



Fair Work
Commission

11 July 2024

Kevin Bates
Federal Secretary
Australian Education Union
Sent via email: federalsecretary@aeufederal.org.au
CC: snguyen@hallchadwickmelb.com.au

Dear Kevin Bates

**Australian Education Union
Financial Report for the year ended 31 December 2023 – (FR2023/253)**

I acknowledge receipt of the financial report for the year ended 31 December 2023 for the Australian Education Union. The documents were lodged with the Fair Work Commission (the Commission) on 26 June 2024.

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 2024 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 regarding this letter, please call 1300 341 665 or email regorgs@fwc.gov.au.

Yours sincerely

Fair Work Commission



Australian Education Union

Federal Office

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PO Box 1158, South Melbourne, Victoria, 3205
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Federal President : Correna Haythorpe*

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Web : www.aeufederal.org.au*

26 June 2024

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

Email: regorgs@fwc.gov.au

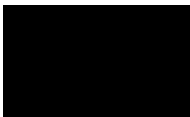
Dear Mr Furlong,

**Re: Financial Documents for the Australian Education Union
for financial period ended 31 December 2023**

In accordance with s268 of the Fair Work (Registered Organisations) Act 2009, I hereby lodge:

- (a) A copy of the AEU Financial Report for the financial period ending 31 December 2023 (Attachment A);
- (b) Secretary's Certificate that the document lodged is a copy of the document provided to members and presented to the meeting of the Federal Executive of the Australian Education Union on 19 June 2024 (Attachment B).

Yours sincerely,



Kevin Bates
Federal Secretary

AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE
ABN 16 006 296 647

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023



Australian Education Union

Federal Office

Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006

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AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
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This financial report covers the Australian Education Union - Federal Office as an individual entity. The financial report is presented in the Australian currency.

The Australian Education Union - Federal Office is a registered body under the *Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia.

The principal place of business is:
Australian Education Union – Federal Office
G/F, 120 Clarendon Street
SOUTH BANK VIC 3006

The financial report was authorized for issue by the Committee of Management on 2 May 2024.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

OPERATING REPORT

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 31 December 2023.

Members of executive

The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The current two-year term ends on 28 February 2024. The name of each person who has been a member of the Federal Executive at any time during the 2023 financial year is as follows:

Name	Position
Correna Haythorpe **	Federal President
Meredith Peace	Deputy Federal President
Erin Aulich**	General Division
Marino D'Ortenzio	General Division
Briley Stokes	General Division
Justin Mullaly	General Division
Pat Byrne** (to 28 Feb 2023)	General Division
Matthew Jarman** (from 1 Mar 2023)	General Division
Mary Franklyn	General Division
Angela Burroughs	General Division
Andrew Gohl	General Division
Henry Rajendra	General Division
Mel Smith**	General Division
Angelo Gavrielatos	General Division
Amber Flohm	General Division
Leeanda Smith	General Division
Kevin Bates**	Federal Secretary
Nicole Calnan	Deputy Federal Secretary
Michelle Purdy	Federal TAFE President
Adam Lampe (to 28 Feb 2023)	General Division
Michelle Ayres (from 1 Mar 2023)	General Division
Leah Olsson	General Division
Cresta Richardson**	General Division
Kate Ruttiman	General Division
David Genford	General Division
Jennie-Marie Gorman	Principals Representative
Russell Honnery	Aboriginal & Torres Strait Islander Representative
Cara Nightingale	Early Childhood Representative

** members of Finance Committee

OPERATING REPORT (Continued)

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

The AEU is a professional and industrial organisation, registered under the *Fair Work (Registered Organisations Act) 2009*, representing teachers and other education workers in public early childhood education centres, schools and TAFE colleges across Australia. The AEU is a democratic, federated structure, with a Federal Office, based in Melbourne, and branches in every state and territory of Australia.

The primary object of the AEU is to represent the professional and industrial interests of its members and to promote and defend Australia's high quality public education system and the right of every child to a quality public education. We do this by enacting campaigns and strategies which enhance the working conditions, living standards, trade union and professional rights of members and the learning environment of students attending public early childhood education centres, schools and TAFE institutes.

The AEU is a democratic, membership-focused organisation, always aiming to act in the best interests of members and the public education system. The union at all levels operates on principles of effective transparent governance and strong leadership, providing an effective voice for the education profession in Australia and internationally.

The AEU Federal Executive has set the following strategic objectives:

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

The principal activities of the AEU-Federal Office during the financial year have focussed on the achievement of these strategic objectives.

Significant changes in financial affairs

No significant change in the financial affairs occurred during the year.

OPERATING REPORT (Continued)

Right of members to resign

Members may resign from the union in accordance with rule 17, which reads as follows:

"17 - Resignation from membership and termination of eligibility

- (1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.
- (1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:
 - (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are -
 - (i) seconded by their employer to non-teaching duties, or
 - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority;
 - (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
 - (c) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.
- (2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.
- (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) here 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.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a year before the member's resignation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- (6) A notice delivered to the relevant Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (7) A notice of resignation that has been received at the office of the relevant Branch Secretary is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (8) A resignation from membership is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (9) A relevant Branch Secretary may accept a resignation from membership which is not effected in accordance with this Rule.
- (10) Where the relevant Branch Secretary accepts a resignation in accordance with the previous sub-rule the relevant Branch Secretary shall inform the member in writing that his/her resignation has been accepted.
- (11) On receipt of a written notice from a member that he/she has become ineligible for membership of the Union or a notice of resignation or on acceptance of a resignation which is not effected in accordance with this Rule, the Branch Secretary shall, as soon as possible notify the Federal Secretary that the member has become ineligible for membership or that the member has resigned."

OPERATING REPORT (Continued)

Number of members

In accordance with Section 230 of the Fair Work (Registered Organisations) Act 2009, the union had 190,880 members (comprised of 188,204 financial members and 2,676 unfinancial members) at the end of the reporting period.

Number of employees

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis at 31 December 2023 was 24 (2022: 15.05)

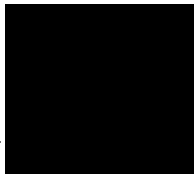
Superannuation trustees

To the best of the Federal Executive's belief and knowledge, no officer or member of the organisation, by virtue of their office or membership of the Australian Education Union is:

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

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer: _____



Name of designated officer: Kevin Bates

Title of designated officer: Federal Secretary

Date: 2 May 2024

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
Revenue from contracts with customers	4	10,579,270	10,252,684
Other revenue	4	919,295	305,451
Expenses			
Administrative and other expenses	5	(987,564)	(723,894)
Capitation, affiliation fees and levies	6	(1,811,136)	(1,839,825)
Campaign and project expenses	7	(3,745,563)	(2,768,251)
Depreciation and amortisation	8	(29,626)	(21,527)
Employee expenses	9	(3,355,832)	(2,807,529)
ITF allocation		(88,000)	(88,000)
Legal and professional fees	10	(61,805)	(52,200)
Meeting and conference expenses	11	(779,226)	(458,423)
Publications	12	(832,790)	(864,528)
		<u>(11,691,542)</u>	<u>(9,624,177)</u>
(Deficit) Surplus for the year		<u>(192,977)</u>	<u>933,958</u>
(Deficit) Surplus attributable to the members		(192,977)	933,958
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
- Revaluation of investment		156,750	-
Total comprehensive income for the year attributable to the members		<u>(36,227)</u>	<u>933,958</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	6,201,115	19,167,189
Trade and other receivables	14	594,012	259,268
Prepayments		222,517	136,197
Other financial assets	15	<u>18,306,493</u>	<u>5,482,532</u>
Total current assets		<u>25,324,137</u>	<u>25,045,186</u>
Non-current assets			
Other financial assets	15	5,230,389	4,990,039
Plant and equipment	16	112,246	73,219
Right-of-use asset	17	<u>36,264</u>	-
Total non-current assets		<u>5,378,899</u>	<u>5,063,258</u>
Total assets		<u>30,703,036</u>	<u>30,108,444</u>
LIABILITIES			
Current liabilities			
Trade and other payables	18	490,543	152,501
Lease liability	19	8,355	-
Provision for employee benefits	20	<u>1,042,365</u>	<u>772,970</u>
Total current liabilities		<u>1,541,263</u>	<u>925,471</u>
Non-current liabilities			
Lease liability	19	28,705	-
Provision for employee benefits	20	<u>4,945</u>	<u>18,623</u>
Total non-current liabilities		<u>33,650</u>	<u>18,623</u>
Total liabilities		<u>1,574,913</u>	<u>944,094</u>
Net assets		<u>29,128,123</u>	<u>29,164,350</u>
FUNDS			
Reserves	21	10,558,064	10,732,540
General fund	22	<u>18,570,059</u>	<u>18,431,810</u>
Total funds		<u>29,128,123</u>	<u>29,164,350</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	General Fund \$	Reserves \$	Total \$
Balance at 1 January 2022	17,254,133	10,976,259	28,230,392
Surplus for the year	933,958	-	933,958
Transfer to (from) general fund	<u>243,719</u>	<u>(243,719)</u>	<u>-</u>
Balance at 31 December 2022	<u>18,431,810</u>	<u>10,732,540</u>	<u>29,164,350</u>
Balance at 1 January 2023	18,431,810	10,732,540	29,164,350
Deficit for the year	(192,977)	-	(192,977)
Revaluation of investment	-	156,750	156,750
Transfer to (from) general fund	<u>331,226</u>	<u>(331,226)</u>	<u>-</u>
Balance at 31 December 2023	<u>18,570,059</u>	<u>10,558,064</u>	<u>29,128,123</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
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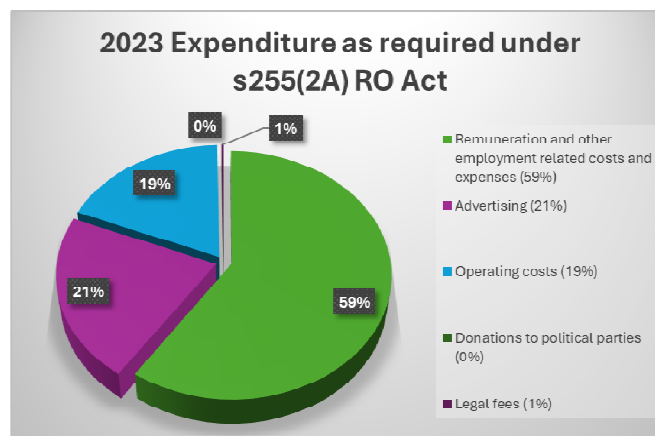
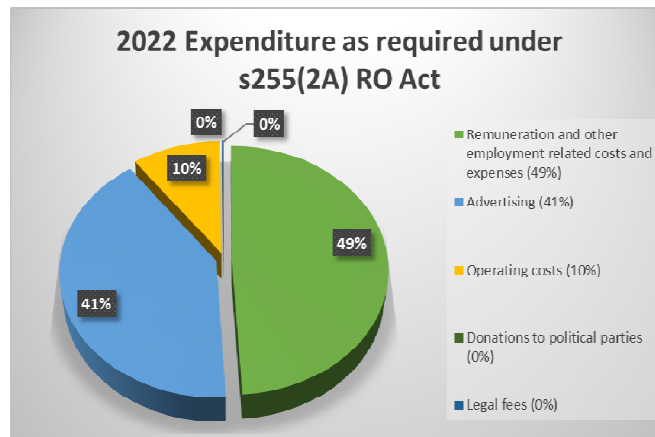
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts of capitation fees and levies	27(a)	10,567,298	10,215,917
Receipts from controlled entities		-	-
Receipts of campaign contributions from branches	27(b)	867,319	854,987
Receipts of other income from branches & other reporting units	27(c)	260,168	210,439
Sundry receipts		112,718	59,669
Payments to suppliers and employees		(12,002,086)	(11,165,406)
Payments to controlled entities		-	-
Payments to another reporting units	27(d)	(194,143)	(33,133)
Interest received		399,813	45,439
Interest paid		(1,743)	(298)
Net cash inflow from operating activities	27(e)	<u>9,344</u>	<u>187,614</u>
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	400
Capital contribution to investment		(83,600)	-
Payment for plant and equipment		(61,400)	(66,438)
Re-investment of interest		(323,961)	(32,010)
New term deposits		<u>(12,500,000)</u>	<u>-</u>
Net cash outflow from investing activities		<u>(12,968,961)</u>	<u>(98,048)</u>
Cash flows from financing activities			
Lease repayment		<u>(6,457)</u>	<u>(9,962)</u>
Net cash outflow from financing activities		<u>(6,457)</u>	<u>(9,962)</u>
Net (decrease) increase in cash and cash equivalents		(12,966,074)	79,604
Cash and cash equivalents at beginning of financial year		<u>19,167,189</u>	19,087,585
Cash and cash equivalents at end of financial year	13(a)	<u>6,201,115</u>	<u>19,167,189</u>

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

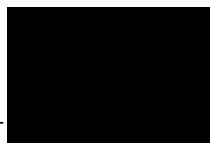
REPORT REQUIRED UNDER SUBSECTION 255(2A)
FOR THE YEAR ENDED 31 DECEMBER 2023

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 31 December 2023.



Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.

Signature of designated officer: _____



Name of designated officer: Kevin Bates

Title of designated officer: Federal Secretary

Date: 2 May 2024

The above report should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the Fair Work (Registered Organisation) Act 2009 (RO Act). For the purpose of preparing the general purpose financial statements, The AEU-Federal Office is a not-for-profit entity.

The financial statements except for cash flow information have been prepared on an accrual basis and in accordance with the historical cost, 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.

Compliance with Australian Accounting Standards

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the AEU-Federal Office applying not-for-profit specific requirements contained in the Australian Accounting Standards.

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of plant and equipment, and investment property – measured at fair value or revalued amount
- assets held for sale – measured at the lower of carrying amount and fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value.

New and amended standards adopted by the AEU-Federal Office

The AEU-Federal Office has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- AASB 17 Insurance Contracts
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(b) Taxation

AEU-Federal Office is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

(c) Revenue recognition

The AEU-Federal Office enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of capitation fees, levies, grants, and donations.

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

Revenue from contracts with customers

Where the AEU-Federal Office has a contract with a customer, the AEU-Federal Office recognises revenue when or as it transfers control of goods or services to the customer. The AEU-Federal Office 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

Affiliation and capitation fees and levies

Where the entity arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the entity recognises the capitation fees promised under that arrangement when or as it transfers the entity to specify the goods or services that will transfer as part of its sufficiently specific promise to the branch/other reporting unit.

In circumstances where the criteria for a contract with a customer are not met, the entity will recognise capitation fees as income upon receipt.

Campaign contributions from branches

Campaign contributions from branches are recognised on an accruals basis when the right to receive the fee or levy has been established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(c) Revenue recognition (Continued)

Interest income

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

Other revenue

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(d) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an 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.

(e) Financial assets

Contract assets and receivables

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

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

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

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the entity 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 entity'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 entity commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(e) Financial assets (Continued)

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

The entity only has the following financial assets: Financial assets at amortised cost and FVTPL.

Financial assets at amortised cost

Financial assets are measured at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

These financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income. Any gain or loss on derecognition is recognised in statement of comprehensive income.

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

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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. 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, irrespective of the business model. 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 statement of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(e) Financial assets (continued)

Derecognition

A financial asset is derecognised when:

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

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

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the entity 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 entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity 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.

(ii) 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 entity 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 entity 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 entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(f) 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 entity's financial liabilities include trade and other payables and borrowing.

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 statement of comprehensive income 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 statement of comprehensive income.

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 statement of comprehensive income.

(g) 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 entity transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the entity 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 entity's refund liabilities arise from customers' right of return. The liability is measured at the amount the entity's ultimately expects it will have to return to the customer. The entity updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(i) Plant and equipment

Each class of plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Depreciation

The depreciable amount of all fixed assets are depreciated over their estimated useful lives to the AEU-Federal Office commencing from the time the asset is held ready for use.

Class of fixed asset	Depreciation rate	Depreciation basis
Office and computer equipment	20 -33%	diminishing value
Furniture and fittings	10%	straight line
Right-of-use assets	Over lease term	straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(j) Impairment of assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Fair value measurements

The entity 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, at fair value at each balance date. Also, fair value of financial instruments are disclosed in Note 15.

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 entity. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(k) Fair value measurements (Continued)

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 entity 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 entity 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. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the entity 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.

(l) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of comprehensive income.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(l) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the entity before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(m) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the entity under residual value guarantees
- the exercise price of a purchase option if the entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the entity, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1: Summary of material accounting policies (Continued)

(n) Functional and presentation currency

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the AEU-Federal Office's functional and presentation currency.

(o) Comparative figures

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

(p) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods. The entity's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 2023-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
Nature of change	This Standard amends AASB 101 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.
Application date	This Standard applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2: Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets, that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee entitlements

Management judgements are applied in determining the following key assumptions in the calculation of long service leave at balance date:

- future increase in wages and salaries;
- future on-costs rates; and
- experience of employees departures and year of service.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3: 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 subsection (1) to (3) of sections 272, which read as follows:

Information to be provided to members or General Manager:

(1) a member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(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 reporting unit.

(3) a reporting unit must comply with an application made under subsection (1).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4: Revenue

	Notes	2023 \$	2022 \$
Affiliation fees & other levies	a	1,778,005	1,776,039
Campaign contributions from branches	b	788,472	777,260
Capitation fees	c	7,123,844	6,818,513
Periodic or membership subscriptions		-	-
Library income		88,546	81,904
Publication income	d	51,355	60,571
Publication levy	e	749,048	738,397
		<u>10,579,270</u>	<u>10,252,684</u>
Other revenue			
Distribution received		46,894	131,935
Donations		-	-
Financial support from another reporting unit		-	-
Revenue from undertaking recovery of wages activity		-	-
Grants		-	-
Interest		746,071	55,666
ITF reimbursements		62,593	62,593
Funding - Federal Conference Airfares		61,760	53,506
Other revenue		1,977	1,751
		<u>919,295</u>	<u>305,451</u>

Disaggregation of revenue from contracts with customers

A disaggregation of 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

Branches and associated bodies	10,439,369	10,110,209
Other parties	139,901	142,475
Total revenue from contract with customers	<u>10,579,270</u>	<u>10,252,684</u>

Disaggregation of income for furthering activities

A disaggregation of income by type of arrangement is provided on the face of the Statement of Comprehensive Income. The table below also sets out a disaggregation of income by funding source:

Income funding sources

Branches and associated bodies	-	-
Other parties	-	-
Total income for furthering activities	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4: Revenue (Continued)

(a) Affiliation fees & other levies

	2023	2022
	\$	\$
ACT Branch	37,424	39,741
NSWTF Branch	599,370	558,042
NT Branch	15,307	16,881
QLD Branch	387,959	398,687
SA Branch	113,030	121,370
TAS Branch	46,255	47,318
VIC Branch	433,068	448,820
SSTUWA for the WA Branch	145,592	145,180
	<u>1,778,005</u>	<u>1,776,039</u>

The affiliation fees income represents the funding received or receivable from the branches for the ACTU and Education International Affiliations.

(b) Campaign contributions from branches

	2023	2022
	\$	\$
ACT Branch	16,596	17,392
NSWTF Branch	265,796	244,220
NT Branch	6,788	7,388
QLD Branch	172,044	174,480
SA Branch	50,124	53,116
TAS Branch	20,512	20,708
VIC Branch	192,048	196,420
SSTUWA for the WA Branch	64,564	63,536
	<u>788,472</u>	<u>777,260</u>

These contribution from branches are for the campaigns run by the Federal Office.

(c) Capitation fees

	2023	2022
	\$	\$
ACT Branch	149,945	152,571
NSWTF Branch	2,401,467	2,142,420
NT Branch	61,329	64,811
QLD Branch	1,554,417	1,530,626
SA Branch	452,870	465,960
TAS Branch	185,326	181,661
VIC Branch	1,735,154	1,723,094
SSTUWA for the WA Branch	583,336	557,370
	<u>7,123,844</u>	<u>6,818,513</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4: Revenue (Continued)

(d) Publication income

	2023	2022
	\$	\$
Australian Educator	42,912	55,441
TAFE Teacher	8,443	5,130
	<u>51,355</u>	<u>60,571</u>

(e) Publication levy

	2023	2022
	\$	\$
ACT Branch	15,766	16,522
NSWTF Branch	252,506	232,009
NT Branch	6,448	7,019
QLD Branch	163,442	165,756
SA Branch	47,618	50,460
TAS Branch	19,486	19,673
VIC Branch	182,446	186,599
SSTUWA for the WA Branch	61,336	60,359
	<u>749,048</u>	<u>738,397</u>

This compulsory levy is for the publication of Australian Educator and TAFE Teacher.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5: Administration and other expenses

	2023	2022
	\$	\$
Communication	28,576	29,988
Consideration to employers for payroll deductions	-	-
Donations:		
Total paid that were \$1,000 or less	1,136	2,291
Total paid that exceeded \$1,000	379,500	109,500
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Insurance	7,145	3,567
Library	41,349	36,372
Occupancy costs	144,876	144,876
Penalty imposed under the RO Act or the Fair Work Act 2009	-	-
Postage, printing and stationery	40,439	34,572
Media support	197,416	213,997
IT support	21,429	24,463
Website	3,900	4,291
Interest expense on lease liability	1,743	298
Staff recruitment	101,409	40,576
Deposits written off	208,521	-
Other expenses	60,125	79,103
	1,237,564	723,894
Costs allocated to campaigns	(250,000)	-
	987,564	723,894

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6: Capitation, affiliation fees & levies

	Note	2023 \$	2022 \$
<i>Capitation fees</i>		-	-
<i>Affiliation fees</i>			
ACOSS		4,695	550
Aust Council on Children & Media		254	254
ACTU		1,299,637	1,325,905
APHEDA		10,796	4,966
Australian Teacher Education Association		170	155
AFTINET		300	300
Australian Institute Employment Right		2,988	1,512
Australian Curriculum Studies Association Inc		264	-
FNWA		909	909
Education International		487,648	502,458
The Friends of the Noel Butlin Archives Centre		50	-
Welcome to Australia		2,500	2,500
The Refugee Council of Australia		925	316
		<u>1,811,136</u>	<u>1,839,825</u>
<i>Compulsory levies</i>		-	-
<i>Total capitation, affiliation fees and levies</i>		<u>1,811,136</u>	<u>1,839,825</u>

7: Campaign and project expenses

	2023 \$	2022 \$
Public education campaign	2,649,698	2,670,979
Priority campaigns	958,192	-
Other campaigns	122,736	90,909
Research projects	14,937	6,363
	<u>3,745,563</u>	<u>2,768,251</u>

8: Depreciation and amortisation

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Office equipment	15,944	8,666
Furniture, fixtures and fittings	6,429	3,669
	<u>22,373</u>	<u>12,335</u>
<i>Depreciation of right-of-use assets</i>	7,253	9,192
	<u>29,626</u>	<u>21,527</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

9: Employee expenses

	2023	2022
	\$	\$
Holders of office:		
Wages and salaries	611,205	1,202,187
Superannuation	94,737	92,167
Leave and other entitlements	103,025	(558,592)
Separation and redundancies	-	-
Other employee expenses	30,892	42,578
	<u>839,859</u>	<u>778,340</u>
Employees other than holders of office:		
Wages and salaries	2,046,924	1,679,875
Casual wages	370,600	6,635
Superannuation	310,592	237,806
Leave and other entitlements	152,692	(154,827)
Separation and redundancies	-	19,880
Other employee expenses	31,443	769
	<u>2,912,251</u>	<u>1,790,138</u>
Costs allocated to campaigns	(665,831)	-
	<u>2,246,420</u>	<u>1,790,138</u>
Other :		
Payroll tax	177,518	175,668
Insurance	14,195	10,703
Workcover	48,462	28,392
Fringe benefit tax	51,692	15,729
Staff amenities	10,842	6,201
Employees Support and Well being	955	-
Staff training	-	2,358
	<u>303,664</u>	<u>239,051</u>
Costs allocated to campaigns	(34,111)	-
	<u>269,553</u>	<u>239,051</u>
Total employee expenses	<u><u>3,355,832</u></u>	<u><u>2,807,529</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

10: Legal and professional fees

	2023	2022
	\$	\$
Audit of the financial report	23,500	25,500
Accounting	8,500	15,000
Accounting – reversal of accruals	(4,995)	-
Legal fees		
- litigation	-	-
- other legal matters	18,086	11,700
Other professional fees	16,714	-
	<u>61,805</u>	<u>52,200</u>

11: Meeting and conference expenses

	2023	2022
	\$	\$
Allowances - meeting and conferences	66,956	84,367
Meetings - travel and other expenses	786,798	374,056
	<u>853,754</u>	<u>458,423</u>
Costs allocated to campaigns	(74,528)	-
	<u>779,226</u>	<u>458,423</u>

12: Publications

	2023	2022
	\$	\$
Australian Educator	775,049	812,013
TAFE Teacher	57,741	52,515
	<u>832,790</u>	<u>864,528</u>

13: Current assets – Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	1,364,396	17,300,801
Term deposits	4,835,719	1,865,888
Cash on hand	1,000	500
	<u>6,201,115</u>	<u>19,167,189</u>

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<u>6,201,115</u>	19,167,189
Balances per statement of cash flows	<u>6,201,115</u>	<u>19,167,189</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

14: Current assets – Trade and other receivables

	2023 \$	2022 \$
<i>Receivable from branches and other reporting units</i>		
AEU ACT Branch	3,378	226
AEU NSWTF Branch	12,926	2,626
AEU NT Branch	7,223	1,369
AEU SA Branch	8,834	-
AEU TAS Branch	2,131	-
AEU VIC Branch	14,967	-
Australian Manufacturing Workers' Union	3,300	3,300
Independent Education Union - Federal	140	-
Independent Education Union QLD and NT	322	-
Independent Education Union SA Branch	130	-
Independent Education Union VIC/TAS Branch	12,931	1,188
Independent Education Union WA Branch	364	5,604
NTEU National Office	31,979	673
NTEU Victorian Branch	11,449	-
Queensland Teachers Union	5,724	62,511
The State School Teachers Union of WA (SSTUWA)	5,167	-
	<u>120,965</u>	<u>77,497</u>
Less provision for impairment of receivables	-	-
	<u>120,965</u>	<u>77,497</u>
<i>Others</i>		
Amount due from ITF	17,561	28,714
Interest receivable	386,255	15,568
GST receivable	21,622	-
Other receivables	47,609	137,489
	<u>594,012</u>	<u>259,268</u>

Classification as trade and other receivables

(i) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Other receivables

These amounts generally arise from transactions during the usual operating activities of the entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

(iii) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

15: Other financial assets

	2023	2022
	\$	\$
<i>Current</i>		
Deposits with original maturities between 91 days to 365 days	<u>18,306,493</u>	<u>5,482,532</u>
<i>Non-current</i>		
Unlisted investments in unit trusts	<u>5,230,389</u>	<u>4,990,039</u>

These financial assets are carried at fair value.

These investments include the following surplus transferred to equity at reporting date:

Opening balance	4,990,039	4,990,039
Capital contribution	83,600	-
Increase in investment revaluation reserve	156,750	-
Closing balance	<u>5,230,389</u>	<u>4,990,039</u>

The unit trust investment represents a 20.9% investment in the FEU Unit Trust which owns the building partly occupied by the AEU Federal Office and units in ACTU Member Connect Unit Trust. During the year, the building owned by FEU trust was revalued which resulted in the increase in the value of the building. This has been reflected in the financial statements of AEU Federal Office by increasing the value of investment in FEU Trust by 20.9% of the total increase in value of the building which is \$156,750.

16: Non-current assets – Plant and equipment

	2023	2022
	\$	\$
Plant and equipment		
Office equipment		
At cost	134,729	82,428
Less accumulated depreciation	<u>(74,507)</u>	<u>(58,564)</u>
	<u>60,222</u>	<u>23,864</u>
Furniture, fixtures and fittings		
At cost	114,306	105,207
Less accumulated depreciation	<u>(62,282)</u>	<u>(55,852)</u>
	<u>52,024</u>	<u>49,355</u>
Total plant and equipment	<u>112,246</u>	<u>73,219</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

16: Non-current assets – Plant and equipment (Continued)

(a) Movements in carrying amounts

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

2022	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
Opening net book amount	13,938	6,085	29,215
Additions	19,499	46,939	66,438
Disposals	(907)	-	(907)
Depreciation	<u>(8,666)</u>	<u>(3,669)</u>	<u>(21,527)</u>
Closing net book amount	<u>23,864</u>	<u>49,355</u>	<u>73,219</u>
2023	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
Opening net book amount	23,864	49,355	73,219
Additions	52,302	9,098	61,400
Depreciation	<u>(15,944)</u>	<u>(6,429)</u>	<u>(22,373)</u>
Closing net book amount	<u>60,222</u>	<u>52,024</u>	<u>112,246</u>

(b) Non-current assets pledged as security

None of the non-current assets are pledged as security.

17: Non-current assets – Right-of-use asset

	2023	2022
	\$	\$
Right-of-use assets		
At cost	43,517	61,282
Less accumulated depreciation	<u>(7,253)</u>	<u>(61,282)</u>
Total right-of-use asset	<u>36,264</u>	<u>-</u>
Movements in carrying amounts	2023	2022
	\$	\$
Opening net book amount	-	9,192
Additions	43,517	-
Depreciation	<u>(7,253)</u>	<u>(9,192)</u>
Closing net book amount	<u>36,264</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

18: Current liabilities – Trade and other payables

	2023	2022
	\$	\$
<i>Unsecured:</i>		
Trade creditors	102,887	57,272
Legal cost		
- other legal matters	11,498	-
- litigation	-	-
Amount payables to branches and other reporting units		
- Australian Education Union ACT Branch	28,219	-
- Australian Education Union NSWTF Branch	1,239	-
- Australian Education Union NT Branch	2,861	-
- Australian Education Union SA Branch	23,517	-
- Australian Education Union Tasmanian Branch	4,991	-
- Australian Education Union Victorian Branch	117,516	-
- Queensland Teachers Union (QTU)	48	-
- The State School Teachers Union of WA (SSTUWA)	107,113	-
Payable to an employer for that employer making payroll deductions of membership subscriptions	-	-
GST payable	-	50,088
Other payables and accruals	90,654	45,141
	<u>490,543</u>	<u>152,501</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

19: Lease liability

	2023	2022
	\$	\$
<i>Current</i>		
Right-of-use liability	<u>8,355</u>	<u>-</u>
<i>Non-current</i>		
Right-of-use liability	<u>28,705</u>	<u>-</u>
Total	<u>37,060</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

19: Lease liability (Continued)

The movement of the carrying amounts of the lease liabilities associated with the right of use assets:

	2023	2022
	\$	\$
As at 1 July	-	9,962
New lease	43,517	-
Interest	1,743	298
Payments	(8,200)	(10,260)
	<u>37,060</u>	<u>-</u>

20: Provision for employee benefits

	2023	2022
	\$	\$
Employee benefit obligations		
<i> Holders of office:</i>		
Annual leave	190,256	142,573
Long service leave	328,201	272,858
Separations and redundancies	-	-
Other	-	-
	<u>518,457</u>	<u>415,431</u>
<i> Employees other than holders of office:</i>		
Annual leave	216,748	165,902
Long service leave	312,105	210,260
Separations and redundancies	-	-
Other	-	-
	<u>528,853</u>	<u>376,162</u>
Total provision	<u>1,047,310</u>	<u>791,593</u>
	2023	2022
	\$	\$
Current	1,042,365	772,970
Non-current	4,945	18,623
	<u>1,047,310</u>	<u>791,593</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

20: Provision for employee benefits (Continued)

Employee benefits

Included in the employee benefits provision is a provision that has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits have been included in Note 1.

	Employee benefit obligations
	\$
Balance at 1 January 2022	1,505,012
Charged to statement of comprehensive income	<u>(713,419)</u>
Balance at 31 December 2022	791,593
Charged to statement of comprehensive income	<u>255,717</u>
Balance at 31 December 2023	<u>1,047,310</u>

21: Reserves

		2023	2022
		\$	\$
Public education campaign reserve	(a)	6,873,439	7,134,665
Workers' rights campaign reserve	(b)	130,000	200,000
Revaluation reserve	(c)	<u>3,554,625</u>	<u>3,397,875</u>
		<u>10,558,064</u>	<u>10,732,540</u>

(a) Public education campaign reserve

	2023	2022
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	7,134,665	7,428,384
Funds received (note 4b)	788,472	777,260
Funds allocated from general fund	<u>1,600,000</u>	<u>1,600,000</u>
	9,523,137	9,805,644
Funds spent (note 7)	<u>(2,649,698)</u>	<u>(2,670,979)</u>
<i>Closing balance</i>	<u>6,873,439</u>	<u>7,134,665</u>

The public education campaign fund reserve records funds set aside from the surplus for the purpose of funding future public education campaigns. Funds raised in a financial year that are not expended in that year are set aside in the reserve to be spent in future years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

21: Reserves (Continued)

(b) Workers rights campaign reserve

	2023	2022
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	200,000	150,000
Funds received	-	-
Funds allocated from general fund	50,000	50,000
	250,000	200,000
Funds spent	(120,000)	-
<i>Closing balance</i>	130,000	200,000

The worker rights campaign reserve records funds set aside from the surplus for the purpose of funding future worker rights campaigns.

(c) Revaluation reserve

	2023	2022
	\$	\$
<i>Movements during the financial year:</i>		
Opening balance	3,397,875	3,397,875
Revaluation	156,750	-
Closing balance	3,554,625	3,397,875

Changes in fair value arising on translation of investments such as equities, classified as financial assets, are taken to the revaluation reserve, as described in note 1. Amounts are recognised in the statement of comprehensive income when the associated assets are disposed of or impaired.

22: General funds

	2023	2022
	\$	\$
<i>Movements in the general funds were as follows:</i>		
Opening balance	18,431,810	17,254,133
Net (deficit) surplus for the year	(192,977)	933,958
Transfer from (to) reserves	331,226	243,719
Ending balance	18,570,059	18,431,810

Apart from those recorded in the financial statements, no specific funds or accounts have been operated as part of the Federal Fund in respect of compulsory levies or voluntary contributions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

23: Related party transactions

(a) Key management personnel

(i) Members of executive

The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The name of each person who has been a member of the Federal Executive at any time during the 2023 financial year is as follows:

Name	Position
Correna Haythorpe **	Federal President
Meredith Peace	Deputy Federal President
Erin Aulich**	General Division
Marino D'Ortenzio	General Division
Briley Stokes	General Division
Justin Mullaly	General Division
Pat Byrne** (to 28 Feb 2023)	General Division
Matthew Jarman** (from 1 Mar 2023)	General Division
Mary Franklyn	General Division
Angela Burroughs	General Division
Andrew Gohl	General Division
Henry Rajendra	General Division
Mel Smith**	General Division
Angelo Gavrielatos	General Division
Amber Flohm	General Division
Leeanda Smith	General Division
Kevin Bates**	Federal Secretary
Nicole Calnan	Deputy Federal Secretary
Michelle Purdy	Federal TAFE President
Adam Lampe (to 28 Feb 2023)	General Division
Michelle Ayres (from 1 Mar 2023)	General Division
Leah Olsson	General Division
Cresta Richardson**	General Division
Kate Ruttiman	General Division
David Genford	General Division
Jennie-Marie Gorman	Principals Representative
Russell Honnery	Aboriginal & Torres Strait Islander Representative
Cara Nightingale	Early Childhood Representative

** members of Finance Committee

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

23: Related party transactions (Continued)

(a) Key management personnel (Continued)

(ii) Key management personnel remuneration

	2023	2022
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	586,305	537,814
Annual leave	72,582	66,113
Relocation benefits	-	18,176
Accommodation benefit	30,892	24,402
Total short-term employee benefits	<u>689,779</u>	<u>646,505</u>
Post-employment benefits:		
Superannuation	94,737	92,167
Total post-employment benefits	<u>94,737</u>	<u>92,167</u>
Other long-term benefits:		
Long-service leave	55,343	39,668
Total other long-term benefits	<u>55,343</u>	<u>39,668</u>
Termination benefits	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total	<u><u>839,859</u></u>	<u><u>778,340</u></u>

(iii) There were no loans between the key management personnel or the committee of management and the AEU-Federal Office.

(iv) There were no transactions between key management personnel or the committee of management and the AEU-Federal Office other than those relating to their membership of the AEU-Federal Office and reimbursement by the AEU-Federal Office 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 is reasonable to expect would have been adopted by parties at arm's length.

(v) There were no payments made to a former related party of the reporting unit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

23: Related party transactions (Continued)

(b) Transactions with related parties

Sales of goods and services:

Capitation fees and levies received

Some capitation fee and levies are paid by associated entities of the affiliated branches as allowed by rule 11(7).

	2023	2022
	\$	\$
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	62,593	62,593
<i>Distribution received</i>		
From the Federation of Education Unions Unit trust	45,509	74,452
<i>Purchases of goods and services:</i>		
<i>Rent & Outgoings paid to the Federation of Education Unions Unit trust</i>	144,876	144,876
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	405,329	329,973

(c) Outstanding balances arising from sales and purchases of goods and services:

These balances are disclosed in the “Trade receivables” and “Trade payables” notes to the accounts. No provision for impairment has been raised in relation to any of these outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(d) 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 2023, the entity has not recorded any impairment of receivables relating to ; owed by related parties and declared person or body (2022: \$Nil). This assessment is undertaken each financial year examining the financial position of the related party and the market in which the related party operates.

24: Contingencies

There are no other known contingent assets or liabilities at 31 December 2023.

25: Events occurring after reporting date

The Federal Executive has approved further investigation of alternative investment strategies to utilize the cash reserves. The decision of investment will be finalized after detailed due diligence of various options. The authorized limit of this is \$19 million. 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 entity, the results of those operations, or the state of affairs of the entity in subsequent financial periods.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26: Commitments

Non-cancellable operating leases

Commitments for minimum lease payments in relation to office equipment are payable as follows:

	2023	2022
	\$	\$
Lease Commitments (including GST)		
Later than one year but not more than 5 years	-	54,120
Later than five years	-	-
	<u>-</u>	<u>54,120</u>

27: Cash flow information

(a) Receipts of affiliation, capitation fees and levies (inclusive of GST)

	2023	2022
	\$	\$
ACT Branch	222,424	228,591
NSWTF Branch	3,562,264	3,209,906
NT Branch	90,974	97,104
QLD Branch	2,305,776	2,293,278
SA Branch	671,774	698,130
TAS Branch	274,907	272,176
VIC Branch	2,573,876	2,581,646
SSTUWA for the WA Branch	865,303	835,086
	<u>10,567,298</u>	<u>10,215,917</u>

(b) Receipts of campaign contributions from branches (inclusive of GST)

	2023	2022
	\$	\$
ACT Branch	18,256	19,131
NSWTF Branch	292,376	268,642
NT Branch	7,467	8,127
QLD Branch	189,248	191,928
SA Branch	55,136	58,428
TAS Branch	22,563	22,779
VIC Branch	211,253	216,062
SSTUWA for the WA Branch	71,020	69,890
	<u>867,319</u>	<u>854,987</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

27: Cash flow information (Continued)

(c) Receipts of other income from branches & other reporting units (inclusive of GST)

	2023	2022
	\$	\$
ACT Branch	5,786	4,665
NSWTF Branch	31,740	20,793
NT Branch	4,986	60
SA Branch	6,734	11,322
TAS Branch	6,477	2,342
VIC Branch	29,648	25,572
SSTUWA for the WA Branch	20,827	10,290
IEU QLD and NT	130	121
IEU SA Branch	256	229
IEU Vic & Tas Branch	15,862	25,406
IEU WA Branch	10,910	2,348
IEU SA Branch	-	408
IEU Federal	130	938
NTEU Victorian Branch	10,121	19,952
NTEU National Office	31,740	57,859
Queensland Teachers Union	84,821	28,134
	260,168	210,439

(d) Payments to branches & other reporting units (inclusive of GST)

	2023	2022
	\$	\$
ACT Branch	1,080	1,080
NSWTF Branch	21,392	4,068
NT Branch	13,941	1,560
SA Branch	74,496	1,307
TAS Branch	25,985	1,071
VIC Branch	39,334	19,851
SSTUWA for the WA Branch	8,050	1,779
Queensland Teachers Union	9,865	2,417
	194,143	33,133

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

27: Cash flow information (Continued)

(e) Reconciliation of (deficit)/surplus to net cash from operating activities

	2023	2022
	\$	\$
(Deficit) Surplus for the year	(192,977)	933,958
<i>Adjustment for non-cash items</i>		
Depreciation	29,626	21,527
Loss on disposal of assets	-	507
<i>Changes in assets and liabilities</i>		
Increase in trade and other receivables	(421,064)	(127,945)
Increase in payables	338,042	72,986
Increase (Decrease) in provisions	255,717	(713,419)
Net cash from (used by) operating activities	<u>9,344</u>	<u>187,614</u>

(f) Liabilities from Financing Activities

	1 January 2023	New lease	Cash outflows	Others	31 December 2023
	\$	\$	\$	\$	\$
Current interest-bearing loans and borrowings	-	43,517	(6,457)	(28,705)	8,355
Non-current interest-bearing loans and borrowings	-	-	-	28,705	28,705
Total liabilities from financing activities	<u>-</u>	<u>43,517</u>	<u>(6,457)</u>	<u>-</u>	<u>37,060</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28: Other Funds

In addition to the Federal Fund established under Rule 61 and to which these financial statements relate, the following separate funds have been established by the Rules:

1. Branch Funds established by Rule 62
 (each branch prepares and lodges its own financial statements with FWC)
2. International Trust Fund (ITF) established by Rule 67
 (the ITF, being a fund separate from the Federal Fund prepares its own financial statements which are published on the AEU website)

In terms of Rule 67 (3), the objects of the International Trust Fund shall be:-

- a) To promote the exchange of information and understanding between teachers and their organisations in Australia and in other countries;
- b) To promote the development of united and effective teachers' organisations throughout the world and to assist them in times of crisis;
- c) To further the development of education and the professional development of teachers;
- d) To seek the extension of educational opportunities to all children in the world; and
- e) To promote peace, international co-operation and understanding and respect of human rights

A summary of the financial statements of the ITF is presented below:

	Note	2023 \$	2022 \$
Summarised statement of financial position			
Current assets		<u>3,282,506</u>	3,249,766
Total assets		<u>3,282,506</u>	3,249,766
Current liabilities		<u>30,764</u>	88,244
Total liabilities		<u>30,764</u>	88,244
Net assets		<u>3,251,742</u>	<u>3,161,522</u>
Summarised statement of comprehensive income			
		2023 \$	2022 \$
REVENUE			
Contributions	28a	843,327	805,741
Investment income		93,645	16,172
Other income		-	133,445
TOTAL REVENUE		<u>936,972</u>	<u>955,358</u>
TOTAL EXPENDITURE		<u>846,752</u>	1,023,354
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)		<u>90,220</u>	<u>(67,996)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28: Other Funds (Continued)

Summarised statement of cash flows	2023	2022
	\$	\$
Net cash outflow from operating activities	(9,680)	(256,014)
Net decrease in cash and cash equivalents	<u>(25,868)</u>	<u>(269,808)</u>

(a) Contributions

	2023	2022
	\$	\$
ACT Branch	24,768	22,760
NSWTF Branch	250,000	230,000
Federal Fund	88,000	88,000
NT Branch	10,651	10,063
QLD Branch	100,000	100,000
SA Branch	59,420	59,000
TAS Branch	26,000	23,745
VIC Branch	183,700	181,600
SSTUWA for the WA Branch	<u>100,788</u>	<u>90,573</u>
	<u>843,327</u>	<u>805,741</u>

29: Other information

(i) Going Concern

The AEU-Federal Office's ability to continue as a going concern is not reliant on financial support from another reporting unit.

(ii) Financial Support

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

(iii) Acquisition of assets and liability under specific sections:

The entity did not acquire any asset or a liability during the financial year as a result of:

- 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;

(iv) Administration of financial affairs by a third party

No other entity administers the financial affairs of the reporting unit.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

30: Correction of classification

Term deposits totalling \$5,482,532 were incorrectly classified as cash and cash equivalents in the financial report for the year ended 31 December 2022.

Whilst these terms deposits were due to mature within 12 months of the year end of 31 December 2022, they were initially issued with a maturity date of more than three months. As such they should have been classified as other financial assets.

This change of classification does not have any effect on statement of comprehensive income.

The comparative figures for the prior period have been changed in the financial statement for the current year as follows:

	31 December 2022 \$	Increase (Decrease) \$	31 December 2022 \$
<i>Statement of financial position (extract)</i>			
Cash & Cash equivalents – current assets	24,649,721	(5,482,532)	19,167,189
Other financial assets – current assets	-	5,482,532	5,482,532
Total current assets	25,045,186		25,045,186
<i>Statement of Cash Flows (extract)</i>			
Cash flows from investing activities			
Re-investment of interest	-	(32,010)	(32,010)
Net cash outflow from investing activities	(66,038)	(32,010)	(98,048)
Net (decrease) increase in cash and cash equivalents	111,614	(32,010)	79,604
Cash and cash equivalents at beginning of financial year	24,538,107	(5,450,522)	19,087,585
Cash and cash equivalents at end of financial year	24,649,721	(5,482,532)	19,167,189

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

31: Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk. Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk

(i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

(ii) Price risk

The entity is exposed to equity securities price and commodity price risk.

(iii) Cash flow and fair value interest rate risk

The AEU-Federal Office has no borrowings and is therefore not exposed to interest rate risk on liabilities. The AEU-Federal Office has investments in a variety of interest-bearing assets and the AEU-Federal Office's income and operating cash flows are exposed to changes in market interest rates for assets.

Sensitivity analysis

As at 31 December 2023 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2023	2022
<i>Effect on results:</i>	\$	\$
Increase of interest rates by 2%	490,132	492,984
Decrease of interest rates by 2%	(490,132)	(492,984)

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The AEU-Federal Office has no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2023	2022
Cash at bank	\$	\$
<i>AA- Rating</i>	1,340,951	17,232,256
<i>BBB Rating</i>	23,445	68,545
Term deposits		
<i>AA- Rating</i>	15,673,925	-
<i>BBB Rating</i>	7,468,287	7,348,420
	<u>24,506,608</u>	<u>24,649,221</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2023

31: Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below:

2023

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash and cash equivalent	3.61	1,364,396	4,835,719	-	-	-	1,000	6,201,115
Trade and other receivables		-	-	-	-	-	594,012	594,012
Other financial assets	4.66	-	18,306,493	-	-	-	5,230,389	23,536,882
		<u>1,364,396</u>	<u>23,142,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,825,401</u>	<u>30,332,009</u>
Financial Liabilities								
Trade & other payables		-	-	-	-	-	490,543	490,543
Lease liability	4.006	-	8,355	8,690	20,015	-	-	37,060
		<u>-</u>	<u>8,355</u>	<u>8,690</u>	<u>20,015</u>	<u>-</u>	<u>490,543</u>	<u>527,603</u>
Net Financial Assets		<u>1,364,396</u>	<u>23,133,857</u>	<u>(8,690)</u>	<u>(20,015)</u>	<u>-</u>	<u>5,334,858</u>	<u>29,804,406</u>

2022

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash and cash equivalent	0.23	17,300,801	1,865,888	-	-	-	500	19,167,189
Trade and other receivables		-	-	-	-	-	259,268	259,268
Other financial assets	0.9	-	5,482,532	-	-	-	4,990,039	10,472,571
		<u>17,300,801</u>	<u>7,348,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,249,807</u>	<u>29,899,028</u>
Financial Liabilities								
Trade & other payables		-	-	-	-	-	152,501	152,501
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,501</u>	<u>152,501</u>
Net Financial Assets		<u>17,300,801</u>	<u>7,348,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,097,306</u>	<u>29,746,527</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

31: Financial risk management (Continued)

(d) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The AEU-Federal Office does not presently have such arrangement in place.

32: Fair value measurement

(a) Financial assets and liabilities

Management of the reporting unit 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 reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2023 was assessed to be insignificant.
- Fair value of financial assets is 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 2023 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

	Carrying amount 2023 \$	Fair value 2023 \$	Carrying amount 2022 \$	Fair value 2022 \$
Financial Assets				
Cash and cash equivalents	6,201,115	6,201,115	19,167,189	19,167,189
Other financial assets – term deposit	18,306,493	18,306,493	5,482,532	5,482,532
Trade and other receivables	594,012	594,012	259,268	259,268
Other financial assets	5,230,389	5,230,389	4,990,039	4,990,039
Total	30,332,009	30,332,009	29,899,028	29,899,028
Financial Liabilities				
Trade and other payables	490,543	490,543	152,501	152,501
Lease liability	37,060	37,060	-	-
Total	527,603	527,603	152,501	152,501

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

32: Fair value measurement (Continued)

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- other financial assets

The entity has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(b) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the entity's assets and liabilities measured and recognised at fair value at 31 December 2023.

	Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$		\$		\$		\$	
Assets								
Other financial assets	-	-	5,230,389	4,990,039	-	-	5,230,389	4,990,039
Financial assets through profit and loss	-	-	-	-	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>5,230,389</u>	<u>4,990,039</u>	<u>-</u>	<u>-</u>	<u>5,230,389</u>	<u>4,990,039</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2023 or 2022.

The entity also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

32: Fair value measurement (Continued)

(c) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(ii) Non-recurring fair value measurements

The entity does not have assets in this category.

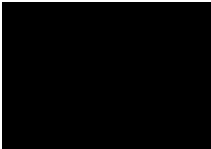
COMMITTEE OF MANAGEMENT STATEMENT

On 2 May 2024, the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2023:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. 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);
3. 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;
4. 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
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - b. 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
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. 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
 - e. 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
 - f. 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

Designated Officer  _____
Kevin Bates – Federal Secretary

Dated: 2 May 2024

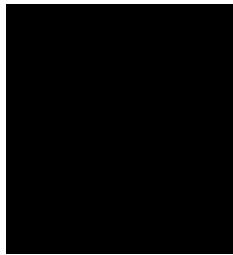
**AUSTRALIAN EDUCATION UNION FEDERAL
ABN 16 006 296 647**

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE EXECUTIVE OF
AUSTRALIAN EDUCATION UNION FEDERAL**

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Education Union Federal for the year ended 31 December 2023 there have been:

- (i) No contraventions of the auditor independence requirements as set out by our professional bodies CPA Australia and Chartered Accountants Australia and New Zealand; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

**Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000**



Partner: Anh Tran (Steven) Nguyen

Dated: 7th May 2024

AUSTRALIAN EDUCATION UNION FEDERAL
ABN 16 006 296 647

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
AUSTRALIAN EDUCATION UNION FEDERAL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Education Union Federal (the reporting unit), which comprises the Statement of Financial Position as at 31 December 2023, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year ended 31 December 2023, notes to the financial statements, including a summary of significant accounting policies, the Committee of Management statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Education Union Federal as at 31 December 2023, 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).

We 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

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the reporting unit in accordance with the auditor independence requirements of the *Fair Work (Registered Organisations) Act 2009* and 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

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

In accordance with the requirements of section 257(7) of the RO Act, we are 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 relation to this matter, we have nothing to report.

**Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000**



Partner: Anh Tran (Steven) Nguyen

Date: 07th May 2024

Registration number (as registered under the RO Act): AA2023/7

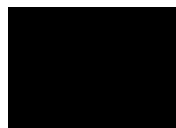
SECRETARY'S CERTIFICATE

I, KEVIN BATES, Federal Secretary, Australian Education Union (AEU), do certify that:

1. I am an Officer authorised by the AEU Rules to lodge these documents.
2. The Federal Executive of the AEU held a meeting in accordance with the rules on 2 May 2024 at which the Executive passed a resolution concerning the accounts as presented.

The copy of the AEU Financial Report being lodged is the document that was provided to members on the AEU website www.aefederal.org.au on and from 15 May 2024.

3. The copy of the full report being lodged is the document presented to the meeting of the Federal Executive of the AEU on 19 June 2024.



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Kevin Bates
Federal Secretary
26 June 2024