



Fair Work  
Commission

30 June 2023

Matthew Cherry  
Branch Vice President  
Australian Education Union – South Australian Branch  
Sent via email: [aeusa@aeusa.asn.au](mailto:aeusa@aeusa.asn.au)  
cc: [dpozza@nexiaem.com.au](mailto:dpozza@nexiaem.com.au)

Dear Matthew Cherry

**Australian Education Union - South Australian Branch  
Financial Report for the year ended 31 December 2022 – FR2022/272**

I acknowledge receipt of the financial report for the year ended 31 December 2022 for the Australian Education Union – South Australian Branch. The documents were lodged with the Fair Work Commission (the Commission) on 20 June 2023.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

**Reporting Requirements**

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

The Commission recommends that reporting units use these model financial statements to assist in complying with the *Fair Work (Registered Organisations) Act 2009* (RO Act), the section 253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries, please contact me on (03) 8650 0182 or by email at [mihiri.jayawardane@fwc.gov.au](mailto:mihiri.jayawardane@fwc.gov.au).

Yours sincerely

**Mihiri Jayawardane**  
**Fair Work Commission**



**Australian  
Education  
Union** SA Branch

20 June 2023

Mr Murray Furlong  
General Manager  
Fair Work Commission  
GPO Box 1994  
MELBOURNE VIC 3001

Email: [regorgs@fwc.gov.au](mailto:regorgs@fwc.gov.au)

Dear Mr Furlong

**Re: Australian Education Union (SA Branch) – Financial Reports – Year Ending 31 December 2022**

I, MATTHEW CHERRY, being the Branch Vice-President of the Australian Education Union (SA Branch), declare the following:

- that the documents lodged herewith are copies of the full report for the Australian Education Union (SA Branch) for the period ended 31 December 2022 and 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 30 May 2023 publication on the AEU (SA Branch) website on 30 May 2023, and by notice in an e-News publication on 30 May 2023, provided free of charge to members of the Australian Education Union (SA Branch).; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 19 June 2023 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Yours sincerely

MATTHEW CHERRY  
Branch Vice-President

# Australian Education Union (South Australian Branch)

## Financial Statements 2022

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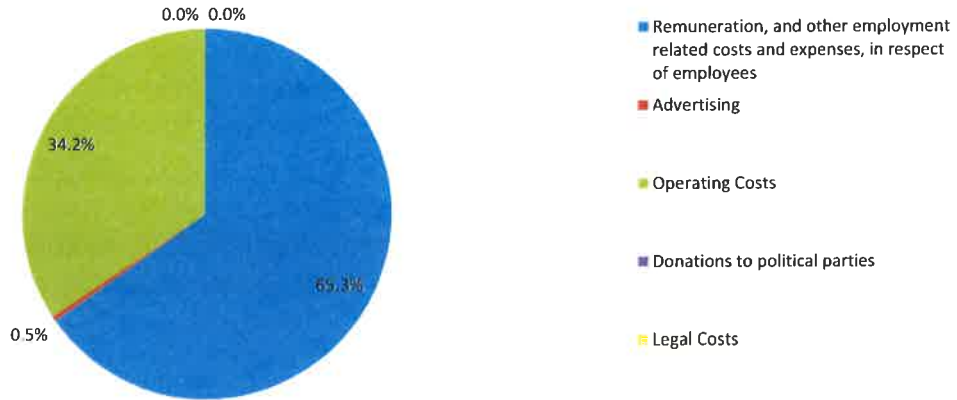
AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Report required under subsection 255(2A)

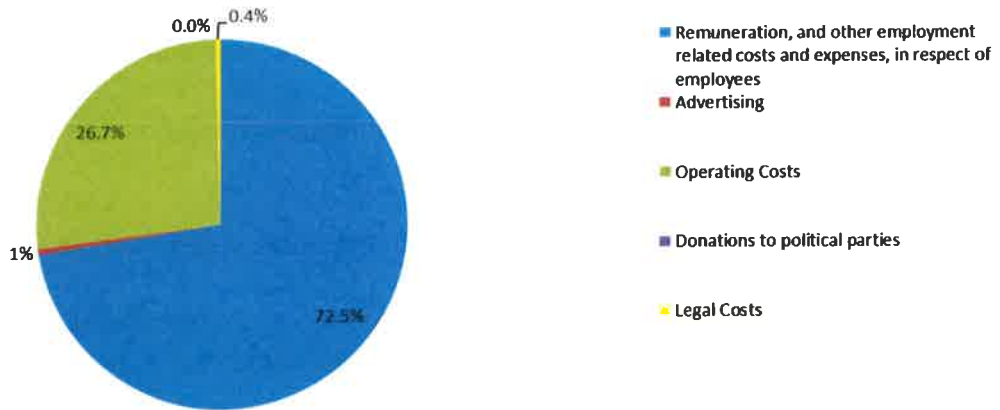
for the year ended 31 December 2022

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 31 December 2022.

2022 - Expenditure as required under s. 255(2A) RO



2021 - Expenditure as required under s 255(2A) RO Act



Signature of designated officer: *[Handwritten Signature]*  
Name and title of designated officer: MATTHEW CHERRY  
Dated: 29/5/23

## AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

### Operating Report for the year ended 31 December 2022

The committee of management presents its operating report on the reporting unit for the year ended 31 December 2022.

The principal activity of the Union during the year was operating as a trade union within the Public Education industry in South Australia in Preschools, Schools and TAFE SA. The primary objective of the AEU (SA Branch) is to represent the professional and industrial interests of its members and to promote and defend South Australia's high quality public education system and the right of every child and student to a quality public education.

The South Australian Branch of the Union set strategic directions for the year consistent with the following strategic objectives endorsed by AEU Federal Executive and adopted by the AEU nationally:

1. To achieve equitable, sustainable, recurrent Government funding of public education across early childhood, schools and TAFE.
2. To protect and promote quality teaching and learning.
3. To protect and promote quality teaching and learning environments.
4. To ensure that the AEU is a growing, active campaigning, democratic union.
5. To promote, defend and advocate for human rights and social justice.

The AEU SA Branch implemented AEU Federal campaigns throughout the 2022 financial year in relation to schools, preschools and TAFE.

The AEU SA Branch directions are consistent with the Federal AEU objectives.

The AEU SA Branch vision is that 'United as educators, we are the powerful union that protects, promotes and enhances an inclusive public education for all South Australians.'

The strategic directions of the AEU SA Branch are to:

- Build and promote respect for the profession
- Protect and improve members' workplace rights and entitlements
- Protect, promote, and enhance public education
- Increase union power
- Advocate for equity principles

Accordingly, the principal activities of the union throughout the 2022 financial year focussed on the achievement of our vision and strategic directions. Lobbying of both state and federal governments and politicians, and community engagement and activities sought to achieve these aims. 2022 began with the AEU SA Branch actively promoting respect for educators by campaigning for safe and healthy working conditions as the pandemic significantly impacted the workforce. The AEU SA Branch lobbied the state government to hear the concerns of the profession about working in close proximity with others while COVID-19 spread throughout communities and implement effective strategies that would assist workers in maintaining their health and wellbeing. Through this campaign, the AEU SA Branch connected with members and developed strength and

resolve across the membership in demanding that the government respect the profession as more than just child minding.

The AEU SA Branch's campaigning work continued with efforts to secure a more respectful state government during the 2022 state elections. These efforts were continued during the 2022 Federal election.

The level of student support services, across rural, remote, and metropolitan South Australia continues to be inadequate due in part to the inability to fill positions with suitably qualified staff. This was exacerbated by COVID-19 but has continued due to unsustainable workload expectations. We continue to advocate for improved services, both for addressing the needs of students and to alleviate workload for members. A shortage of qualified teachers has affected all areas of the state and has resulted in the employer seeking alternatives through Special Authorities to Teach to fill open positions.

Throughout 2022, the AEU SA Branch campaigned for improved education support services. We drew to the attention of the Department for Education the inadequacy and failures of the IESP application process, calling for the Department to remedy the concerns presented by staff to ensure that students receive all of the support that they deserve.

The implementation of the 'South Australian School and Preschool Education Staff Enterprise Agreement 2020' was ongoing throughout 2022, in particular the AEU SA Branch utilised its resources in educating and training members in provisions to ensure that democratic processes were operating pursuant to the industrial instruments which govern schools and preschools, and to ensure that workload protections were observed. The AEU SA Branch began preparations for enterprise bargaining in 2023 by hosting community forums across the state to solicit feedback from members about what they wanted to see the AEU SA Branch represent in the next round of negotiations.

The provision of quality vocational education in South Australia continued to be a concern of the union. However, a change in state government, resulted in significant improvements that saw a rollback of some key decisions of concern from the previous government. Still, TAFE SA members still experience significant workload issues that must now be the focus as enrolments in TAFE increase.

After initial problems with the in-principle agreement for a new TAFE SA Educational Staff Enterprise Agreement, concerns were rectified, and an agreement was made in early 2022.

Preschool members successfully campaigned to secure ongoing funding for preschool education, in regard to universal access for four-year-old children, and in line with the Federal campaign 'Preschool Funding Now'.

COVID 19 impacted on the operations of the AEU SA Branch throughout 2022. AEU SA members remained at work for the majority of the year. The AEU staff remained focused on assisting members with health and safety queries, workload matters associated with the delivery of remote learning and the associated upskilling in technology requirements.

The AEU SA Branch began returning to in-person events but conducted much of its work in hybrid settings, including Zoom and Teams meetings, telephone contact, and via email and social media. Meetings of Branch Executive and Branch Council were mainly

conducted in-person with Zoom options, while Consultative and Standing Committee meetings and business were primarily conducted online.

A focus on recruitment and retention continued to be a key priority for the Branch to ensure that the union retains strong membership density in all education sectors. Member recruitment was facilitated through in-person site visits and events with some on-line campaigning and activism, and information sharing through electronic means. Lapsed members continued to be a key priority for recruitment, as is following up on unfinancial members whose bank details are in need of updating.

Member training and development continued to play a critical role in providing the tools and strategies needed to encourage AEU members to actively engage and recruit their colleagues. AEU training and development activities were linked to building the capacity of AEU activists to become workplace leaders in sites. New Workplace Representative training continued to be a priority of the Union in order to develop the skills of new Sub-branch Secretaries and therefore increase the engagement of all members in worksites. Governance training for members new to the Committee of Management and Branch Council delegates was conducted as needed.

An organisational restructure of the AEU SA Branch, predominately affecting Administrative Officers was consulted on with affected staff at the beginning of 2022, with a view to implementation in mid to late 2022. A continuous improvement approach was taken with regard to a previous review of all the functions and operations of the AEU SA Branch. Staff policies and procedures were reviewed, developed and implemented by the AEU SA Branch Committee of Management, in consultation with staff.

### **Significant changes in financial affairs**

There has been no significant change in the Union's financial affairs during the year.

### **Right of members to resign**

Members may resign from the Union in accordance with Federal Rule 17 which reads:

"17 - Resignation from membership and termination of eligibility

(3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.

(4) A notice of resignation from membership takes effect:-

(a) where the member ceases to be eligible to become a member of the Union -

(i) on the day on which the notice is received at the office of the relevant Branch Secretary; or

(ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

(b) in any other case -

(i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or

(ii) on the day specified in the notice;

whichever is later.

To the best of the Committee of Management's belief and knowledge, no officer or member of the Branch is

(i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or

(ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme;  
where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

**Number of members**

The number of members as at 31 December 2022 was 12,153.

**Number of employees**

The number of persons who as at 31 December 2022 were employees of the Branch measured on a full time equivalent basis was 39.1.

**Names of committee of management members and period positions held during the financial year**

The names of Branch Executive members in office at any time during the year are:

Andrew Gohl (President)

Matthew Cherry (Vice President)

Jan Murphy (Vice President)

Leah York (Branch Secretary)

Ann Clarke (Treasurer)

David Coulter

Danny Ellis

Susan Garwood

Trish Gilbert

Jennie-Marie Gorman

Chantelle Lucas

Marika Marlow

Dylan Milton

Kate McAuley

Kendall Proud

Debby Shields

Claudia Sigalla

Howard Spreadbury

Michael Stoetzer

Tom Ellis (from 21/9/22) Sadie Gent (from 21/9/22)

Tegan Simmons (1/1/2022 to 5/2/2022) Dash Taylor Johnson (1/1/2022 to 23/4/2022)

Note: All Committee Members have been elected for a term of office ending 31 December 2023 unless otherwise noted.

Office holders are listed at the beginning of the Committee Member list. All other Committee Members are known as Ordinary Branch Executive Officers.

Signature of designated officer: 

Name and title of designated officer: MATTHEW CHERRY

Dated: 29/5/23



AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Committee of Management Statement

for the year ended 31 December 2022

On 29/05/2023 the Committee of Management of the Australian Education Union (SA Branch) passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2022:

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 General Manager duly made under section 272 of the RO Act, that information has been provided to the member or the General Manager; 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: MATTHEW CHERRY

Dated: 29/5/23

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Comprehensive Income  
for the year ended 31 December 2022

	Notes	2022 \$	2021 \$
<b>Revenue from contracts with customers</b>			
	3A		
Membership subscriptions		8,126,491	8,485,637
Room Hire		8,519	12,014
Journal Advertising		6,393	10,796
Professional Development		17,838	17,276
<b>Total revenue from contracts with customers</b>		<b>8,159,241</b>	<b>8,525,723</b>
<b>Other Income</b>			
Net gains from sale of assets	3B	33,636	3,545
Investment income	3C	10,865	199,187
Other income	3D	69,443	68,303
<b>Total other income</b>		<b>113,944</b>	<b>271,035</b>
<b>Total income</b>		<b>8,273,185</b>	<b>8,796,758</b>
<b>Expenses</b>			
Employee expenses	4A	5,967,751	5,690,584
Capitation fees	4B	465,960	465,192
Affiliation fees	4C	195,636	195,675
Compulsory Levies	4D	103,576	105,515
Governance expenses	4E	104,454	98,097
Administration expenses	4F	454,319	472,608
Operational expenses	4G	372,460	440,816
Other Member Operations expense	4H	169,702	144,253
Property expenses	4I	137,205	136,004
Development review and application	4P	1,080,666	23,250
Investment expenses	4J	125,689	139,899
Donations	4K	-	-
Depreciation and amortisation	4L	128,511	131,612
Finance costs	4M	572	319
Legal costs	4N	2,809	30,056
Audit fees	4O	18,200	17,400
<b>Total expenses</b>		<b>9,327,510</b>	<b>8,091,280</b>
<b>(Deficit)/Surplus for the year</b>		<b>(1,054,325)</b>	<b>705,478</b>
<b>Other comprehensive income</b>			
Other Comprehensive Income		-	-
<b>Total comprehensive income attributable to members of the Union</b>		<b>(1,054,325)</b>	<b>705,478</b>

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Financial Position

as at 31 December 2022

	Notes	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5A	47,975	67,990
Trade and Other Receivables	5B	58,142	36,041
Other Current Assets	5C	115,218	90,884
Other Financial Assets	5D	7,426,116	8,363,097
<b>Total Current Assets</b>		<b>7,647,451</b>	<b>8,558,012</b>
<b>Non-current Assets</b>			
Property, Plant and Equipment	6A	6,649,088	6,676,420
Other Financial Assets	5D	2	2
<b>Total Non-current Assets</b>		<b>6,649,090</b>	<b>6,676,422</b>
<b>Total Assets</b>		<b>14,296,541</b>	<b>15,234,434</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade Payables	7A	569,231	446,977
Other Payables	7B	333,778	365,501
Employee Provisions	8A	1,624,249	1,594,371
Lease Liabilities	6B	19,966	17,756
<b>Total Current Liabilities</b>		<b>2,547,224</b>	<b>2,424,605</b>
<b>Non-current Liabilities</b>			
Employee Provisions	8A	42,334	28,555
Lease Liabilities	6B	65,358	85,324
<b>Total Non-current Liabilities</b>		<b>107,692</b>	<b>113,879</b>
<b>Total Liabilities</b>		<b>2,654,916</b>	<b>2,538,484</b>
<b>Net Assets</b>		<b>11,641,625</b>	<b>12,695,950</b>
<b>EQUITY</b>			
Asset Revaluation Reserve	9A	4,947,035	4,947,035
Retained Earnings		6,694,590	7,748,915
<b>Total Equity</b>		<b>11,641,625</b>	<b>12,695,950</b>

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Changes in Equity

for the year ended 31 December 2022

	<b>General funds /reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	\$	\$	\$
<b>Balance as at 31 December 2020</b>	4,947,035	7,043,437	11,990,472
Profit attributable to members of the Union	-	705,478	705,478
<b>Closing balance as at 31 December 2021</b>	<b>4,947,035</b>	<b>7,748,915</b>	<b>12,695,950</b>
Deficit attributable to members of the Union	-	(1,054,325)	(1,054,325)
<b>Closing balance as at 31 December 2022</b>	<b>4,947,035</b>	<b>6,694,590</b>	<b>11,641,625</b>

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022 \$	2021 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from customers		8,954,551	9,330,258
Receipts from other reporting unit/controlled entity(s)	10B	227	-
Interest		121,495	201,173
Other		74,860	73,256
<b>Cash used</b>			
Suppliers and Employees		(9,126,719)	(8,012,204)
Interest payments and other finance costs	4M	(572)	(319)
Payment to other reporting units/controlled entity(s)	10B	(767,880)	(771,207)
<b>Net cash (used)/from operating activities</b>	10A	<b>(744,038)</b>	820,957
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of plant and equipment		33,636	1,064
Repayment of staff loans		1,228	950
Withdrawal from Investments		809,462	-
<b>Cash used</b>			
Purchase of plant and equipment		(101,179)	(42,725)
Deposits to Investments		-	(867,768)
Staff loans Issued		(1,368)	(1,954)
<b>Net cash (used by) investing activities</b>		<b>741,779</b>	(910,433)
<b>FINANCING ACTIVITIES</b>			
<b>Cash used</b>			
Repayment of lease liabilities	6B	(17,756)	(25,269)
<b>Net cash used by financing activities</b>		<b>(17,756)</b>	(25,269)
<b>Net increase (decrease) in cash held</b>		<b>(20,015)</b>	(114,745)
Cash & cash equivalents at the beginning of the reporting period		67,990	182,735
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	5A	<b>47,975</b>	67,990

The above statement should be read in conjunction with the notes

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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 Union is a not-for-profit entity.

The financial statements, except for cash flow information, have been prepared on an accrual basis. 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. The financial statements are presented in Australian dollars.

The financial report covers Australian Education Union (South Australian Branch) which is a branch of a registered union under the Fair Work (Registered Organisations) Act 2009 in Australia.

The financial report was authorised for issue on 29<sup>th</sup> May 2023 by the Branch Executive.

### **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**

There are not any significant judgements or estimates that have been identified that have a significant risk of causing a material adjustment.

### **1.4 New Australian Accounting Standards**

#### **Adoption of New Australian Accounting Standard requirements**

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

#### **Future Australian Accounting Standards Requirements**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## 1.5 Current versus non-current classification

The Union 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 Union classifies all other liabilities as non-current.

## 1.5 Revenue

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, Journal advertising, room hire, and professional development course fees.

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 Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union 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.

### **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 Union.

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

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

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

### **Volunteer services**

During the year, the Union received volunteer services. The Union did not recognise any volunteer services as revenue because it could not reliably measure the fair value of those services.

### **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**

Rental income arising is accounted for on a straight-line basis over the relevant lease term.

## 1.6 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 Union in respect of services provided by employees up to reporting date.

## 1.7 Leases

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

### Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2022	2021
Office Equipment	4 years	4 years

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an

index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## **1.8 Borrowing costs**

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

## **1.09 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.

## **1.10 Financial instruments**

Financial assets and financial liabilities are recognised when a Union entity becomes a party to the contractual provisions of the instrument.

## **1.11 Financial assets**

### **Receivables**

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).

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 characteristics and the [reporting unit's] business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union 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 Union's 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 Union 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 Union 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.

### **Financial assets at fair value through profit or loss (including designated)**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

### **Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union 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 Union has transferred substantially all the risks and rewards of the asset, or
  - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Union 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 Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

### **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 Union 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 Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union 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 Union recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Union 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 Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union 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.

## **1.12 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 Union's financial liabilities include trade and other payables.

## **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.

### **1.13 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 Union transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Union performs under the contract (i.e., transfers control of the related goods or services to the customer).

### **1.14 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.

### **1.15 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:

	2022	2021
Land & buildings	40 years	40 years
Plant and equipment	2 to 10 years	2 to 10 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.

### 1.16 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### 1.17 Taxation

The Union 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.

## 1.18 Fair value measurement

The Union measures financial instruments, such as, financial assets as 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 Union. 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 Union 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 Union 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 Union 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.

## **Note 2 Events after the reporting period**

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 Union, the results of those operations, or the state of affairs of the Union in subsequent financial periods.

## **Note 3 Revenue and Income**

### **Note 3A Disaggregation of revenue from contracts with customers**

A disaggregation of the Union's revenue by type of arrangements 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>2022</b>	2021
	\$	\$
<b>Type of customer</b>		
Members	<b>8,126,491</b>	8,485,637
Other parties	<b>32,750</b>	40,086
<b>Total revenue from contracts with customers</b>	<b>8,159,241</b>	8,525,723

### **Note 3B: Net gains from sale of assets**

Plant and equipment	-	3,545
Motor Vehicles	<b>33,636</b>	-
<b>Total net gain from sale of assets</b>	<b>33,636</b>	3,545

### **Note 3C: Investment income**

Interest		
Deposits	<b>43,698</b>	41,881
Managed Investments	<b>(32,833)</b>	157,306
Dividends	-	-
<b>Total Investment income</b>	<b>10,865</b>	199,187

### **Note 3D: Other income**

Rental Income	<b>55,903</b>	54,430
Sitting Fee Reimbursement	<b>13,000</b>	13,000
Sundry Other Income	<b>540</b>	873
<b>Total Other income</b>	<b>69,443</b>	68,303

	2022	2021
	\$	\$
<b>Note 4 Expenses</b>		
<b>Note 4A: Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	709,700	672,166
Superannuation	88,571	87,928
Leave and other entitlements	28,775	47,633
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<b>827,046</b>	<b>807,727</b>
<b>Employees other than office holders:</b>		
Wages and salaries	3,860,681	3,967,352
Superannuation	487,877	491,783
Leave and other entitlements	355,150	98,117
Separation and redundancies	106,772	-
Other employee expenses	-	-
<b>Subtotal employee expenses employees other than office holders</b>	<b>4,810,480</b>	<b>4,557,252</b>
<b>Other</b>		
Payroll Tax	236,857	229,990
RTWSA Premium	50,318	45,750
Fringe Benefits Tax	142	235
Staff Recruitment and Training	42,908	49,630
<b>Total employee expenses</b>	<b>5,967,751</b>	<b>5,690,584</b>
<b>Note 4B: Capitation fees and other expense to another reporting unit</b>		
<b>Capitation fees</b>		
Australian Education Union	465,960	465,192
<b>Subtotal capitation fees</b>	<b>465,960</b>	<b>465,192</b>
<b>Other expenses to another reporting unit included in the relevant expense</b>		
Australian Education Union		
Staff Recruitment and Training	82	-
Resource Purchases	226	414
National Committee & Conferences - Travel	4,560	-
Advertising and Other campaign Expenses	398	10,576
<b>Subtotal other expense to another reporting unit</b>	<b>5,266</b>	<b>10,990</b>
<b>Total capitation fees and other expense to another reporting unit</b>	<b>471,226</b>	<b>476,182</b>

	2022	2021
	\$	\$
<b>Note 4C: Affiliation fees</b>		
ACTU *	86,977	87,633
Educational International *	34,393	34,944
SA Union	74,266	72,748
Sundry memberships	-	350
<b>Total affiliation fees/subscriptions</b>	<b>195,636</b>	<b>195,675</b>

\*These are paid to the Australian Education Union and form part of the Federal Affiliation.

#### **Note 4D: Compulsory Levies**

Australian Education Union		
Publication Levy		
- For the publication of the Australian Educator and TAFE Teacher	50,460	50,915
Public Education Levy	53,116	54,600
- To contribute towards the National Public Education Campaign		
<b>Total Compulsory Levies</b>	<b>103,576</b>	<b>105,515</b>

#### **Note 4E:- Governance Expenses**

Branch, Area & Divisional Council Meetings	44,394	39,782
Sub-branch Administration Allowances	1,915	1,922
Committee Expenses & Communication to Members	1,247	2,410
Executive Expenses	38,568	38,028
Awards/Support	1,957	6,361
Entertainment and Travel	16,373	9,594
Travel sustentation allowances	-	-
<b>Total Governance Expenses</b>	<b>104,454</b>	<b>98,097</b>

#### **Note 4F: Administration expenses**

Bank Fees	57,457	63,028
Doubtful Debts	-	-
Entertainment & Travel	680	21
Insurance	6,847	6,153
Internet Access & Website	-	-
Lease Interest expense	5,352	4,016
Postage	7,134	6,602
Printing and Stationery	5,548	7,779
Resource Purchases	2,165	4,501
IT System expenses	299,009	322,343
Strategic Review	-	456
Reconciliation	6,034	3,628
Sundry Expenses	4,749	5,446
Telecommunication	59,344	48,635
<b>Total Administration Expenses</b>	<b>454,319</b>	<b>472,608</b>

	2022	2021
	\$	\$
<b>Note 4G:- Operational Expenses</b>		
Membership Records		
Stationery/Resources	1,236	1,173
Postage	3,006	4,451
Member Recruitment	-	202
Member Recognition	316	45
Campaign & Publicity		
Advertising & Other Campaign Expenses	127,954	53,838
Media Consultancy & Monitoring	17,100	17,700
Travel & Accommodation	33,538	35,247
Travel Sustentation Allowance		-
Motor Vehicle Expenses	42,245	44,714
Women's Officer Activities	17,047	12,694
Industrial Costs	15,278	129,053
Member Services:		
Travel & Sundry Expenses	172	1,371
Sustentation	-	79
Legal Defence	75,073	87,554
Organisers:		
Regional Office Expenses		-
Communications:		
AEU Journal Printing & Delivery	25,466	40,790
Digital Engagement	14,029	11,905
<b>Total Operational Expenses</b>	<b>372,460</b>	<b>440,816</b>

#### **Note 4H:- Other Member Operations**

Member Education for the strategic goals of		
Build	16,598	21,099
Activate	67,986	57,856
Win	2,819	3,997
Union Shopper	9,505	-
International Support	59,000	61,000
National Committee & Conferences		
Travel & Other Expenses	8,326	284
Sustentation Allowances	5,330	-
Travel & Accommodation	138	17
<b>Total Other Member Operations expenses</b>	<b>169,702</b>	<b>144,253</b>

#### **Note 4I:- Property**

Electricity	44,006	45,002
Cleaning	57,202	62,402
Insurance	21,220	19,810
Sundry Property Expenses	14,777	8,790
<b>Total Property Expenses</b>	<b>137,205</b>	<b>136,004</b>

	2022	2021
	\$	\$
<b>Note 4J:- Investment Expenses</b>		
Investment Management Fees	21,533	20,236
Property Expenses		
Rates & Taxes	59,553	62,426
Repairs & Maintenance	44,603	57,237
<b>Subtotal Investment Expenses</b>	<b>125,689</b>	<b>139,899</b>
<b>Note 4K: Donations</b>		
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>
<b>Note 4L: Depreciation and amortisation</b>		
Depreciation		
Land & buildings	52,625	52,625
Plant and equipment	25,301	25,884
Furniture & Fittings	1,038	3,795
Motor Vehicles	27,815	23,042
<b>Total depreciation</b>	<b>106,779</b>	<b>105,346</b>
Amortisation		
Leased Office Equipment	21,732	26,266
<b>Total amortisation</b>	<b>21,732</b>	<b>26,266</b>
<b>Total depreciation and amortisation</b>	<b>128,511</b>	<b>131,612</b>
<b>Note 4M: Finance costs</b>		
Credit cards	572	319
<b>Total finance costs</b>	<b>572</b>	<b>319</b>
<b>Note 4N: Legal costs</b>		
Litigation	2,809	30,056
Other legal costs	-	-
<b>Total legal costs</b>	<b>2,809</b>	<b>30,056</b>
<b>Note 4O: Remuneration of Auditors</b>		
<b>Value of the services provided</b>		
Financial statement audit services	18,200	17,400
Other services	-	-
<b>Total remuneration of auditors</b>	<b>18,200</b>	<b>17,400</b>

2022	2021
\$	\$

**Note 4P: Development review and application**

Property Development review and application	1,080,666	23,250
<b>Total Development review and application</b>	<b>1,080,666</b>	<b>23,250</b>

The Union's Branch Council endorsed the decisions of the Committee of Management to secure an appropriate Statutory Works Approval (Development Application) that would:

1. Develop the site by way of joint venture with a funding partner to be agreed and approved by Branch Executive;
2. Maximise the returns and benefits to the AEU SA commensurate with its inputs and appetite for risk; and
3. Secure an enhanced office and facilities for the Union, in the first instance within the proposed development if financially prudent, but in any case, such facilities for the longer term.

Branch Council endorses the concept of Affordability, Environmental Sustainability, Accessibility and Social Outcomes as important deliverables in any potential Development and recognises that both Public Art and Recognition of Our First Nations Peoples are also key deliverables of the Project/Development benefit assessment.

**Note 5 Current Assets**

**Note 5A: Cash and Cash Equivalents**

Cash on hand	400	400
Cash at bank	47,575	67,590
<b>Total Cash and Cash Equivalents</b>	<b>47,975</b>	<b>67,990</b>

**Note 5B: Trade and Other Receivables**

Trade Debtors	653	1,743
Sundry Debtors	57,489	34,298
<b>Total other receivables</b>	<b>58,142</b>	<b>36,041</b>
<b>Total trade and other receivables (net)</b>	<b>58,142</b>	<b>36,041</b>

The Union has recognised the following assets and liabilities related to contracts with customers:

Receivables		
<b>Receivables - current</b>	<b>3,964</b>	<b>15,528</b>
<b>Receivables – non-current</b>	<b>–</b>	<b>–</b>

**Note 5C: Other Current Assets**

Prepayments	115,218	90,884
<b>Total Other Current Assets</b>	<b>115,218</b>	<b>90,884</b>

	2022	2021
	\$	\$
<b>Note 5D Other Financial assets</b>		
<b>Investments - Current</b>		
Bank at call savings	180,711	930,350
Managed At call savings	231,186	185,039
Term Deposits	3,515,782	3,500,776
Managed Investments	3,497,293	3,745,928
Staff Computer Loans	1,144	1,004
	<u>7,426,116</u>	<u>8,363,097</u>
<b>Investments – Non Current</b>		
Credit Union SA share – at cost	2	2
	<u>2</u>	<u>2</u>
<b>Note 6 Non-current Assets</b>		
<b>Note 6A: Property, Plant and Equipment</b>		
Land and Buildings		
An independent valuation of the land and buildings was under taken on 15 <sup>th</sup> December 2014. The valuation was performed by W Fudali FAPI, Certified Practising Valuer		
Greenhill Road – at independent valuation	6,175,000	6,175,000
Accumulated Depreciation	(385,000)	(336,875)
	<u>5,790,000</u>	<u>5,838,125</u>
Porter Street – at independent valuation	600,000	600,000
Accumulated Depreciation	(36,000)	(31,500)
	<u>564,000</u>	<u>568,500</u>
Works of Art – at cost	<u>36,300</u>	36,300
Plant and Equipment – at cost	420,717	418,309
Accumulated Depreciation	(375,924)	(359,203)
	<u>44,793</u>	<u>59,106</u>
Furniture & Fittings – at cost	224,304	235,394
Accumulated Depreciation	(195,774)	(209,350)
	<u>28,530</u>	<u>26,044</u>
Motor Vehicles – at cost	251,756	253,559
Accumulated Depreciation	(145,973)	(206,628)
	<u>105,783</u>	<u>46,931</u>
Office Equipment - leased	108,658	108,658
Accumulated Depreciation	(28,976)	(7,244)
	<u>79,682</u>	<u>101,414</u>
	<u>6,649,088</u>	<u>6,676,420</u>



**Note 6 Non-current Assets**

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

**2022**

	Land & Buildings	Works Of Art	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment Leased	Total
<b>Reconciliation of opening and closing balances of property, plant and equipment</b>							
<b>Net book value 1 January 2022</b>	6,406,625	36,300	59,106	26,044	46,931	101,414	6,676,420
Additions:							
By purchase	-	-	10,988	3,524	86,667	-	101,179
Revaluations	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Depreciation expense	(52,625)	-	(25,301)	(1,038)	(27,815)	(21,732)	(128,511)
Disposals:							
<b>Net book value 31 December 2022</b>	<b>6,354,000</b>	<b>36,300</b>	<b>44,793</b>	<b>28,530</b>	<b>105,783</b>	<b>79,682</b>	<b>6,649,088</b>
<b>Net book value as of 31 December 2022 represented by:</b>							
Gross book value	6,775,000	36,300	420,717	224,304	251,756	108,658	7,816,735
Accumulated depreciation and impairment	(421,000)	-	(375,924)	(195,774)	(145,973)	(28,976)	(1,167,647)
<b>Net book value 31 December 2022</b>	<b>6,406,625</b>	<b>36,300</b>	<b>44,793</b>	<b>28,530</b>	<b>105,783</b>	<b>79,682</b>	<b>6,649,088</b>

**Note 6A: Property, Plant and Equipment (Continued)**

**2021**

	Land and Buildings	Works of Art	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment Leased	Total
<b>Reconciliation of opening and closing balances of property, plant and equipment</b>							
<b>Net book value 1 January 2021</b>	6,459,250	36,300	65,268	6,836	69,973	50,663	6,688,290
Additions:							
By purchase	-	-	19,722	23,003	-	108,658	151,383
Revaluations	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Adoption of AASB16	-	-	-	-	-	-	-
Depreciation expense	(52,625)	-	(25,884)	(3,795)	(23,042)	(26,266)	(131,612)
Disposals:	-	-	-	-	-	(31,641)	(31,641)
<b>Net book value 31 December 2021</b>	<b>6,406,625</b>	<b>36,300</b>	<b>59,106</b>	<b>26,044</b>	<b>46,931</b>	<b>101,414</b>	<b>6,676,420</b>
<b>Net book value as of 31 December 2021 represented by:</b>							
Gross book value	6,775,000	36,300	418,309	235,394	253,559	108,658	7,827,220
Accumulated depreciation and impairment	(368,375)	-	(359,203)	(209,350)	(206,628)	(7,244)	(1,150,800)
<b>Net book value 31 December 2021</b>	<b>6,406,625</b>	<b>36,300</b>	<b>59,106</b>	<b>26,044</b>	<b>46,931</b>	<b>101,414</b>	<b>6,676,420</b>

	2022	2021
	\$	\$
<b>Note 6B: Leases</b>		
<b>As at 1 January</b>	<b>103,080</b>	53,812
Adjustment on lease termination	-	(34,124)
Additions	-	108,658
Accretion of interest	<b>5,352</b>	4,016
Payments	<b>(23,108)</b>	(29,282)
<b>As at 31 December</b>	<b>85,324</b>	103,080
Current	19,966	17,756
Non-current	65,358	85,324
	<b>85,324</b>	<b>103,080</b>

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	21,732	26,266
Interest expense on lease liabilities	5,352	4,016
<b>Total amount recognised in profit or loss</b>	<b>27,084</b>	<b>30,282</b>

## Note 7 Current Liabilities

### Note 7A: Trade payables

Trade creditors and accruals	<b>391,759</b>	350,470
Legal costs		
Litigation	-	-
Other Legal costs	<b>625</b>	66,851
Salary and on costs – Elected Officers	<b>172,156</b>	29,656
Superannuation	<b>4,691</b>	-
<b>Total trade payables</b>	<b>569,231</b>	446,977

Settlement is usually made within 30 days.

### Note 7B: Other payables

Subscriptions in Advance	<b>333,778</b>	365,501
<b>Total other payables</b>	<b>333,778</b>	365,501

Total other payables are expected to be settled in:

No more than 12 months	<b>333,778</b>	365,501
More than 12 months	-	-
<b>Total other payables</b>	<b>333,778</b>	365,501

	2022	2021
	\$	\$
<b>Note 8</b>		
<b>Provisions</b>		
<b>Note 8A: Employee provisions</b>		
<b>Office holders:</b>		
Annual leave	118,450	98,861
Long service leave	-	-
Separations and redundancies	-	-
Other	8,730	10,300
<b>Subtotal employee provisions—office holders</b>	<b>127,180</b>	<b>109,161</b>
<b>Employees other than office holders:</b>		
Annual leave	534,963	540,925
Long service leave	943,170	913,140
Separations and redundancies	-	-
Other	61,270	59,700
<b>Subtotal employee provisions—employees other than office holders</b>	<b>1,539,403</b>	<b>1,513,765</b>
<b>Total employee provisions</b>	<b>1,666,583</b>	<b>1,622,926</b>
Current	1,624,249	1,594,371
Non-current	42,334	28,555
<b>Total employee provisions</b>	<b>1,666,583</b>	<b>1,622,926</b>

## Note 9 Equity

### Note 9A: General funds

Asset Revaluation Reserve		
<b>Balance as at start of year</b>	<b>4,947,035</b>	4,947,035
Transferred to reserve	-	-
Transferred out of reserve	-	-
<b>Balance as at end of year</b>	<b>4,947,035</b>	4,947,035

2022	2021
\$	\$

## Note 10 Cash Flow

### Note 10A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

#### Cash and cash equivalents as per:

Cash flow statement	47,975	67,990
Balance sheet	47,975	67,990
<b>Difference</b>	<b>-</b>	<b>-</b>

#### Reconciliation of profit to net cash from operating activities:

(Deficit)/Profit for the year	(1,054,325)	705,478
-------------------------------	-------------	---------

#### Adjustments for non-cash items

Depreciation/amortisation	128,511	131,612
Gain on disposal of assets	(33,636)	(3,545)

#### Changes in assets/liabilities

(Increase)/Decrease in net receivables	(22,101)	(10,595)
(Increase)/Decrease in prepayments	(24,334)	4,250
Decrease in Managed Investments	127,659	-
Increase/(Decrease) in supplier payables	90,531	(47,319)
Increase/(Decrease) in employee provisions	43,657	41,076
<b>Net cash from (used by) operating activities</b>	<b>(744,038)</b>	<b>820,957</b>

### Note 10B: Cash flow information

#### Cash inflows

Australian Education Union	227	-
<b>Total cash inflows</b>	<b>227</b>	<b>-</b>

#### Cash outflows

Australian Education Union	767,880	771,207
<b>Total cash outflows</b>	<b>767,880</b>	<b>771,207</b>

	2022	2021
	\$	\$
<b>Note 11</b>		
<b>Contingent Liabilities, Assets and Commitments</b>		
Commitments for minimum lease payments in relation to non-cancellable finance leases are payable as follows:		
Within one year	24,263	23,108
After one year but not more than five years	70,644	94,907
More than five years	-	-
	94,907	118,015

Leases are for photocopiers and printers and the average remaining term is 44 months. There is no contingent rent payable in respect of the above leases. Under the terms of the lease arrangements an option does not exist for renewal or purchase options at the end of the lease term. The lease arrangement contains no escalation clauses.

## **Note 12**      **Related Party Disclosures**

### **Note 12A: Related party transactions for the reporting period**

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated

Andrew Gohl (President)	Matthew Cherry (Vice President)	
Jan Murphy (Vice President)	Leah York (Branch Secretary)	
Ann Clarke (Treasurer)	David Coulter	Danny Ellis
Tom Ellis	Susan Garwood	Sadie Gent
Trish Gilbert	Jennie-Marie Gorman	Chantelle Lucas
Marika Marlow	Dylan Milton	Kate McAuley
Kendall Proud	Debby Shields	Claudia Sigalla
Tegan Simmons	Dash Taylor Johnson	Howard Spreadbury
Michael Stoetzer		

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2022, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$709,700 (2021 \$672,168). The aggregate amounts paid during the year ended 31st December 2022 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$88,672 (2021 \$87,929).

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

<b>Revenue received from Leah York:</b>	<b>2022</b>	2021
Sitting Fee	<b>13,000</b>	13,000

Leah York receives a Board Sitting fees from Funds SA and subject to AEU (SA Branch) policy that the remuneration received is paid to the AEU (SA Branch)

## Note 12A: Related party transactions for the reporting period (Cont.)

### Terms and conditions of transactions with related parties

There were no other transactions with key management personnel or the committee of management and the AEU (SA Branch) office other than those relating to their membership of the AEU (SA Branch) and reimbursement in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which are reasonable to expect would have been adopted by parties at arm's length.

	2022	2021
	\$	\$
<b>Note 12B: Key management personnel remuneration for the reporting period</b>		
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	795,370	810,083
Annual leave accrued	123,889	93,052
Sick Leave Accrued	11,018	12,394
Performance Bonus	-	-
<b>Total short-term employee benefits</b>	<b>930,277</b>	<b>915,529</b>
<b>Post-employment benefits:</b>		
Superannuation	97,503	102,599
<b>Total post-employment benefits</b>	<b>97,503</b>	<b>102,599</b>
<b>Other long-term benefits:</b>		
Long-service leave	22,559	37,440
<b>Total other long-term benefits</b>	<b>22,559</b>	<b>37,440</b>
<b>Termination benefits</b>	-	-
<b>Total</b>	<b>1,050,339</b>	<b>1,055,568</b>

## Note 13 Financial Instruments

The Union has financial instruments that are cash or cash equivalents, deposits with banks, short term investments, trade receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are also set out below.

### (a) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Unions exposure to the risk of changes in market interest rates relates primarily to its interest bearing investments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate of those interest bearing investments:

## Note 13 Financial Instruments (Cont.)

### Sensitivity analysis of the risk that the entity is exposed to for 2022

Risk variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate risk	- +2%	299,157	299,157
Interest rate risk	- -2%	(56,415)	(56,415)

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

Risk variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate risk	- +2%	234,879	234,879
Interest rate risk	- -2%	(48,971)	(48,971)

### (b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The following tables sets out the liquidity risk of financial liabilities held by the Union. They represent the contractual maturity of financial liabilities.

2022	Floating Interest rate	Fixed Interest Maturing in		Non interest bearing	Total
		1 year or less	Greater than 2 years		
Financial assets					
Cash on hand and in banks	47,575	-	-	400	47,975
Receivables	-	-	-	173,360	173,360
Investments					
Other than public investments	411,897	3,515,782	-	-	3,927,679
Managed Investments	3,497,293	-	-	-	3,497,293
Staff Computer Loans	-	-	-	1,144	1,144
	<u>3,956,765</u>	<u>3,515,782</u>	<u>-</u>	<u>174,904</u>	<u>7,647,451</u>
Weighted average interest rate	1.97%	3.73%			
Financial Liabilities					
Accrued Expenses	-	-	-	569,231	569,231
Subscriptions in Advance	-	-	-	333,778	333,778
Lease of Office	-	19,966	65,358	-	85,324
Equipment					
		<u>19,966</u>	<u>65,358</u>	<u>903,009</u>	<u>988,333</u>



## Note 13 Financial Instruments (Cont.)

2021

	Floating Interest rate	Fixed Interest Maturing in 1 year or less	Greater than 2 years	Non interest bearing	Total
Financial assets					
Cash on hand and in banks	67,590	-	-	400	67,990
Receivables	-	-	-	126,925	126,925
Investments					
Other than public investments	1,115,389	3,500,776	-	-	4,616,165
Managed Investments	3,745,928	-	-	-	3,745,928
Staff Computer Loans	-	-	-	1,004	1,004
	<u>4,928,907</u>	<u>3,500,776</u>	<u>-</u>	<u>128,329</u>	<u>8,558,012</u>
Weighted average interest rate	1.25%	1.04%			
Financial Liabilities	-	-	-		
Accrued Expenses	-	-	-	465,824	465,824
Subscriptions in Advance	-	-	-	365,501	365,501
Lease of Office Equipment	-	17,756	85,324	-	103,080
	<u>-</u>	<u>17,756</u>	<u>85,324</u>	<u>831,325</u>	<u>934,405</u>

### (c) Credit risk

#### Credit risk Exposure

Credit Risk on financial assets represents the loss that would be recognised if counterparties failed to perform as contracted, leading to a financial loss. The credit risk on financial assets, excluding investments, of the Australian Education Union (SA Branch) which have been recognised in the balance sheet is the carrying amount, net of any provision for doubtful debts.

#### Trade receivables

	Current	30-60 days	Total
31 December 2022	653	-	653
31 December 2021	681	1,062	1,743

#### Net Fair Values of Financial Assets and Financial Liabilities

Net fair value of financial assets and financial liabilities are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers.

The carrying amounts of cash on hand and in banks, investments, trade and other debtors, prepayments, accrued expenses and subscriptions in advance are not materially different from their net fair values.

## Note 13 Financial Instruments (Cont.)

### Financial Risk Management Policies

The Union's Executive is responsible for, among other issues, monitoring and managing financial risk exposures of the Union. The Executive monitors the Union's transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring and managing financial risk exposures are held and minuted by the committee of management.

The Executive's overall risk management strategy seeks to ensure that the Union meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

## Note 14 Fair Value Measurement

### Note 14A: Financial assets and liabilities

Management of the Union assessed that cash on hand and at banks (including deposits noted in Note 5D) 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.

Management measures and recognizes the following assets at fair value on a recurring basis after initial recognition:

- Freehold land and buildings.

Further discussion regarding the reporting units accounting policy on fair value measurement is detailed at note 1.19.

The following table contains the carrying amounts and related fair values for the Union's financial assets and liabilities:

	<b>Carrying amount 2022 \$</b>	<b>Fair value 2022 \$</b>	<b>Carrying Amount 2021 \$</b>	<b>Fair value 2021 \$</b>
<b>Financial assets</b>				
Land and Buildings	<b>6,354,000</b>	<b>6,354,000</b>	6,406,625	6,406,625
<b>Total</b>	<b>6,354,000</b>	<b>6,354,000</b>	<b>6,406,625</b>	<b>6,406,625</b>

#### Note 14B: 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 – 30 June 2022

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	\$
Managed Investments	31/12/2022	3,497,293	-	-
Land and Buildings	15/12/2014	-	6,354,000	-
<b>Total</b>		<b>3,497,293</b>	<b>6,354,000</b>	-

##### Fair value hierarchy – 30 June 2021

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	\$
Managed Investments	31/12/2022	3,745,928	-	-
Land and Buildings	15/12/2014	-	6,406,625	-
<b>Total</b>		<b>3,745,928</b>	<b>6,406,625</b>	-

#### Note 15 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 the General Manager:

- 1) A member of a Union, or the General Manager, may apply to the Union for specified prescribed information in relation to the Union 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 Union.
- 3) A Union must comply with an application made under subsection (1).

### Officer declaration statement

I, Matthew Cherry, being the Vice President of the Australian Education Union (South Australian Branch), declare that the following activities did not occur during the reporting period ending 31 December 2022.

The Union did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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 an organisation, a determination or revocation by the General Manager, Fair Work Commission.
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- have a receivable with another reporting unit
- have a payable with another reporting unit
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation 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

Signed by the officer:  .....

Dated: 29/12/23 .....

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION (SA BRANCH)**

**Report on the Audit of the Financial Report**

**Opinion**

I have audited the financial report of Australian Education Union (SA Branch) ('the Reporting Unit'), which comprises the Statement of Financial Position as at 31 December 2022, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended 31 December 2022, Notes to the Financial Statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my opinion, the accompanying financial report presents fairly, in all material respects, the financial position of Australian Education Union (SA Branch) as at 31 December 2022, 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.

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.

**Advisory. Tax. Audit.**

## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION (SA BRANCH) (CONT)**

### **Basis for Opinion (cont)**

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 they 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.

### **Advisory. Tax. Audit.**

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION (SA BRANCH) (CONT)**

**Auditor's Responsibilities for the Audit of the Financial Report (cont)**

- 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.

*Nexia Edwards Marshall*

Nexia Edwards Marshall  
Chartered Accountants



Damien Pozza  
Partner

Adelaide  
South Australia

29 May 2023

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