
	\$	\$
<b>NOTE 4. EXPENSES (CONTINUED)</b>		
<b>Note 4D. Administration expenses</b>		
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies		
<i>Publication levy - Australian educator</i>	14,916	13,029
<i>Publication levy - TAFE teacher</i>	634	641
<i>ACTU campaign levy</i>	26,765	23,053
<i>Education international</i>	10,673	9,566
<i>Public education</i>	16,676	14,660
Fees/allowances - meeting and conferences	27,741	23,302
Conference and meeting expenses	25,450	35,935
Property expenses	90,908	72,265
Subscriptions	7,140	6,627
Office expenses	21,761	32,126
Payroll and FBT expenses	5,899	6,134
Recruitment	400	260
Information communication technology	56,638	68,613
Insurances	52,543	51,672
Special interest and events	33,066	14,838
Marketing and promotions	27,369	75,743
Other	7,691	6,483
<b>Total administration expenses</b>	<b><u>426,270</u></b>	<b><u>454,947</u></b>
<b>Note 4E. Grants or donations</b>		
Donations - expenses that exceeded \$1,000	2,000	19,400
<b>Total grants or donations</b>	<b><u>2,000</u></b>	<b><u>19,400</u></b>
<b>Note 4F. Depreciation and amortisation</b>		
Depreciation		
Buildings	16,188	20,659
Plant and equipment	12,706	16,904
<b>Total depreciation</b>	<b><u>28,894</u></b>	<b><u>37,563</u></b>
Amortisation		
Intangibles	2,073	2,073
<b>Total amortisation</b>	<b><u>2,073</u></b>	<b><u>2,073</u></b>
<b>Total depreciation and amortisation</b>	<b><u>30,967</u></b>	<b><u>39,636</u></b>
<b>Note 4G. Finance costs</b>		
Bank fees	5,997	5,243
<b>Total finance costs</b>	<b><u>5,997</u></b>	<b><u>5,243</u></b>
<b>Note 4H. Legal costs</b>		
Litigation	203,073	11,534
Other legal costs	-	-
<b>Total legal costs</b>	<b><u>203,073</u></b>	<b><u>11,534</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021	2020
	\$	\$
<b>NOTE 4. EXPENSES (CONTINUED)</b>		
<b>Note 4I. Other expenses</b>		
Penalties - via RO Act or the <i>Fair Work Act 2009</i>	-	-
Accounting fees	29,525	28,417
Campaigns	3,764	41,158
Meeting	8,187	10,740
Members and professional development course	32,579	31,676
<b>Total other expenses</b>	<b>74,055</b>	<b>111,991</b>
<b>NOTE 5. CURRENT ASSETS</b>		
<b>Note 5A. Cash and cash equivalents</b>		
Cash at bank	2,940,174	1,021,716
Short term deposits	200,000	200,000
Cash on hand	-	122
<b>Total cash and cash equivalents</b>	<b>3,140,174</b>	<b>1,221,838</b>
<b>NOTE 5B. Trade and other receivables</b>		
<b>Receivables from other reporting unit</b>		
Australian Education Union - Federal Office	-	-
<b>Total receivables from other reporting unit</b>	<b>-</b>	<b>-</b>
Less allowance for expected credit losses	-	-
<b>Receivable from other reporting unit (net)</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>		
Investment income receivables	1,500	2,824
Member's welfare loan	9,622	9,720
<b>Total other receivables</b>	<b>11,122</b>	<b>12,544</b>
<b>Total trade and other receivables (net)</b>	<b>11,122</b>	<b>12,544</b>
<b>Note 5C. Inventory</b>		
Merchandise held for distribution	12,621	4,883
<b>Total inventories</b>	<b>12,621</b>	<b>4,883</b>
<b>Note 5D. Other current assets</b>		
Prepayments	56,452	45,151
Deposits paid	2,727	2,727
<b>Total other current assets</b>	<b>59,179</b>	<b>47,878</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 6. NON-CURRENT ASSETS**

**Note 6A. Property, Plant and Equipment**

2021	Land and buildings \$	Plant and Equipment \$	Work in progress \$	Total \$
Property, Plant and Equipment:				
carrying amount	-	131,319	435,438	566,757
accumulated depreciation	-	(103,630)	-	(103,630)
<b>Total Property, Plant and Equipment</b>	<b>-</b>	<b>27,689</b>	<b>435,438</b>	<b>463,127</b>

*Reconciliation of opening and closing balances of property, plant and equipment*

<b>Net book value 1 January 2021</b>	<b>1,353,023</b>	<b>35,307</b>	-	<b>1,388,330</b>
Additions by purchase	-	12,989	435,438	448,427
Depreciation expense	(16,188)	(12,706)	-	(28,894)
Disposals	(1,336,835)	(7,901)	-	(1,344,736)
<b>Net book value 31 December 2021</b>	<b>-</b>	<b>27,689</b>	<b>435,438</b>	<b>463,127</b>

**Net book value as 31 December 2021 represented by:**

Gross book value	-	131,319	435,438	566,757
Accumulated depreciation and impairment	-	(103,630)	-	(103,630)
<b>Net book value 31 December 2021</b>	<b>-</b>	<b>27,689</b>	<b>435,438</b>	<b>463,127</b>

2020	Land and buildings \$	Plant and Equipment \$	Work in progress \$	Total \$
Property, Plant and Equipment:				
carrying amount	1,415,000	223,558	-	1,638,558
accumulated depreciation	(61,977)	(188,251)	-	(250,228)
<b>Total Property, Plant and Equipment</b>	<b>1,353,023</b>	<b>35,307</b>	<b>-</b>	<b>1,388,330</b>

*Reconciliation of opening and closing balances of property, plant and equipment*

<b>Net book value 1 January 2020</b>	<b>1,373,682</b>	<b>15,113</b>	-	<b>1,388,795</b>
Additions by purchase	-	35,759	-	35,759
Depreciation expense	(20,659)	(14,830)	-	(35,489)
Disposals	-	(735)	-	(735)
<b>Net book value 31 December 2020</b>	<b>1,353,023</b>	<b>35,307</b>	<b>-</b>	<b>1,388,330</b>

**Net book value as 31 December 2020 represented by:**

Gross book value	1,415,000	223,558	-	1,638,558
Accumulated depreciation and impairment	(61,977)	(188,251)	-	(250,228)
<b>Net book value 31 December 2020</b>	<b>1,353,023</b>	<b>35,307</b>	<b>-</b>	<b>1,388,330</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021	2020
	\$	\$
<b>Note 6B. Intangibles</b>		
Website at cost:		
Purchased	55,190	55,190
Accumulated amortisation	(53,116)	(51,043)
<b>Total intangibles</b>	<u>2,074</u>	<u>4,147</u>

***Reconciliation of opening and closing balances of intangibles***

<b>As at 1 January</b>		
Gross book value	55,190	55,190
Accumulated amortisation and impairment	(51,043)	(46,896)
<b>Net book value 1 January</b>	<u>4,147</u>	<u>8,294</u>
Additions:		
By purchase	-	-
Amortisation	(2,073)	(4,147)
<b>Net book value 31 December</b>	<u>2,074</u>	<u>4,147</u>

**Net book value as of 31 December represented by**

Gross book value	55,190	55,190
Accumulated amortisation and impairment	(53,116)	(51,043)
<b>Net book value 31 December</b>	<u>2,074</u>	<u>4,147</u>

**Note 6C. Other financial assets**

Managed Investments	499,405	454,352
<b>Total other financial assets</b>	<u>499,405</u>	<u>454,352</u>

**NOTE 7. CURRENT LIABILITIES**

**Note 7A. Trade payables**

Trade Creditors and accruals	351,162	12,619
<b>Subtotal trade creditors</b>	<u>351,162</u>	<u>12,619</u>

**Payables to other reporting unit**

AEU Federal Office	-	-
<b>Subtotal payables to other reporting unit</b>	<u>-</u>	<u>-</u>

<b>Total trade payables</b>	<u>351,162</u>	<u>12,619</u>
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Settlement is usually made within 30 days.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021	2020
	\$	\$
<b>NOTE 7. CURRENT LIABILITIES (CONTINUED)</b>		
<b>Note 7B. Other payables</b>		
Wages and salaries	10,563	-
Superannuation	66,836	46,588
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs		-
Litigation	60,164	-
Other legal costs	-	-
GST payable	7,720	64,417
PAYG payable	39,116	43,770
Accrued expenses	11,125	10,184
Other	3,243	607
<b>Total other payables</b>	<b>198,767</b>	<b>165,566</b>
<b>NOTE 8. PROVISIONS</b>		
<b>Note 8A. Employee provisions</b>		
<b>Office holders</b>		
Annual leave	45,634	17,235
Long service leave	49,505	36,023
Separation and redundancies	-	-
Other	-	-
<b>Subtotal employee provisions - office holders</b>	<b>95,139</b>	<b>53,258</b>
<b>Employees other than office holders</b>		
Annual leave	233,753	182,143
Long service leave	147,888	131,262
Separation and redundancies	-	-
Other	-	-
<b>Subtotal employee provisions - employees other than office holders</b>	<b>381,641</b>	<b>313,405</b>
<b>Total employee provisions</b>	<b>476,780</b>	<b>366,663</b>
Current	341,826	235,400
Non-current	134,954	131,263
<b>Total employee provisions</b>	<b>476,780</b>	<b>366,663</b>
<b>NOTE 9. EQUITY</b>		
<b>Note 9A. General funds</b>		
<b>Asset revaluation reserve</b>		
Balance as at start of year	392,601	404,087
Transfer to retained earnings upon correction of the prior period error	-	(11,486)
Transferred out of reserve	(392,601)	-
<b>Balance as at end of year</b>	<b>-</b>	<b>392,601</b>
<b>Total General funds</b>	<b>-</b>	<b>392,601</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021	2020
	\$	\$
<b>NOTE 9. EQUITY (CONTINUED)</b>		
<b>Note 9B. Other funds</b>		
<b>Balance as at start of year</b>	-	-
Transferred to funds	-	-
Transferred out of funds	-	-
<b>Balance as at end of year</b>	<u>-</u>	<u>-</u>
<b>NOTE 10. CASH FLOW</b>		
<b>Note 10A. Cash flow reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	3,140,174	1,221,838
Balance sheet	<u>3,140,174</u>	<u>1,221,838</u>
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of profit to net cash from operating activities</b>		
Profit for the year	571,869	369,614
<b>Adjustment for non-cash items</b>		
Depreciation/Amortisation	30,967	39,636
Change in fair value of investments	(36,585)	(16,191)
Gain on disposal of assets	(335,264)	(1,236)
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in net receivables	1,421	16,231
(Increase)/decrease in inventory	(7,738)	-
(Increase)/decrease in prepayments	(11,301)	59,017
Increase/(decrease) in supplier payables	338,543	2,390
Increase/(decrease) in other payables	33,201	22,633
Increase/(decrease) in employee provisions	110,117	101,348
<b>Net cash from (used by) operating activities</b>	<u><b>695,230</b></u>	<u><b>593,442</b></u>
<b>Note 10B. Cash flow information</b>		
<b>Cash inflows</b>		
AEU Federal Office	-	-
<b>Total cash inflows</b>	<u>-</u>	<u>-</u>
<b>Cash outflows</b>		
AEU Federal Office	(142,080)	(121,201)
<b>Total cash outflows</b>	<u>(142,080)</u>	<u>(121,201)</u>

**NOTE 11. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS**

**Note 11A. Commitment and contingencies**

The registered organisation had no contingent liabilities/assets as at 31 December 2021 and 31 December 2020.

The registered organisation had no commitments as at 31 December 2021 and 31 December 2020.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12. RELATED PARTY DISCLOSURES**

**Note 12A. Related party transactions for the reporting period**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue received from AEU - Federal Office includes the following:</b>		
Income	-	-
<b>Expenses paid to AEU - Federal Office includes the following:</b>		
Capitation fees	142,080	121,202
Publication levy - Australian educator	14,916	13,029
Publication levy - TAFE teacher	634	641
ACTU Campaign levy	26,765	23,053
Educational international	10,673	9,566
Public education	16,676	14,660
	<b><u>211,744</u></b>	<b><u>182,151</u></b>
<b>Loans to members includes the following:</b>		
Member's welfare loan	9,622	9,720
	<b><u>9,622</u></b>	<b><u>9,720</u></b>

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2021, the Australian Education Union - ACT Branch has not recorded any impairment of receivables relating to amounts owed by the related party (2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The loan provided to members receives a rate of interest of 0% and is repayable on a fortnight basis.

**Note 12B: Key management personnel remuneration for the reporting period**

**Short-term employee benefits:**

Salary (including annual leave taken)	364,695	184,831
Annual leave accrued	19,693	1,640
<b>Total short-term employee benefits</b>	<b><u>384,388</u></b>	<b><u>186,471</u></b>

**Post-employment benefits:**

Superannuation	67,171	47,543
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**Other long-term employee benefits:**

Long-service leave accrued	6,197	8,248
<b>Total other long-term employee benefits:</b>	<b><u>6,197</u></b>	<b><u>8,248</u></b>

<b>Total</b>	<b><u>457,756</u></b>	<b><u>242,262</u></b>
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	2021	2020
	\$	\$
<b>NOTE 13. REMUNERATION OF AUDITORS</b>		
<b>Value of the services provided</b>		
Financial statement audit services	15,000	15,225
Assistance with the compilation of financial statements	2,500	-
<b>Total remuneration of auditors</b>	<u>17,500</u>	<u>15,225</u>

**NOTE 14. FINANCIAL INSTRUMENTS**

**Note 14A. Categories of Financial Instruments**

**Financial assets**

*At amortised cost:*

Cash and cash equivalent	3,140,174	1,221,838
Investment income receivables	1,500	2,824
Member's welfare loan	9,622	9,720

*Fair value through profit or loss:*

Managed investments	499,405	454,352
<b>Total</b>	<u>3,650,701</u>	<u>1,688,734</u>
<b>Carrying amount of financial assets</b>	<u>3,650,701</u>	<u>1,688,734</u>

**Financial liabilities**

Other financial liabilities:

Trade payables and legal cost payable	411,326	12,619
Accrued expenses	11,125	10,184
<b>Total</b>	<u>422,451</u>	<u>22,803</u>
<b>Carrying amount of financial liabilities</b>	<u>422,451</u>	<u>22,803</u>

**Note 14B. Net income and expense from financial assets**

**Financial assets at fair value through profit or loss**

Interest revenue	2,026	8,491
Dividend revenue	8,468	13,176
Change in fair value of investments	36,585	5,944
<b>Net income on financial assets at fair value through profit or loss</b>	<u>47,079</u>	<u>27,611</u>

**Note 14C. Credit risk**

Credit risk is the risk of financial loss to the Branch if a customer or counter party to a financial instrument fails to meet their contractual obligations. The Branch is not exposed to any significant credit risk. Credit risk is managed through close management of all debtors. Historically, the Branch has had very few issues with the collection of debts.

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**NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)**

**Note 14D. Liquidity risk**

Liquidity risk is the risk that the branch will not be able to fund its obligations as they fall due. Contractual maturities for financial liabilities

**Contractual maturities for financial liabilities 2021**

	On Demand	< 1 year \$	1-2 years \$	2-5 years \$	> 5 years \$	Total \$
Trade creditors	-	411,326	-	-	-	-
<b>Total</b>	<b>-</b>	<b>411,326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Contractual maturities for financial liabilities 2020**

	On Demand	< 1 year \$	1-2 years \$	2-5 years \$	> 5 years \$	Total \$
Trade creditors	-	12,619	-	-	-	-
<b>Total</b>	<b>-</b>	<b>12,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note 14F: Market risk**

Market risks generally include interest rate risk, price risk, and currency risk. The Branch is exposed mainly to interest rate risk in relation to the returns received from its Cash and Cash Equivalents and Managed Investments. All are domestic investments so there are no currency risks in relation to those investments held by the Branch.

**Interest rate risk**

The method and assumption used for sensitivity analysis for 2021 and 2020, are the same and illustrate the effect that a 2% change in interest rates will have on the Branch's profit and loss and Equity for both years. The change is equivalent to the approximate CPI variation during both years.

**Sensitivity analysis of the risk that the entity is exposed to for 2021**

	Risk variable	Change in risk variable %	Effect on	
			Profit or loss \$	Equity \$
Cash and cash equivalents	Interest rate	2	62,803	62,803
Managed investments	Interest rate	2	9,988	9,988

**Sensitivity analysis of the risk that the entity is exposed to for 2020**

	Risk variable	Change in risk variable %	Effect on	
			Profit or loss \$	Equity \$
Cash and cash equivalents	Interest rate	2	24,437	24,437
Managed investments	Interest rate	2	9,087	9,087

**Price risk**

The Branch is exposed to equity securities price risk through the investment portfolio. This arises from investments held by the Union and classified on the statement of financial position as fair value through profit and loss. The Union is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Union diversifies its portfolio.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**NOTE 15. FAIR VALUE MEASUREMENT**

**Note 15A. Financial assets and liabilities**

Management of the Australian Education Union ACT Branch assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the Australian Education Union ACT Branch interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2021 was assessed to be insignificant.
- Fair value of equity securities are derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Australian Education Union - ACT Branch's financial assets and liabilities:

	Carrying amount 2021 \$	Fair value 2021 \$	Carrying amount 2020 \$	Fair value 2020 \$
<b>Financial assets</b>				
Managed investments	499,405	499,405	454,352	454,352
Cash and cash equivalents	3,140,174	3,140,174	1,221,838	1,221,838
Investment income receivables	1,500	1,500	2,824	2,824
Member's welfare loan	9,622	9,622	9,720	9,720
<b>Total</b>	<b>3,650,701</b>	<b>3,650,701</b>	<b>1,688,734</b>	<b>1,688,734</b>
<b>Financial assets</b>				
Trade payables	411,326	411,326	12,619	12,619
Accrued expenses	11,125	11,125	10,184	10,184
<b>Total</b>	<b>422,451</b>	<b>422,451</b>	<b>22,803</b>	<b>22,803</b>

**Note 15B. Financial and non-financial assets and liabilities fair value hierarchy**

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy - 31 December 2021**

	Level 1 \$	Level 2 \$	Level 3 \$
<b>Asset measured at fair value</b>			
Managed investments	499,405	-	-
<b>Total</b>	<b>499,405</b>	<b>-</b>	<b>-</b>

**Fair value hierarchy - 31 December 2020**

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<b>Asset measured at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Managed investments	454,352	-	-
Land and buildings	-	1,353,023	-
<b>Total</b>	<b>454,352</b>	<b>1,353,023</b>	<b>-</b>

**NOTE 16. 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 reads as follows:

Information to be provided to members or Commissioner:

- 1) A member of the Australian Education Union ACT Branch, or the Commissioner, may apply to the Australian Education Union ACT Branch for specified prescribed information in relation to the Australian Education Union ACT Branch to be made available to the person making the application.
- 2) 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 Australian Education Union ACT Branch.
- 3) The Australian Education Union ACT Branch must comply with an application made under subsection (1).

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**OFFICER DECLARATION STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

I, Patrick Judge, Branch Secretary of the Australian Education Union ACT Branch, declare that the following activities did not occur during the reporting period ending 31 December 2021.

The Australian Education Union ACT Branch did not:

- agree to provide financial support from another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a grant that was \$1,000 or less
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a separation and redundancy provision in respect of holders of office
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organization or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signature of designated officer:

Dated:

26/05/22 

## **Appendix A – Australian Accounting Standards not applicable to illustrative financial statements**

- AASB 1 First-time Adoption of Australian Accounting Standards
- AASB 2 Share-based Payment
- AASB 3 Business Combinations
- AASB 4 Insurance Contracts
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 6 Exploration for and Evaluation of Mineral Resources
- AASB 8 Operating Segments
- AASB 10 Consolidated Financial Statements
- AASB 14 Regulatory Deferral Accounts
- AASB 102 Inventories
- AASB 112 Income Taxes
- AASB 121 The Effects of Changes in Foreign Exchange Rates
- AASB 129 Financial Reporting in Hyperinflationary Economies
- AASB 133 Earnings per Share
- AASB 134 Interim Financial Reporting
- AASB 141 Agriculture
- AASB 1004 Contributions<sup>1</sup>
- AASB 1023 General Insurance Contracts
- AASB 1038 Life Insurance Contracts
- AASB 1039 Concise Financial Reports
- AASB 1049 Whole of Government and General Government Sector Financial Reporting
- AASB 1050 Administered Items
- AASB 1051 Land Under Roads
- AASB 1052 Disaggregated Disclosures
- AASB 1056 Superannuation Entities
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
- AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- AASB 2019-7 Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations

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<sup>1</sup> The scope of AASB 1004 *Contributions* has been significantly reduced by consequential amendments made by AASB 1058 *Income of Not-for-Profit Entities*.

- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
- Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments
- Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
- Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 12 Service Concession Arrangements
- Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- Interpretation 17 Distributions of Non-Cash Assets to Owners
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Interpretation 21 Levies
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Interpretation 23 Uncertainty over Income Tax Treatments
- Interpretation 107 Introduction of the Euro
- Interpretation 110 *Government Assistance — No Specific Relation to Operating Activities*
- Interpretation 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
- Interpretation 129 Service Concession Arrangements: Disclosures
- Interpretation 1003 Australian Petroleum Resource Rent Tax
- Interpretation 1038 Contributions by Owners Made to Wholly Owned Public Sector Entities
- Interpretation 1047 Professional Indemnity Claims Liabilities in Medical Defence Organisations
- Interpretation 1052 Tax Consolidation Accounting
- Interpretation 1055 Accounting for Road Earthworks

## **Appendix B - Future Australian Accounting Standards Requirements**

- AASB 17 Insurance Contracts
- AASB 2020-3 Amendment to AASB 141 –Taxation in Fair Value Measurements
- AASB 2020-3 Amendment to AASB 1 – Subsidiary as a First-time Adopter
- AASB 2020-3 Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract
- AASB 2020-3 Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use
- AASB 2020-31 Amendment to AASB 9 – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities

## **Appendix C – Amendments issued and effective at the reporting date**

### **AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business**

The amendment to AASB 3 *Business Combinations* clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

### **AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the accounting standard setter in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

### **AASB 2020-4 Amendments to AASs – Covid-19-Related Rent Concessions**

These amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under AASB 16 Leases, if the change were not a lease modification.

