



18 July 2023

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

Dear Patrick Judge

**Australian Education Union – ACT Branch
Financial Report for the year ended 31 December 2022 – (FR2022/270)**

I acknowledge receipt of the financial report for the year ended 31 December 2022 for the Australian Education Union – ACT Branch. The documents were lodged with the Fair Work Commission (the Commission) on 30 June 2023.

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

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

Please note that the financial report for the year ending 31 December 2023 may be subject to an advanced compliance review.

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 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.

Yours sincerely

Mihiri Jayawardane
Fair Work Commission

AUSTRALIAN EDUCATION UNION – ACT BRANCH

ABN 98 106 001 142

Certificate by prescribed designated officer

Certificate for the year ended 31 December 2022

I, Patrick Judge, being the 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 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 31 May 2023; and
- that the full report was presented at a meeting of the committee of management of the reporting unit on 28 June 2023 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of designated officer:

A handwritten signature in black ink, appearing to read 'Patrick Judge', written over a horizontal line.

Patrick Judge, Branch Secretary.

Dated: 30 June 2023

AUSTRALIAN EDUCATION UNION – ACT BRANCH
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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RSM Australia Pty Ltd

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61(0) 2 6217 0300
F +61(0) 2 6217 0401

www.rsm.com.au

**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 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 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 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.

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 read 'RSM', is written over the printed 'RSM' logo.

RSM Australia Pty Ltd

A handwritten signature in black ink, appearing to read 'Roney Miller', is written over the printed name and title.

Roney Miller
Director

Canberra
30 May 2023

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

AUSTRALIAN EDUCATION UNION - ACT BRANCH
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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.

Descriptive form

Categories of expenditures	2022 (\$)	2021 (\$)
Remuneration and other employment-related costs and expenses – employees	2,314,775	2,334,064
Advertising	Nil	Nil
Operating costs including legal costs	786,145	722,219
Donations to political parties	Nil	Nil
Legal costs	41,773	203,073

Signature of designated officer: 

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

Dated: 24 MAY 2023

AUSTRALIAN EDUCATION UNION - ACT BRANCH
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OPERATING REPORT

For the year ended 31 December 2022

The Committee presents its report on the reporting unit for the financial year ended 31 December 2022.

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 public education, including kindergarten and preschool education, primary education, secondary education, and technical and further education.

Results of the Principal Activities

The Australian Education Union – ACT Branch (AEU ACT) 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.

In 2022, the AEU ACT lodged logs of claims on behalf of its members and commenced bargaining in relation to the three enterprise agreements that cover school assistants working in ACT public schools, teachers at the Canberra Institute of Technology and ACT public school teachers.

Working with the ACT Government Education Directorate, the AEU ACT released its Teacher Shortage Taskforce Report. This joint union-employer report, the first of its kind in Australia, sets out practical solutions for the ACT to address the critical shortage of teachers being experienced nationwide.

Throughout 2022, the AEU ACT championed public education and cultivated community and government support for measures that will enhance the reputation of the teaching profession.

Significant changes in the nature of the principal activities

There were no major changes in the nature of the principal activities.

Financial Operating Result

The operating surplus of the union amounted to \$10,005 (2021: \$571,869). The figure represents a true and fair view of the results achieved during the reporting period.

Non-Financial Operating Result

During 2022 the Branch made significant changes to its strategic planning framework adopting an annual operational plan that identified the immediate priorities to be advanced. More than 90% of the targets in the 2022 operational plan were either fully achieved or substantially advanced. These included:

- Developing campaigns and organising activities that engaged members with the bargaining of new teacher, school assistant and CIT enterprise agreements
- Making more than 20 substantial contributions to policy review and submissions to government inquiries
- Developing and implementing a communications and marketing strategy that included activation of social media and a strong presence of the AEU in print, radio and television
- Completing and lodging with the Fair Work Commission a comprehensive review of the Branch Rules
- Restructuring the Branch office and recruiting staff to best position the office to advance the interests of members while providing the necessary support to fulfil its legislative and regulatory requirements
- Actioning almost 900 cases in supporting members with industrial advice
- Obtaining ACT Government commitment to implement all recommendations of the joint union-employer Teacher Shortage Taskforce report

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- Reactivating TAFE Council and meetings with CIT members
- Hosting major showcase events to support members, celebrate public education and position the union as the professional voice of teachers.

A critical shortage of teachers and its consequential impact on workload and safety represented the greatest challenges throughout the year. Data collected across terms 2 and 3 showed that on any given day thousands of students went without a qualified teacher because their class had been split, collapsed or cancelled. This underscored the importance of the union's determination to articulate the size, scope and impact of the teacher shortage and to work with government on practical measures to alleviate workload pressures while advancing longer term strategies to attract and retain more teachers in ACT public schools.

Pupil free days and streamlined student reports were negotiated to provide teachers with some relief from the additional workload demands arising from understaffing in 2022.

In December the branch released its report into the excessive workload of school principals. This report recognised the often overlooked workload toll on principals from employer demand creep and escalating expectations from members of the community who are not always sympathetic to the challenges presented by staffing shortages. In late December the Education Directorate committed to work with the union in 2023 to address the key challenges faced by principal members.

Bargaining negotiations have focused on achieving the reform level change needed to ensure that students get the resources that they need, that staff workloads are manageable and that salaries provide a signal that the teaching profession is valued. This has involved calling on the ACT Government to deliver:

- a qualified teacher in every classroom
- realistic workloads
- no more unpaid work; and
- the resources schools need to succeed.

With concerns over excessive workloads and uncompetitive pay dominating all member meetings, it was unsurprising that the ACT Government's first pay offer and workload reduction proposal were resoundingly rejected. The pay offer represented a real-term pay cut, while the workload proposal with no tangible change to current conditions signalled a clear lack of value of the work of our members.

While negotiations will continue into 2023, they will proceed from a position of a genuine shared interest in making sure that the ACT public education workers are well paid, have reasonable workloads and are safe and supported at work.

Finally, during 2022 the branch moved into new and substantially improved premises in Kingston, co-locating with the offices of the United Workers Union, the United Firefighters Union and the AMWU. The purpose built training rooms and meeting spaces provide enhanced amenities for members and enable the Branch to host functions and events onsite. The building has quickly become a hub of union activity, regularly hosting local and interstate activists.

Significant changes in financial affairs

While the union moved to its new premises in March 2022, settlement has yet to be finalised. As a consequence, the branch's asset base remains skewed towards current assets as funds for the building purchase are retained in an at call interest bearing cash account.

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.

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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 4,127 (2021: 4,316).

Number of employees

As at 31 December, 16 (2021: 15.8) full-time equivalent employees were employed by the ACT Branch. This included one contract position to cover the absence of an employee on leave.

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

Patrick Judge
Branch Secretary
From 1 January 2022 to 31 December 2022
Occupation: Branch Secretary

Angela Burroughs
Branch President
From 1 January 2022 to 31 December 2022
Occupation: Branch President

Roger Amey
Branch Vice President (Schools Sector)
From 1 January 2022 – 17 January 2022; and
From 23 November 2022 – 31 December 2022
Occupation: Teacher

Sarah Warren
Branch Vice President (Schools Sector)
1 January 2022 – 31 December 2022
Occupation: Teacher

Holly Godfree
Branch Vice President (Schools Sector)
From 17 January 2022 – 23 November 2022
Occupation: Teacher

Karen Noble
Branch Vice President (TAFE Sector)
From 1 January 2022 – 31 December 2022
Occupation: Teacher

Holly Godfree
General Membership Representative
From 1 January 2022 – 17 January 2022
Occupation: Teacher

Peter Curtis
General Membership Representative
From 1 January 2022 – 31 December 2022
Occupation: Teacher

Karl-Erik Paasonen
General Membership Representative
From 1 January 2022 – 31 December 2022
Occupation: Teacher

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Trina Cleary
General Membership Representative
From 1 January 2022 – 31 December 2022
Occupation: Teacher

Murray Chisholm
General Membership Representative
From 1 January 2022 – 31 December 2022
Occupation: Teacher

Sarah Veitch
General Membership Representative
From 1 January 2022 – 1 March 2022
Occupation: Teacher

Tabatha Kellett
General Membership Representative
From 1 January 2022 – 31 December 2022
Occupation: Teacher

Stephanie O'Neill
General Membership Representative
From 1 January 2022 – 2 February 2022
Occupation: Teacher

Roger Amey
General Membership Representative
From 1 March 2022 – 23 November 2022
Occupation: Teacher

Tony Kennedy
General Membership Representative
From 1 March 2022 – 31 December 2022
Occupation: Teacher

Barbara Monsma
General Membership Representative
From 27 April 2022 – 31 December 2022
Occupation: Teacher

Sam Mills
TAFE Membership Representative
From 1 March 2022 – 31 December 2022
Occupation: Teacher

Jane McNally
School Assistant Representative
From 20 July 2022 – 31 December 2022
Occupation: School Assistant

Ninetta McCauley
School Assistant Alternate Representative
From 1 January 2022 – 1 March 2022
Occupation: School Assistant

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The address for all persons is Unit 16, 71 Leichhardt Street, Kingston ACT 2604.

Signature of designated officer:



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

Dated: 24 MAY 2023

Australian Education Union ACT Branch

ABN 98 106 001142

For the year ended 31 December 2022

On 17 May 2022 the Committee of management passed the following resolution.

That the Branch Executive of the AEU ACT Branch, acting as the Committee of Management declares in relation to the General Purpose Financial Report (GPFR) for the year ended 31 December 2022 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 the year:
 - i. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the 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.



Patrick Judge
Branch Secretary

24 MAY 2023

AUSTRALIAN EDUCATION UNION - ACT BRANCH
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Revenue from contracts with customers	3		
Membership subscription	3	3,252,790	3,282,753
Other non-member revenue	3	12,356	5,736
Capitation fees and other revenue from another reporting unit	3A	-	-
Levies	3B	-	-
Revenue from recovery of wages activity	3E		
Total revenue from contracts with customers		<u>3,265,146</u>	<u>3,288,489</u>
Income for furthering objectives			
Grants and/or donations	3C	-	-
Income recognised from volunteer services	3I		
Total income for furthering objectives		<u>-</u>	<u>-</u>
Other income			
Net gains from sale of assets	3D	-	335,264
Investment income	3F	22,356	10,494
Rental income	3G	-	30,000
Change in fair value of investments		(61,999)	36,585
Other revenue	3H	146,873	163,360
Total other income		<u>107,230</u>	<u>575,703</u>
Total income		<u>3,372,376</u>	<u>3,864,192</u>
Expenses			
Employee expenses	4A	(2,314,775)	(2,334,064)
Capitation fees and other expenses to another reporting unit	4B	(152,571)	(142,080)
Affiliation fees	4C	(63,762)	(56,317)
Administration expenses	4D	(513,342)	(426,270)
Grants or donations	4E	(4,000)	(2,000)
Depreciation and amortisation	4F	(43,375)	(30,967)
Finance costs	4G	(1,743)	(5,997)
Legal costs	4H	(41,773)	(203,073)
Audit fees	13	(20,000)	(17,500)
Other expenses	4I	(207,030)	(74,055)
Total expenses		<u>(3,362,371)</u>	<u>(3,292,323)</u>
Surplus for the year		<u>10,005</u>	<u>571,869</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>10,005</u>	<u>571,869</u>

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The accompanying notes form part of these financial statements
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	5A	2,457,604	3,140,174
Trade and other receivables	5B	31,497	11,122
Inventory	5C	11,613	12,621
Other current assets	5D	64,014	59,179
Total current assets		<u>2,564,728</u>	<u>3,223,096</u>
Non-current assets			
Property, plant and equipment	6A	837,935	463,127
Intangibles	6B	64,056	2,074
Other financial assets	6C	451,366	499,405
Total non-current assets		<u>1,353,357</u>	<u>964,606</u>
TOTAL ASSETS		<u>3,918,085</u>	<u>4,187,702</u>
LIABILITIES			
Current liabilities			
Trade payables	7A	53,876	351,162
Other payables	7B	235,712	198,767
Employee provisions	8A	404,606	341,826
Total current liabilities		<u>694,194</u>	<u>891,755</u>
Non-current liabilities			
Employee provisions	8A	52,893	134,954
Total non-current liabilities		<u>52,893</u>	<u>134,954</u>
TOTAL LIABILITIES		<u>747,087</u>	<u>1,026,709</u>
NET ASSETS		<u>3,170,998</u>	<u>3,160,993</u>
EQUITY			
General funds	9A	-	-
Reserves	9A	-	-
Retained earnings		3,170,998	3,160,993
TOTAL EQUITY		<u>3,170,998</u>	<u>3,160,993</u>

AUSTRALIAN EDUCATION UNION - ACT BRANCH
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The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	General funds /reserves	Retained earnings	Total equity
		\$		\$
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	-
Balance at 31 December 2021		<u>-</u>	<u>3,160,993</u>	<u>3,160,993</u>
Balance at 1 January 2022		-	3,160,993	3,160,993
Surplus		-	10,005	10,005
Balance at 31 December 2022		<u>-</u>	<u>3,170,998</u>	<u>3,170,998</u>

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The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from members and other parties		3,721,217	3,781,709
Rent received		-	30,000
Interest received		6,493	3,350
Dividends received		13,960	8,468
Receipts from other reporting unit/controlled entity(s)		-	-
Cash used			
Employees		(2,334,056)	(2,223,947)
Suppliers		(1,443,488)	(762,269)
Payments to other reporting units/controlled entity(s)	10B	(152,571)	(142,080)
Net cash from operating activities	10A	(188,445)	695,231
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of land and buildings		-	1,680,000
Payments to acquire investments		(13,960)	(8,468)
Cash used			
Purchase of plant and equipment		(411,735)	(448,427)
Purchase of intangible assets		(68,430)	-
Net cash from (used in) investing activities		(494,125)	1,223,105
Net increase in cash held		(682,570)	1,918,336
Cash & cash equivalents at the beginning of the financial year		3,140,174	1,221,838
Cash & cash equivalents at the end of the financial year	10A	2,457,604	3,140,174

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to accounting standards and other changes in accounting policy, which have been adopted for the first time this financial year:

- International Financial Reporting Standards Interpretations Committee (IFRS IC) agenda decision on configuration or customisation costs in cloud computing or Software-as-a-Service (SaaS) arrangements
- AASB 2021-3 Amendments to AASs – COVID-19-Related Rent Concessions beyond 30 June 2021

Application of above Accounting Standards and amendments did not have a material impact to the financial statements of the entity.

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:

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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.

Application of above Accounting Standards and amendments is not expected to have a material impact to the financial statements of the entity.

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.

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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.

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.

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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.

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.

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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 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.

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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.

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.

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(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 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.

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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).

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.

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
Office fit-out	5-40 years	-
Plant and equipment	2 to 5 years	2 to 5 years

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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.

1.18 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:

	2022	2021
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

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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 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.

NOTE 2. EVENTS AFTER THE REPORTING PERIOD

There has not been 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.

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	2022	2021
	\$	\$
NOTE 3. REVENUE AND INCOME		
Disaggregation of revenue from contracts with customers		
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:		
Type of customer		
Members - Memberships	3,252,790	3,282,753
Non- member		
Advertising	-	2,100
Public Education Week event	12,356	3,636
Total revenue from contracts with customers	<u>3,265,146</u>	<u>3,288,489</u>
Note 3A. Capitation fees and other revenue from another reporting unit		
Capitation fees: AEU - Federal Office	-	-
Other revenue from another reporting units	-	-
Total capitation fees and other revenue from other reporting units	<u>-</u>	<u>-</u>
Note 3B. Levies		
Levies	-	-
Total levies	<u>-</u>	<u>-</u>
Note 3C. Grants and/or donations		
Grants	-	-
Donations	-	-
Total grants and donations	<u>-</u>	<u>-</u>
Note 3D. Net gains from sale of assets		
Land and buildings	-	335,264
Plant and equipment	-	-
Total grants and donations	<u>-</u>	<u>335,264</u>
Note 3E. Revenue from recovery of wages activity		
Amounts recovered from employers in respect of wages	-	-
Interest received on recovered money	-	-
Total revenue from recovery of wages activity	<u>-</u>	<u>-</u>
Note 3F. Investment income		
Interest	8,396	2,026
Dividends	13,960	8,468
Total investment income	<u>22,356</u>	<u>10,494</u>
Note 3G. Rental income		
Properties	-	30,000
Total rental income	<u>-</u>	<u>30,000</u>

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	2022	2021
	\$	\$
NOTE 3. REVENUE AND INCOME (CONTINUED)		
Note 3H. Other revenue		
Cash flow boost	-	-
Workers Compensation Income	135,324	154,238
Other	11,549	9,122
Total other revenue	146,873	163,360
NOTE 4. EXPENSES		
Note 4A. Employee expenses		
Holders of office:		
Wages and salaries	380,176	364,695
Superannuation	68,233	67,171
Leave and other entitlements	29,564	25,890
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	477,973	457,756
Employees other than office holders:		
Wages and salaries	1,607,856	1,510,394
Superannuation	257,705	257,170
Leave and other entitlements	(48,845)	84,228
Separation and redundancies		24,516
Other employee expenses	20,086	-
Subtotal employee expenses employees other than office holders	1,836,802	1,876,308
Total employee expenses	2,314,775	2,334,064
Note 4B. Capitation fees and other expenses to another reporting unit		
Capitation fees		
Australian Education Union - Federal Office	152,571	142,080
Subtotal capitation fees	152,571	142,080
Other expenses to another reporting unit		
Subtotal other expense to another reporting unit	-	-
Total capitation fees and other expenses to another reporting unit	152,571	142,080
Note 4C. Affiliation fees		
Australian Education Union - Federal Office	22,760	22,589
Trades and Labour Council ACT	41,002	33,728
Total affiliation fees/subscriptions	63,762	56,317

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	2022	2021
	\$	\$
NOTE 4. EXPENSES (CONTINUED)		
Note 4D. Administration expenses		
Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies		
<i>Publication levy - Australian educator</i>	15,882	14,916
<i>Publication levy - TAFE teacher</i>	642	634
<i>ACTU campaign levy</i>	28,479	26,765
<i>Education international</i>	11,261	10,673
<i>Public education</i>	17,392	16,676
Fees/allowances - meeting and conferences	15,548	27,741
Conference and meeting expenses	60,378	25,450
Property expenses	31,922	90,908
Subscriptions	8,350	7,140
Office expenses	27,637	21,761
Payroll and FBT expenses	5,202	5,899
Recruitment	44,829	400
Information communication technology	69,129	56,638
Insurances	102,020	52,543
Special interest and events	41,246	33,066
Marketing and promotions	27,654	27,369
Other	5,771	7,691
Total administration expenses	<u>513,342</u>	<u>426,270</u>
Note 4E. Grants or donations		
Donations - expenses that exceeded \$1,000	4,000	2,000
Total grants or donations	<u>4,000</u>	<u>2,000</u>
Note 4F. Depreciation and amortisation		
Depreciation		
Buildings	-	16,188
Office Fit Out	13,852	-
Plant and equipment	23,073	12,706
Total depreciation	<u>36,925</u>	<u>28,894</u>
Amortisation		
Intangibles	6,449	2,073
Total amortisation	<u>6,449</u>	<u>2,073</u>
Total depreciation and amortisation	<u>43,374</u>	<u>30,967</u>
Note 4G. Finance costs		
Bank fees	1,743	5,997
Total finance costs	<u>1,743</u>	<u>5,997</u>
Note 4H. Legal costs		
Litigation	41,773	203,073
Other legal costs	-	-
Total legal costs	<u>41,773</u>	<u>203,073</u>

AUSTRALIAN EDUCATION UNION - ACT BRANCH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
NOTE 4. EXPENSES (CONTINUED)		
Note 4I. Other expenses		
Penalties - via RO Act or the <i>Fair Work Act 2009</i>	-	-
Accounting fees	28,465	29,525
Campaigns	-	3,764
Meeting	13,440	8,187
Members and professional development course	71,977	32,579
Consultancy, strategy development and rebranding	93,148	-
Total other expenses	207,030	74,055
	2022	2021
	\$	\$
NOTE 5. CURRENT ASSETS		
Note 5A. Cash and cash equivalents		
Cash at bank	2,457,604	2,940,174
Short term deposits	-	200,000
Cash on hand	-	-
Total cash and cash equivalents	2,457,604	3,140,174
NOTE 5B. Trade and other receivables		
Receivables from other reporting unit		
Australian Education Union - Federal Office	-	-
Total receivables from other reporting unit	-	-
Less allowance for expected credit losses	-	-
Receivable from other reporting unit (net)	-	-
Other receivables		
Investment income receivables	1,903	1,500
Member's welfare loan	23,176	9,622
Other member's receivables	6,418	-
Total other receivables	31,497	11,122
Total trade and other receivables (net)	31,497	11,122
Note 5C. Inventory		
Merchandise held for distribution	11,613	12,621
Total inventories	11,613	12,621
Note 5D. Other current assets		
Prepayments	61,855	56,452
Deposits paid	2,159	2,727
Total other current assets	64,014	59,179

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NOTE 6. NON-CURRENT ASSETS

Note 6A. Property, Plant and Equipment

2022	Plant and Equipment \$	Office Fit Out \$	Work in progress	Total \$
Property, Plant and Equipment:				
carrying amount	263,715	714,776	-	978,491
accumulated depreciation	(126,704)	(13,852)	-	(140,556)
Total Property, Plant and Equipment	137,011	700,924	-	837,935

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

Net book value 1 January 2022	27,689	-	435,438	463,127
Additions by purchase	132,396	279,338	-	411,734
Depreciation expense	(23,074)	(13,852)	-	(36,926)
Transfers	-	435,438	(435,438)	-
Net book value 31 December 2022	137,011	700,924	-	837,935

Net book value as 31 December 2022 represented by:

Gross book value	263,715	714,776	-	978,491
Accumulated depreciation and impairment	(126,704)	(13,852)	-	(140,556)
Net book value 31 December 2022	137,011	700,924	-	837,935

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)
Total Property, Plant and Equipment	-	27,689	435,438	463,127

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 6A. Property, Plant and Equipment (continued)

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

Net book value 1 January 2021	1,353,023	35,307	-	1,388,330
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)
Net book value 31 December 2021	-	27,689	435,438	463,127
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)
Net book value 31 December 2021	-	27,689	435,438	463,127

	2022	2021
	\$	\$
Note 6B. Intangibles		
Website at cost:		
Purchased	123,620	55,190
Accumulated amortisation	(59,564)	(53,116)
Total intangibles	64,056	2,074

Reconciliation of opening and closing balances of intangibles

As at 1 January		
Gross book value	55,190	55,190
Accumulated amortisation and impairment	(53,116)	(51,043)
Net book value 1 January	2,074	4,147
Additions:		
By purchase	68,430	-
Amortisation	(6,448)	(2,073)
Net book value 31 December	64,056	2,074
Net book value as of 31 December represented by		
Gross book value	123,620	55,190
Accumulated amortisation and impairment	(59,564)	(53,116)
Net book value 31 December	64,056	2,074

Note 6C. Other financial assets

Managed Investments	451,366	499,405
Total other financial assets	451,366	499,405

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 7. CURRENT LIABILITIES

Note 7A. Trade payables

Trade Creditors	53,876	351,162
Subtotal trade creditors	53,876	351,162

Payables to other reporting unit

AEU Federal Office	-	-
Subtotal payables to other reporting unit	-	-

Total trade payables	53,876	351,162
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Settlement is usually made within 30 days.

Note 7B. Other payables

Wages and salaries	-	10,563
Superannuation	43,862	66,836
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs		-
Litigation	-	60,164
Other legal costs	-	-
GST payable	49,008	7,720
PAYG payable	48,231	39,116
Accrued expenses	96,418	11,125
Other	(1,807)	3,243
Total other payables	235,712	198,767

NOTE 8. PROVISIONS

Note 8A. Employee provisions

Office holders

Annual leave	81,943	75,325
Long service leave	68,451	49,505
Separation and redundancies	-	-
Other	-	-

Subtotal employee provisions - office holders	150,394	124,830
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Employees other than office holders

Annual leave	170,778	204,062
Long service leave	136,327	147,888
Separation and redundancies	-	-
Other	-	-

Subtotal employee provisions - employees other than office holders	307,105	351,950
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Total employee provisions	457,499	476,780
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Current	404,606	341,826
Non-current	52,893	134,954
Total employee provisions	457,499	476,780

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NOTES TO THE FINANCIAL STATEMENTS
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	2022	2021
	\$	\$
NOTE 9. EQUITY		
Note 9A. General funds		
Asset revaluation reserve		
Balance as at start of year	-	392,601
Transferred out of reserve	-	(392,601)
Balance as at end of year	-	-
Total General funds	-	-
Note 9B. Other funds		
Balance as at start of year	-	-
Transferred to/ (out) funds	-	-
Balance as at end of year	-	-
NOTE 10. CASH FLOW		
Note 10A. Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement:		
Cash and cash equivalents as per:		
Cash flow statement	2,457,604	3,140,174
Statement of financial position	2,457,604	3,140,174
Difference	-	-
Reconciliation of profit to net cash from operating activities		
Profit for the year	10,005	571,869
Adjustment for non-cash items		
Depreciation/Amortisation	43,375	30,967
Change in fair value of investments	61,999	(36,585)
Gain on disposal of assets	-	(335,264)
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(20,375)	1,421
(Increase)/decrease in inventory	1,008	(7,738)
(Increase)/decrease in prepayments	(4,835)	(11,301)
Increase/(decrease) in supplier payables	(297,286)	398,707
Increase/(decrease) in other payables	36,945	(26,963)
Increase/(decrease) in employee provisions	(19,281)	110,118
Net cash from (used by) operating activities	(188,445)	695,231
Note 10B. Cash flow information		
Cash inflows		
AEU Federal Office	-	-
Total cash inflows	-	-
Cash outflows		
AEU Federal Office	(152,571)	(142,080)
Total cash outflows	(152,571)	(142,080)

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

NOTE 11. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

Note 11A. Commitment and contingencies

The registered organisation had no contingent liabilities/assets as at 31 December 2022 and 31 December 2021. The registered organisation is in the process of finalising purchase of its office premises at 71 Leichhardt Street in Kingston from the United Workers Union (UWU). UWU purchased both units 15 and 16 of the premises and allowed the registered organisation to occupy its part of unit 16 while the contract of sale was finalised. This is anticipated to occur prior to 30 June 2023. The agreed purchase price is \$1,327,497 plus GST and statutory charges. The registered organisation has cash reserves from the sale of its unit in 40 Brisbane Avenue, Barton that are more than sufficient to cover this liability. The registered organisation had no other commitments as at 31 December 2022 and 31 December 2021.

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.

	2022	2021
	\$	\$
Revenue received from AEU - Federal Office includes the following:		
Income	-	-
Expenses paid to AEU - Federal Office includes the following:		
Capitation fees	152,571	142,080
Publication levy - Australian educator	15,882	14,916
Publication levy - TAFE teacher	642	634
ACTU Campaign levy	28,479	26,765
Educational international	11,261	10,673
Public education	17,392	16,676
	<u>226,227</u>	<u>211,744</u>
Other amounts owed by members includes the following:		
Member's welfare loan	23,176	9,622
	<u>23,176</u>	<u>9,622</u>

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 2022, the Australian Education Union - ACT Branch has not recorded any impairment of receivables relating to amounts owed by the related party (2021: 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.

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FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	\$	\$
Note 12B: Key management personnel remuneration for the reporting period		
Short-term employee benefits:		
Salary (including annual leave taken)	380,176	364,695
Annual leave accrued	18,154	19,693
Total short-term employee benefits	<u>398,330</u>	<u>384,388</u>
Post-employment benefits:		
Superannuation	68,233	67,171
Other long-term employee benefits:		
Long-service leave accrued	11,933	6,197
Total other long-term employee benefits:	<u>11,933</u>	<u>6,197</u>
Total	<u>478,496</u>	<u>457,756</u>

NOTE 13. REMUNERATION OF AUDITORS

Value of the services provided

Financial statement audit services	17,500	15,000
Assistance with the compilation of financial statements	2,500	2,500
Total remuneration of auditors	<u>20,000</u>	<u>17,500</u>

NOTE 14. FINANCIAL INSTRUMENTS

Note 14A. Categories of Financial Instruments

Financial assets

At amortised cost:

Cash and cash equivalent	2,457,604	3,140,174
Investment income receivables	1,903	1,500
Member's welfare loan	23,176	9,622

Fair value through profit or loss:

Managed investments	451,366	499,405
Total	<u>2,934,049</u>	<u>3,650,701</u>

Carrying amount of financial assets

	<u>2,934,049</u>	<u>3,650,701</u>
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Financial liabilities

Other financial liabilities:

Trade payables and legal cost payable	53,876	411,326
Accrued expenses	96,418	11,125

Total	<u>150,294</u>	<u>422,451</u>
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Carrying amount of financial liabilities

	<u>150,294</u>	<u>422,451</u>
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Note 14B. Net income and expense from financial assets

Financial assets at fair value through profit or loss

Interest revenue	8,396	2,026
Dividend revenue	13,960	8,468
Change in fair value of investments	(61,999)	36,585

Net income on financial assets at fair value through profit or loss	<u>(39,643)</u>	<u>47,079</u>
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

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.

The following table illustrates the entity's gross exposure to credit risk:

	2022	2021
	\$	\$
Financial assets		
Investments	451,366	499,405
Cash and cash equivalents	2,457,604	3,140,174
Investment income receivables	1,903	1,500
Member's welfare loan	23,176	9,622
Total	<u>2,934,049</u>	<u>3,650,701</u>
Financial liabilities		
Trade and other payables	53,876	411,326
Accrued expenses	96,418	11,125
Total	<u>150,294</u>	<u>422,451</u>

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 2022

	On Demand	< 1 year \$	1-2 years \$	2-5 years \$	> 5 years \$	Total \$
Trade creditors	-	53,876	-	-	-	-
Total	-	<u>53,876</u>	-	-	-	-

Contractual maturities for financial liabilities 2021

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

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 2022 and 2021, 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTE 14. FINANCIAL INSTRUMENTS (CONTINUED)

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

	Risk variable	Change in risk variable %	Effect on	
			Profit or loss	Equity
			\$	\$
Cash and cash equivalents	Interest rate	4	98,304	98,304
Managed investments	Interest rate	4	18,055	18,055

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

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.

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.
- 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.

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NOTE 15. FAIR VALUE MEASUREMENT (CONTINUED)

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 2022 \$	Fair value 2022 \$	Carrying amount 2021 \$	Fair value 2021 \$
Financial assets				
Managed investments	451,366	451,366	499,405	499,405
Cash and cash equivalents	2,457,604	2,457,604	3,140,174	3,140,174
Investment income receivables	1,903	1,903	1,500	1,500
Member's welfare loan	23,176	23,176	9,622	9,622
Total	2,934,049	2,934,049	3,650,701	3,650,701
Financial liabilities				
Trade payables	53,876	53,876	411,326	411,326
Accrued expenses	96,418	96,418	11,125	11,125
Total	150,294	150,294	422,451	422,451

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 2022

	Level 1 \$	Level 2 \$	Level 3 \$
Asset measured at fair value			
Managed investments	451,366	-	-
Total	451,366	-	-

Fair value hierarchy - 31 December 2021

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

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**NOTES TO THE FINANCIAL STATEMENTS
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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 2022

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 2022.

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:


24 MAY 2023