



Australian Government
Australian Industrial Registry

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Ms Susan Hopgood
Federal Secretary
Australian Education Union
120 Clarendon Street
SOUTHBANK VIC 3006

By email: aeu@aeufederal.org.au

Dear Ms Hopgood,

Re: Financial Documents - year ended 30 September 2006 (FR2006/635)
Schedule 1B - Workplace Relations Act 1996 (RAO Schedule)

I have received the financial report, the concise report and the statement of donations for the Federal Office of the Australian Education Union for the year ended 30 September 2006. The documents were lodged in the Registry on 19 April 2007.

The documents have been filed.

If you have any queries please contact me on (03) 8661 7990.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Andrew Schultz', written over a vertical red line.

Andrew Schultz
Statutory Services Branch

30 April 2007



Australian Education Union

Federal Office

Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006
Federal Secretary : Susan Hopgood
Federal President : Patricia Byrne

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Ref.: 031.001.001

18 April 2007

Mr Doug Williams
Industrial Registrar
GPO Box 1994
MELBOURNE VIC 3001

FR 2006/635

Dear Mr Williams,

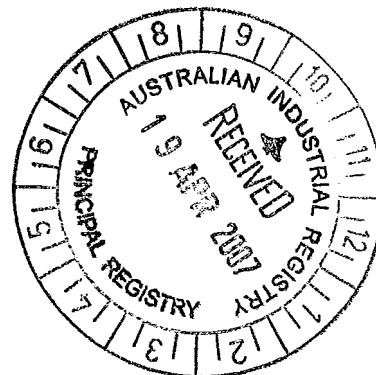
**Re: Financial Documents for the Australian Education Union
for year ended 30 September 2006**

In accordance with s268 of the Registration and Accountability of Organisations Schedule (Schedule 1B to the Workplace Relations Act 1996), I hereby lodge:

- (a) A copy of the AEU Financial Report for the year ending 30 September 2006;
- (b) A copy of the concise report provided to members;
- (c) Secretary's Certificate that the documents lodged are copies of the documents provided to members and presented to the meeting of the Federal Executive of the Australian Education Union on 15 March 2007;
- (d) Statement of loans, grants and donations exceeding \$1000 for financial year ending 30 September 2006.

Yours sincerely,

Susan Hopgood
Federal Secretary



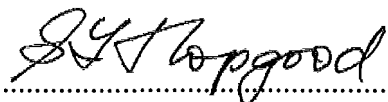
SECRETARY'S CERTIFICATE

I, SUSAN LOUISE HOPGOOD, Federal Secretary, Australian Education Union 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 14 January 2007 (the PREPARATION MEETING) at which the Executive passed a resolution concerning the accounts as presented.
3. The Federal Executive at the aforementioned meeting carried the following resolution:

That in accordance with the RAO Schedule (Schedule 1B of the Workplace Relations Act 1996), the Federal Executive of the Australian Education Union resolves that members will be provided with a copy of the concise report for the year ended 30 September 2006, and that members shall be provided free of charge with a copy of the full report where they make a request.

4. The copy of the concise report being lodged is the document that was provided to members on the AEU website www.aeufederal.org.au. Notification of the report's availability on the website was printed in the Autumn edition of national magazine of the Union, *The Australian Educator*.
5. The copy of the full report being lodged is the document which was presented to the meeting of the Federal Executive of the AEU on the 15 March 2007 (the PRESENTATION MEETING).


.....

SUSAN LOUISE HOPGOOD

18 April 2007

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**



Federal Office:
Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006
Federal Secretary: **Susan Hoppgood**
Federal President: **Patricia Byrne**

Telephone: **61 3 9693 1800**
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Email: aeu@aeufederal.org.au

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OPERATING REPORT

Your committee present their report on the union for the financial year ended 30 September 2006.

Committee Members

The names of the committee members in office at any time during or since the end of the financial year are:

Ann Taylor

Andrew Gohl

Jean Walker

Clive Hagger

Julie-Ann McCullough (Until 28 February 2006)

Mary Bluett

Molly Kreidl (Until 28 February 2006)

Linda Simon

Steve Ryan

Bob Lipscombe (From 1 March 2006)

Mike Keely

Pat Byrne

Nadine Williams (Until 28 February 2006)

Hayden Bromley (Until 28 February 2006)

Jennifer Leete (Until 28 February 2006)

Rosalie Kinson

Maree O'Halloran

Maurie Mulheron

Neil Free

Angelo Gavrielatos

Barry Johnson (Resigned on 15 June 2006)

Alan Perrin (From 1 March 2006)

Lynette Winch (From 1 March 2006)

Vicki Sykes (From 1 March 2006)

Charline Emzin-Boyd (From 1 March 2006)

John Irwin (Appointed on 11 September 2006)

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

Operating Results

The surplus of the Australian Education Union - Federal Office for the financial year amounted to \$644,501 (2005: \$509,803).

Review of Operations

A review of the operations of the Australian Education Union - Federal Office during the financial year and the results of those operations found that during the year, the Australian Education Union - Federal Office continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

OPERATING REPORT (continued)

Significant Changes in State of Affairs

No significant changes in the state of affairs of the Australian Education Union - Federal Office occurred during the financial year.

Principal Activity

The principal activity of the Australian Education Union - Federal Office during the financial year was promotion of union activities within the education sector.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Australian Education Union - Federal Office, the results of those operations, or the state of affairs of the union in future financial years.

Membership and employee numbers

As at 30 September 2006, the Australian Education Union - Federal Office had 169,045 (2005: 165,249) members and 19 (2005: 22) employees.

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

- (3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
 - (a) where the member ceases to be eligible to become a member of the Union -
 - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member; whichever is later; or
 - (b) in any other case -
 - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice; whichever is later.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a period 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.

OPERATING REPORT (continued)

- (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."

Directorships of Superannuation Fund

To the best of our knowledge and belief, no officer of the organisation, by virtue of their office of the Australian Education Union - Federal Office is:

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

Signed in accordance with a resolution of the Committee of Management:

Designated Officer



Susan Hopgood

Dated this 14th day of January 2007

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 \$	2005 \$
Revenue	4	<u>5,494,609</u>	<u>4,355,500</u>
Administration expenses	7	(700,424)	(677,962)
Employee related expenses	8	(1,959,388)	(1,781,163)
Meeting and Conference expenses	9	(385,431)	(362,398)
ITF allocation		(88,016)	(80,250)
Australian Educator		(492,734)	(476,269)
Campaign expenses		(263,179)	(147,520)
Special projects and campaigns	10	(862,688)	(205,094)
TAFE expenses	11	<u>(98,248)</u>	<u>(115,041)</u>
		<u>(4,850,108)</u>	<u>(3,845,697)</u>
Surplus attributable to members of the entity	5	<u><u>644,501</u></u>	<u><u>509,803</u></u>

The accompanying notes form part of these financial statements.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
 ABN 16 006 296 647

BALANCE SHEET
 AS AT 30 SEPTEMBER 2006

	Notes	2006 \$	2005 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	2,558,959	1,351,926
Trade and other receivables	13	484,905	632,776
Other	14	40,713	26,935
Total current assets		<u>3,084,577</u>	<u>2,011,637</u>
Non-current assets			
Receivables	13	76,289	65,778
Other financial assets	15	1,362,591	1,337,371
Property, plant and equipment	16	94,467	94,884
Investment property	17	-	298,569
Total non-current assets		<u>1,533,347</u>	<u>1,796,602</u>
TOTAL ASSETS		<u>4,617,924</u>	<u>3,808,239</u>
LIABILITIES			
Current liabilities			
Trade and other payables	18	454,135	631,105
Interest-bearing liabilities	19	391,001	5,930
Provisions	20	448,176	368,301
Total current liabilities		<u>1,293,312</u>	<u>1,005,336</u>
Non-current liabilities			
Interest-bearing liabilities	19	-	119,384
Provisions	20	387,891	391,299
Total non-current liabilities		<u>387,891</u>	<u>510,683</u>
TOTAL LIABILITIES		<u>1,681,203</u>	<u>1,516,019</u>
NET ASSETS		<u>2,936,721</u>	<u>2,292,220</u>
EQUITY			
Members' funds			
Reserves	21	430,317	362,998
Accumulated surplus		2,506,404	1,929,222
TOTAL EQUITY		<u>2,936,721</u>	<u>2,292,220</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Accumulated Surplus	Reserves	Total
	\$	\$	\$
Balance at 1 October 2004	1,601,137	181,280	1,782,417
Surplus for the year	509,803	-	509,803
Transfers to and from reserves	<u>(181,718)</u>	<u>181,718</u>	<u>-</u>
Balance at 30 September 2005	<u>1,929,222</u>	<u>362,998</u>	<u>2,292,220</u>
Balance at 1 October 2005	1,929,222	362,998	2,292,220
Surplus for the year	644,501	-	644,501
Transfers to and from reserve	<u>(67,319)</u>	<u>67,319</u>	<u>-</u>
Balance at 30 September 2006	<u>2,506,404</u>	<u>430,317</u>	<u>2,936,721</u>

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 SEPTEMBER 2006**

	Notes	2006 \$	2005 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipt of subscription		3,832,716	3,854,789
Sundry receipts		1,690,324	875,652
Payments to suppliers and employees		(5,524,968)	(3,901,881)
Interest received		92,092	71,726
Finance costs		<u>(3,697)</u>	<u>(11,150)</u>
Net cash inflows from operating activities	27(b)	<u>86,467</u>	<u>889,136</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		657,414	-
Payment for property, plant and equipment		(42,841)	(33,755)
Payment for investments		<u>(25,220)</u>	<u>(469,721)</u>
Net cash inflows/(outflows) from investing activities		<u>589,353</u>	<u>(503,476)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loan from the AEU - ACT Branch		100,319	63,836
Repayment from (Advance to) FEU		281,000	(281,000)
Repayment of borrowings		(146,852)	(26,193)
Loan to AEU NT Branch		(100,000)	-
Repayment of loan from AEU - NT Branch		<u>5,745</u>	<u>-</u>
Net cash inflows/(outflows) from financing activities		<u>140,212</u>	<u>(243,357)</u>
Net increase in cash and cash equivalents held		816,032	142,303
Cash and cash equivalents at beginning of financial year		<u>1,351,926</u>	<u>1,209,623</u>
Cash and cash equivalents at end of financial year	27(a)	<u>2,167,958</u>	<u>1,351,926</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 1: ENTITY INFORMATION

The financial report of the Australian Education Union - Federal Office for the year ended 30 September 2006 was authorised for the issue in accordance with the resolution of Federal Executive on 14 January 2007.

The Australian Education Union - Federal Office ("AEU - Federal Office") is a registered trade union under the Workplace Relations Act 1996. The purpose of the entity is to protect and improve conditions and entitlements for members.

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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 years presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the entity's first financial statements to be prepared in accordance with AIFRSs. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the entity until 30 September 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the entity's financial statements, management has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The entity has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 October 2005.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. In preparing the financial statements, no such estimates were made.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include AIFRS. A Statement of compliance with International Financial Reporting Standards cannot be made due to the entity applying the not for profit sector requirements contained in AIFRS.

(c) Income Tax

No provision for income tax has been raised as the AEU - Federal Office is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the AEU - Federal Office are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Cash and Cash Equivalents

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 values, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Investments and other financial assets

AEU - Federal Office classifies its investment in the following categories: financial assets at fair value through profit and loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investment at initial recognition and re-evaluates this designation at each reporting date. Currently, the AEU - Federal Office holds the following financial assets.

(ii) Loans and receivable

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables, loans and other receivables are recorded at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(ii) Available-for-sale financial assets

This category comprises non-derivatives that are either designated in this category or not classified in any of the other categories. They are carried at cost when fair value cannot be reliably measured and included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as this category are recognised in equity in the available-for-sale investments revaluation reserve. When investments in this category are sold or impaired, the accumulated fair value adjustments are included in the Income Statement as gains and losses from investment securities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment.

Depreciation

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

The assets' residual values and useful lives are reviewed, adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

As a not for profit entity whose future economic benefits of an asset (or class of asset) are not primarily dependent on the assets ability to generate cash flows and it would be replaced if the union was deprived of it, value in use is the depreciated replacement cost.

(h) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the entity. Investment property is carried at cost.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the entity to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(j) Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 2: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured. Revenue is recognised for the major operating activities as follows:

Capitation Fee

Capitation fee and levies are recognised when the right to receive the fee has been established.

Interest

Interest revenue is recognised as interest accrues, taking into account the yield on the financial assets.

Publication levies

Publication levies are recognised when the right to receive the income has been established.

Sale of Non-current assets

The net gain (loss) of non-current asset sales are included as revenue (expenses) at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The net gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Branch Contributions

Revenue is recognised when the right to receive the contribution is established.

Other revenue

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

Finance and insurance revenue is recognised when the right to receive finance and insurance revenue has been established.

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

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are included in the Cash Flow Statement on a gross basis and GST components of cash flows arising from investing and financing activities, which is recoverable from, or payable to the ATO as classified as operating cash flows.

Commitments and contingencies are disclosed inclusive of GST.

(m) Comparative Figures

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 3: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996 the attention of members is drawn to the provisions of subsection (1), (2) and (3) of sections 272, which read as follows:

- (1) a member of a reporting unit, or a Registrar, 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).

NOTE 4: REVENUE

	2006	2005
	\$	\$
From continuing operations		
- capitation fee	3,369,890	3,113,214
- publication levies	409,959	404,652
- interest	92,092	71,726
- library income	60,490	57,645
- trust distributions	-	75,967
- finance and insurance income	-	75,967
- TAFE income	39,257	39,833
- Australian Educator	72,775	79,731
- profit on sale of property	348,608	-
- branch contributions - campaigns	991,494	329,239
- other revenue	110,044	107,525
Total Revenue	<u>5,494,609</u>	<u>4,355,499</u>
 (a) Interest from:		
- AEU ACT Branch for loan	3,986	14,132
- AEU NT Branch for loan	2,029	-
- other persons	86,077	57,594
	<u>92,092</u>	<u>71,726</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 5: SURPLUS FOR THE YEAR

	2006 \$	2005 \$
Surplus for the year includes the following specific expenses:		
(a) Expenses		
Finance costs:		
- other persons	3,697	11,150
Depreciation of non-current assets		
- plant and equipment	21,086	20,469
- investment property	<u>3,000</u>	<u>9,158</u>
Depreciation of non-current assets	<u>24,086</u>	<u>29,627</u>
Bad and doubtful debts:		
- other entities	3,380	11,000
Net loss on disposal of non-current assets		
- Property, plant and equipment	8,935	-

NOTE 6: AUDITORS' REMUNERATION

	2006 \$	2005 \$
Remuneration of auditors for:		
- audit or review services	<u>17,800</u>	<u>16,500</u>

NOTE 7: GENERAL EXPENSES

	2006 \$	2005 \$
Affiliation fees	6,613	8,206
Legal fees	56,337	247,194
AEU NT Branch Grant	120,000	-
Overseas travel allowance	4,321	-
Donations	5,246	3,939
Other expenses	<u>507,907</u>	<u>418,623</u>
	<u>700,424</u>	<u>677,962</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 8: EMPLOYEES RELATED EXPENSES	2006	2005
	\$	\$
Wages & Salaries - staff	506,776	485,991
Wages & Salaries - holders of office	826,285	757,335
Superannuation - staff	175,182	201,147
Superannuation - holders of office	128,074	117,388
Long service leave - staff	44,216	23,384
Long service leave - holders of office	(44,734)	(12,663)
Annual leave - staff	25,246	1,474
Annual leave - holders of office	66,477	61,783
Professional development	596	6,270
Other employee expenses	<u>231,270</u>	<u>139,054</u>
	<u>1,959,388</u>	<u>1,781,163</u>

NOTE 9: MEETING AND CONFERENCE EXPENSES	2006	2005
	\$	\$
Meetings allowances	122,571	129,514
Other meetings expenses	<u>262,860</u>	<u>232,884</u>
	<u>385,431</u>	<u>362,398</u>

NOTE 10: SPECIAL PROJECTS AND CAMPAIGNS	2006	2005
	\$	\$
AEU Research Project	7,248	5,000
Other IR campaign expenses	29,195	17,821
ACTU IR Campaign levy	<u>826,245</u>	<u>182,273</u>
	<u>862,688</u>	<u>205,094</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 11: TAFE EXPENSES

	2006	2005
	\$	\$
Meetings allowances	33,775	43,556
Other TAFE expenses	<u>64,473</u>	<u>71,485</u>
	<u>98,248</u>	<u>115,041</u>

NOTE 12: CASH AND CASH EQUIVALENTS

	2006	2005
	\$	\$
Cash on hand	5,362	3,837
Cash at banks	2,523,597	1,318,089
Term Deposit (c)	<u>30,000</u>	<u>30,000</u>
	<u>2,558,959</u>	<u>1,351,926</u>

(a) Cash on hand - this is non-interest bearing

(b) Cash at banks - these bear floating interest rates of between 0.25% and 6.3% (2005: 0.25% and 5.5%). These deposits are at call.

(c) Term Deposit - this bears fixed interest of 2.4% (2005: 2.4%). This deposit is subjected to an equitable charge by the bank of \$30,000 which is a contingent liability for autopay transactions.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 13: TRADE AND OTHER RECEIVABLES

		2006	2005
		\$	\$
CURRENT			
Trade debtors		153,064	192,225
Branch debtors:			
AEU - ACT Branch		2,741	5,134
AEU - NSW Branch		99,990	-
AEU - NT Branch		900	9,571
AEU - QLD Branch		40,007	-
AEU - SA Branch		330	7,525
AEU - TAS Branch		264	3,859
AEU - VIC Branch		1,754	18,329
AEU - WA Branch		102,849	80,592
Other debtors		65,040	-
Loan to AEU ACT Branch	(a)	-	34,541
Loan to AEU NT Branch	(b)	17,966	-
Loan to FEU Unit Trust	(c)	-	281,000
		<u>484,905</u>	<u>632,776</u>
NON-CURRENT			
Loan to AEU ACT Branch	(a)	-	65,778
Loan to AEU NT Branch	(b)	<u>76,289</u>	-
		<u>76,289</u>	<u>65,778</u>

(a) The AEU - Federal Office loaned the AEU - ACT Branch \$ 200,000 secured by an unregistered mortgage over land and buildings owned by the AEU - ACT Branch. This loan was to be repaid over a period of 72 months starting 1 August 2003. Interest is charged at a rate which was 0.5% above the 90 day bank rate determined 3 months in advance. The loan was fully repaid during 2006.

(b) The AEU - Federal Office loaned the AEU - NT Branch \$ 100,000 secured by an unregistered mortgage over land and buildings owned by the AEU - NT Branch. This loan is to be repaid over a period of 60 months starting 1 June 2006. Interest is charged at a rate which is 0.5% above the 90 day bank rate and is determined 3 months in advance.

(c) This loan is unsecured, interest-free and short-term.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 14: OTHER ASSETS

	2006 \$	2005 \$
CURRENT		
Prepayments	40,713	20,755
Other current assets	<u>-</u>	<u>6,180</u>
	<u>40,713</u>	<u>26,935</u>

NOTE 15: OTHER FINANCIAL ASSETS

	2006 \$	2005 \$
NON-CURRENT		
Available-for-sale financial assets		
- unlisted units in unit trust	(a) <u>1,362,591</u>	<u>1,337,371</u>

(a) This asset consist of unlisted investment - units in FEU Unit Trust, measured at cost. The principal activities of the trust is property investment. AEU - Federal Office owned 20.9% of the trust (2005: 20.9%).

(b) The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

(b) See Note 23 for details of related party transactions.

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

	2006 \$	2005 \$
PLANT AND EQUIPMENT		
(a) Office equipment		
At cost	114,472	189,113
Less accumulated depreciation	<u>(71,508)</u>	<u>(125,665)</u>
	<u>42,964</u>	<u>63,448</u>
(b) Furniture, fixtures and fittings		
At cost	89,188	164,357
Less accumulated depreciation	<u>(37,685)</u>	<u>(132,921)</u>
	<u>51,503</u>	<u>31,436</u>
Total property, plant and equipment	<u>94,467</u>	<u>94,884</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 16: PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Office equipment	Furniture, fixtures & fittings	Total
	\$	\$	\$
2005			
Balance at the beginning of the year	47,625	35,045	82,670
Additions	31,983	700	32,683
Depreciation expense	<u>(16,160)</u>	<u>(4,309)</u>	<u>(20,469)</u>
Carrying amount at end of year	<u>63,448</u>	<u>31,436</u>	<u>94,884</u>

	Office equipment	Furniture, fixtures & fittings	Total
	\$	\$	\$
2006			
Balance at the beginning of the year	63,448	31,436	94,884
Additions	17,026	25,815	42,841
Disposals	(22,171)	-	(22,171)
Depreciation expense	<u>(15,339)</u>	<u>(5,748)</u>	<u>(21,087)</u>
Carrying amount at end of year	<u>42,964</u>	<u>51,503</u>	<u>94,467</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 17: INVESTMENT PROPERTY	2006	2005
	\$	\$
NON CURRENT		
At cost		
Opening balance at 1 July	298,569	306,655
Addition	-	1,072
Accumulated depreciation	(12,158)	(9,158)
Disposals	<u>(286,411)</u>	<u>-</u>
	<u>-</u>	<u>298,569</u>

a. Refer to Note 19 for information on non-current assets pledged as security

b. There is no contractual obligations to purchase, construct or develop investment properties or for repair, maintenance or enhancements

c. The investment property was leased to AEU-NT Branch under a short-term lease. The lease could be terminated by either party via a not less than 12 months notice in writing. The rental payable were reviewed every two years.

c. Amounts recognised in profit and loss for investment property

Rental income	6,154	10,116
Direct operating expenses that generate income	(5,005)	(19,578)
Direct operating expenses that not generate income	<u>-</u>	<u>-</u>
	<u>1,149</u>	<u>(9,462)</u>

NOTE 18: TRADE AND OTHER PAYABLES

	2006	2005
	\$	\$
CURRENT		
Trade creditors	406,826	550,487
Legal fee payable	17,024	46,669
AEU - ACT Branch	11,045	8,570
AEU - SA Branch	529	-
AEU - VIC Branch	250	7,000
Sundry creditors and accruals	<u>18,461</u>	<u>18,379</u>
	<u>454,135</u>	<u>631,105</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 19: INTEREST BEARING LIABILITIES

	2006 \$	2005 \$
CURRENT		
Unsecured liabilities		
Bank overdrafts	391,001	-
Secured liabilities		
Bank loans	<u>-</u>	<u>5,930</u>
	<u>391,001</u>	<u>5,930</u>
NON-CURRENT		
Secured liabilities		
Bank loans	<u>-</u>	<u>119,384</u>

The bank loan was secured by the NT Property

NOTE 20: PROVISIONS

	2006 \$	2005 \$
CURRENT		
Employee benefits - staff	120,179	88,855
Employee benefits - holders of office	314,494	251,205
Other	<u>13,503</u>	<u>28,241</u>
	<u>448,176</u>	<u>368,301</u>
NON-CURRENT		
Employee benefits - staff	149,043	110,905
Employee benefits - holders of office	<u>238,848</u>	<u>280,394</u>
	<u>387,891</u>	<u>391,299</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 21: RESERVES

		2006 \$	2005 \$
Public Education / Election reserve	(a)	249,037	181,718
Allocated Fund reserve	(b)	<u>181,280</u>	<u>181,280</u>
		<u>430,317</u>	<u>362,998</u>

(a) Public Education / Election Reserve

Movements during the financial year:

Opening balance		181,718	-
Funds allocated for the year		<u>67,319</u>	<u>181,718</u>
Closing balance		<u>249,037</u>	<u>181,718</u>

The Public Education / Election Reserve records funds set aside from the surplus for the purpose of funding expenditure on future elections and public education campaigns.

(b) Allocated fund reserve

Movements during the financial year:

Opening balance		181,280	181,280
Funds allocated for the year		<u>-</u>	<u>-</u>
Closing balance		<u>181,280</u>	<u>181,280</u>

The allocated fund reserve was used to record amounts set aside to fund future projects.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

		2006 \$	2005 \$
(a) Operating lease commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements:			
Payable			
- not later than one year		41,297	50,225
- later than one year and not later than five years		<u>82,418</u>	<u>123,715</u>
		<u>123,715</u>	<u>173,940</u>

General description of leasing arrangement:

Leasing of postage meter and photocopier

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 23: RELATED PARTY TRANSACTIONS

- (a) During the year, AEU - Federal Office received \$34,000 (2005: \$35,000) from the Australian Education Union International Fund as administration fees.
- (b) The AEU - Federal Office occupies premises owned by the Federation Education Unions Unit Trust in which the AEU - Federal Office has an interest. During the year, AEU - Federal Office received \$70,955 (2005: \$102,866) from the Federation Education of Unions Unit Trust as rent and paid \$154,665 (2005: \$122,495) as outgoings.
- (c) The AEU NT building was occupied by AEU - NT Branch. During the year, the AEU - Federal Office received \$6,154 (2005: \$10,116) as rent.
- (d) The names of Federal Executives who have held office during the financial year are:
- Ann Taylor
 - Andrew Gohl
 - Jean Walker
 - Clive Hagger
 - Julie-Ann McCullough (Until 28 February 2006)
 - Mary Bluett
 - Molly Kreidl (Until 28 February 2006)
 - Linda Simon
 - Steve Ryan
 - Bob Lipscombe (From 1 March 2006)
 - Mike Keely
 - Pat Byrne
 - Nadine Williams (Until 28 February 2006)
 - Hayden Bromley (Until 28 February 2006)
 - Jennifer Leete (Until 28 February 2006)
 - Rosalie Kinson
 - Maree O'Halloran
 - Maurie Mulheron
 - Neil Free
 - Angelo Gavrielatos
 - Barry Johnson (Resigned on 15 June 2006)
 - Alan Perrin (From 1 March 2006)
 - Lynette Winch (From 1 March 2006)
 - Vicki Sykes (From 1 March 2006)
 - Charline Emzin-Boyd (From 1 March 2006)
 - John Irwin (Appointed on 11 September 2006)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 23: RELATED PARTY TRANSACTIONS (Continued)

(e) The Members of Secretariat who have held office during the financial year are:

Rob Durbridge (Resigned on 31 January 2006)
Susan Hopgood
Michaela Kronemann
Roy Martin
Darcel Moyle
Linda Gale (Resigned on 18 August 2006)
Catherine Davis
Pat Forward
Carol Fisher (Resigned on 21 December 2005)
John McCollow
Wayne Costelloe

NOTE 24: SEGMENT REPORTING

The AEU operates in the area of education primarily within Australia.

NOTE 25: COMMITMENTS FOR EXPENDITURE

There are no other capital or lease commitments (except as disclosed in Note 22) or contingencies at the end of the financial year.

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

There are no material known events subsequent to the reporting date that are required to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 27: CASH FLOW INFORMATION

	2006 \$	2005 \$
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash on hand	5,362	3,837
Cash at bank	2,523,597	1,318,089
At call deposits with financial institutions	30,000	30,000
Bank overdraft	<u>(391,001)</u>	<u>-</u>
	<u>2,167,958</u>	<u>1,351,926</u>
(b) Reconciliation of cash flow from operations with surplus for the year		
Surplus for the year	644,501	509,803
Non-cash flows in surplus for the year		
Depreciation	24,086	29,627
Bad debts provisions	3,380	11,000
(Gain) on sale of property	(348,608)	-
Loss on disposal of plant and equipment	8,935	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(153,084)	71,442
Increase in other assets	(13,778)	(6,491)
Increase/(decrease) in payables	(155,432)	177,241
Increase in provisions	<u>76,467</u>	<u>96,514</u>
Cash flows from operations	<u>86,467</u>	<u>889,136</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 28: FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The AEU - Federal Office'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 financial instruments of the entity consist mainly of deposits with banks, accounts receivable and payable. The Federal Executive meets on a regular basis when it analyses interest rate exposure and evaluates strategies in the context of the most recent economic conditions and forecasts.

Market Risk

Market risk for the AEU - Federal Office is mainly a price risk. Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The AEU - Federal Office is not exposed to commodity price risk.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

The AEU - Federal Office does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the AEU - Federal Office.

Liquidity Risk

The AEU - Federal Office manages liquidity risk by monitoring forecast cash flows to ensure that there is sufficient cash and marketable securities available.

(b) Interest Rate Risk

The AEU - Federal Office's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates by maturity periods is as follows:

	Fixed Interest Rate Maturing				Floating Interest Rate		Non Interest Bearing	
	Within 1 Year		1 to 5 Years		2006	2005	2006	2005
	2006	2005	2006	2005				
Financial Assets:	\$	\$	\$	\$	\$	\$	\$	\$
Cash & cash equivalents	30,000	30,000	-	-	2,523,597	1,318,089	5,362	3,837
Receivables	17,966	34,541	76,289	65,778	-	-	466,939	598,235
Total Financial Assets	<u>47,966</u>	<u>64,541</u>	<u>76,289</u>	<u>65,778</u>	<u>2,523,597</u>	<u>1,318,089</u>	<u>472,301</u>	<u>602,072</u>
Weighted Average Interest Rate %	4.31	3.85	6.22	5.3	2.3	2.0		
Financial Liabilities:								
Bank loans and overdrafts	-	5,930	-	119,384	391,001	-	-	-
Trade and sundry creditors	-	-	-	-	-	-	454,135	631,105
Total Financial Liabilities	<u>-</u>	<u>5,930</u>	<u>-</u>	<u>119,384</u>	<u>391,001</u>	<u>-</u>	<u>454,135</u>	<u>631,105</u>
Weighted average interest rate %		7.3		7.3				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 28: FINANCIAL INSTRUMENTS (Continued)

	Total	
	2006	2005
	\$	\$
Financial Assets:		
Cash & cash equivalents	2,558,959	1,351,926
Receivables	<u>561,194</u>	<u>698,554</u>
Total Financial Assets	<u>3,120,153</u>	<u>2,050,480</u>
Weighted Average Interest Rate %		
Financial Liabilities:		
Bank loans and overdrafts	391,001	125,314
Trade and sundry creditors	<u>454,135</u>	<u>631,105</u>
Total Financial Liabilities	<u>845,136</u>	<u>756,419</u>
Weighted average interest rate %		

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

NOTE 29: TRANSITION TO AIFRS

For all the periods up to and including the year ended 30 September 2005, the entity prepared its financial statements in accordance with Australian generally accounting principles (AGAAP). These financial statements for the year ended 30 September 2006 are the first entity is required to prepare in accordance with AIFRS. Accordingly, the entity has prepared financial statements that comply with AIFRS applicable for the reporting period. In complying with AIFRS, there has been no adjustments or restatement of balances for the year ended 30 September 2005.

**NOTE 30: AUSTRALIAN EDUCATION UNION - FEDERAL
OFFICE DETAILS**

The principal place of operation of the union is:
Australian Education Union - Federal Office
120 Clarendon Street
South Melbourne Vic 3205

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 31: NEW AUSTRALIAN ACCOUNTING STANDARDS

The following Australian Accounting Standards issued or amended which may be applicable but are not yet effective and have not been adopted in the preparation of the financial statements at the reporting date.

AASB Standard Affected	Nature of Change in Accounting Policy and Impact	Application Date of the Standard
AASB 119: Employee Benefits: Accounting for actuarial gains and losses and group plans	No change, no impact	1 January 2006
AASB 2005-1: Amendments to Australian Accounting Standard[AASB 139] Cash flow hedge accounting of forecast intra-group transactions	No change, no impact	1 January 2006
AASB 2005-4: Amendments to Australian Accounting Standard[AASB 139, AASB 132, AASB1, AASB 1023 & AASB 1038] Fair value option	No change, no impact	1 January 2006
UIG 4: Determining whether an asset contains a lease	No change, no impact	1 January 2006
UIG 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	No change, no impact	1 January 2006
AASB 2005-6: Amendments to Australian Accounting Standard[AASB 3]: Business combinations involving entities under common control	No change, no impact	1 January 2006
AASB 2005-9: Amendments to Australian Accounting Standard[AASB 4, AASB 1023, AASB 139 & AASB 132]: Financial guarantee contracts	No change, no impact	1 January 2006
AASB 7: Financial instruments: Disclosures	No change, no impact	1 January 2007
AASB 2005-10 Amendments to Australian Accounting Standard[AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]: consequential amendments arising from the issue of AASB 7	No change, no impact	1 January 2007
UIG 6: Liabilities arising from Participating in a specific Market - Waste Electrical and Electronic Equipment	No change, no impact	1 December 2005
AASB 2006-1 Amendments to Australian Accounting Standard[AASB 121]: Clarification regarding monetary items forming part of net investment in a foreign operation	No change, no impact	Financial years ending 31 December 2006
UIG 7: Applying the Restatement Approach under AASB129 Financial Reporting in Hyperinflationary Economies	No change, no impact	1 March 2006
UIG 8: Scope of AASB 2	No change, no impact	1 May 2006
UIG 9: Reassessment of Embedded Derivatives	No change, no impact	1 June 2006

STATEMENT BY COMMITTEE OF MANAGEMENT

I, Susan Hopgood, being the designated officer of Australian Education Union - Federal Office, state that on behalf of the Committee of Management and in accordance with a resolution passed by the Committee of Management on 14 January 2007 that:

In the opinion of the Committee of Management:

1. the financial statements and notes, as set out on pages 4 to 27 comply with Australian Accounting Standards and other mandatory professional reporting requirements;
2. the financial statements and notes, as set out on pages 4 to 27 comply with the reporting guidelines of the Industrial Registrar;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of Australian Education Union - Federal Office for the financial year to which they relate;
4. there are reasonable grounds to believe that the Australian Education Union - Federal Office will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the general purpose financial report relates and since the end of 30 September 2006:
 - a. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of branches concerned; and
 - b. the financial affairs of Australian Education Union - Federal Office have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of Australian Education Union - Federal Office have been kept and maintained in accordance with the Registration and Accountability of Organisations (RAO) Schedule and the RAO Regulations; and
 - d. where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - e. no requests have been made from any member of Australian Education Union - Federal Office or a Registrar under section 272 of the RAO Schedule; and
 - f. no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

Designated Officer



Susan Hopgood

Dated this 14th day of January 2007



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Incorporating BGL & Associates

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE

Scope

The financial report and Committee of Management's responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and the Statement by Committee of Management for Australian Education Union - Federal Office, for the year ended 30 September 2006.

The Committee of Management is responsible for the preparation and true and fair presentation of the financial report, in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form opinion whether, in all material respects, the financial report is presented fairly, in accordance with the Workplace Relations Act 1996 and Accounting Standards in Australia so as to present a view which is consistent with our understanding of the entity's financial position, and of its performance as represented by the results of its operations, its changes in equity and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Federal Executive.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.





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Incorporating BGL & Associates

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE (continued)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report of Australian Education Union - Federal Office is presents fairly the financial position of Australian Education Union - Federal Office as at 30 September 2006 and the results of its operations, its changes in equity and cash flows for the financial year then ended, in accordance with any of the following that apply to the entity:

- a) the Australian Accounting Standards; and
- b) the requirements imposed by Part 3 of Chapter 8 of Schedule 1B of the Workplace Relations Act 1996.

BGL & Associates

BGL & Associates
Chartered Accountants

I. A. Hinds

I. A. Hinds - A.C.A.
Partner
Melbourne, 15 January 2007



AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

**CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**



Federal Office:
Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006
Federal Secretary: **Susan Hopgood**
Federal President: **Patricia Byrne**

Telephone: **61 3 9693 1800**
Facsimile: **61 3 9693 1805**
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DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Information on Australian Education Union - Federal Office Concise Financial Report:

The financial statements and disclosures in the concise financial report have been derived from the 2006 financial report of Australian Education Union - Federal Office.

A copy of the full financial report and auditors report can be sent to any member, free of charge, upon request.

This discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Australian Education Union - Federal Office financial statements and the information contained in the concise financial report has been derived from the full 2006 Financial Report of Australian Education Union - Federal Office.

Income Statement:

The surplus attributable to members for the year is \$644,501 compared to a surplus of \$509,803 in 2005. The current year surplus include a profit on the sale of property of \$348,608. Expenditure has increased by 26% mainly due to an increase in expenditure on IR campaigns.

Balance Sheet:

Our balance sheet position continues to remain strong with our net asset position improving by 27%. Cash and cash equivalents are higher than 2005 due to positive cash inflows for capitation fee and the sale of the property. Total assets increased by \$809,685 or 21% mainly due to th increase in cash while total liabilities only increased by \$165,184 or 11% mainly due to increase in provision of leave entitlements. As a consequence members fund increased by \$644,501 from the 2005 year.

Cash Flow Statement:

Our cash flow and liquidity continues to strengthen with the cash position growing by \$12,623 (6%). Cash assets increased from \$1,351,926 as at 30 September 2005 to \$2,167,958 as at 30 September 2006. Cash flows from operations decreased by 90% during the year from a surplus of \$889,136 in 2005 to a surplus of \$86,467 in 2006. This change was mainly a result of the increase spending due to IR Campaign.

Designated Officer 

Susan Hopgood

Dated this 14th day of January 2007

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

OPERATING REPORT

Your Committee of Management present the report on the union for the financial year ended 30 September 2006.

Members of Branch Committee

The names of the members of the Committee of Management in office at any time during or since the end of the financial year are:

Ann Taylor
Andrew Gohl
Jean Walker
Clive Hagger
Julie-Ann McCullough (Until 28 February 2006)
Mary Bluett
Molly Kreidl (Until 28 February 2006)
Linda Simon
Steve Ryan
Bob Lipscombe (From 1 March 2006)
Mike Keely
Pat Byrne
Nadine Williams (Until 28 February 2006)
Hayden Bromley (Until 28 February 2006)
Jennifer Leete (Until 28 February 2006)
Rosalie Kinson
Maree O'Halloran
Maurie Mulheron
Neil Free
Angelo Gavrielatos
Barry Johnson (Resigned on 15 June 2006)
Alan Perrin (From 1 March 2006)
Lynette Winch (From 1 March 2006)
Vicki Sykes (From 1 March 2006)
Charline Emzin-Boyd (From 1 March 2006)
John Irwin (Appointed on 11 September 2006)

The members of the Committee of Management have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results

The surplus of the Australian Education Union - Federal Office for the financial year amounted to \$644,501 (2005: \$509,803).

Review of Operations

A review of the operations of the Australian Education Union - Federal Office during the financial year and the results of those operations found that during the year, the entity continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

OPERATING REPORT (continued)

Significant Changes in State of Affairs

No significant changes in the state of affairs of the entity occurred during the financial year.

Principal Activity

The principal activity of the Australian Education Union - Federal Office during the financial year was promotion of union activities within the education sector.

No significant change in the nature of these activities occurred during the year.

After Balance Date Events

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

Membership and employee numbers

As at 30 September 2006, the Australian Education Union - Federal Office had 169,045 (2005: 165,249) members and 19 (2005: 22) employees.

Rights 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

- (3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
 - (a) where the member ceases to be eligible to become a member of the Union -
 - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
whichever is later; or
 - (b) in any other case -
 - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice;
whichever is later.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a period 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.

OPERATING REPORT (continued)

- (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."

Directorships of Superannuation Fund

To the best of our knowledge and belief, no officer of the organisation, by virtue of their office of the Australian Education Union - Federal Office is:

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

Signed in accordance with a resolution of the Committee of Management:

Designated Officer 
Susan Hopgood

Dated this 14th day of January 2007

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Notes	2006 \$	2005 \$
Revenue	4	<u>5,494,609</u>	<u>4,355,500</u>
Administration expenses		(700,426)	(677,962)
Australian Educator		(492,734)	(476,269)
Campaigns expenses		(263,179)	(147,520)
Employee related expenses		(1,959,388)	(1,781,163)
ITF allocations		(88,016)	(80,250)
Meeting and conference expenses		(385,431)	(362,398)
Special projects and campaigns		(862,688)	(205,094)
TAFE expenses		<u>(98,246)</u>	<u>(115,041)</u>
		<u>(4,850,108)</u>	<u>(3,845,697)</u>
Surplus attributable to members of the entity		<u>644,501</u>	<u>509,803</u>

The accompanying notes form part of this concise financial report.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
 ABN 16 006 296 647

BALANCE SHEET
 AS AT 30 SEPTEMBER 2006

	2006 \$	2005 \$
ASSETS		
Current assets		
Cash and cash equivalents	2,558,959	1,351,926
Trade and other receivables	484,905	632,776
Other	<u>40,713</u>	<u>26,935</u>
Total current assets	<u>3,084,577</u>	<u>2,011,637</u>
Non-current assets		
Receivables	76,289	65,778
Other financial assets	1,362,591	1,337,371
Property, plant and equipment	94,467	94,884
Investment property	<u>-</u>	<u>298,569</u>
Total non-current assets	<u>1,533,347</u>	<u>1,796,602</u>
TOTAL ASSETS	<u>4,617,924</u>	<u>3,808,239</u>
Current liabilities		
Trade and other payables	454,135	631,105
Interest-bearing liabilities	391,001	5,930
Provisions	<u>448,176</u>	<u>368,301</u>
Total current liabilities	<u>1,293,312</u>	<u>1,005,336</u>
Non-current liabilities		
Interest-bearing liabilities	-	119,384
Provisions	<u>387,891</u>	<u>391,299</u>
Total non-current liabilities	<u>387,891</u>	<u>510,683</u>
TOTAL LIABILITIES	<u>1,681,203</u>	<u>1,516,019</u>
NET ASSETS	<u>2,936,721</u>	<u>2,292,220</u>
EQUITY		
Members' funds		
Reserves	430,317	362,998
Accumulated surplus	<u>2,506,404</u>	<u>1,929,222</u>
TOTAL EQUITY	<u>2,936,721</u>	<u>2,292,220</u>

The accompanying notes form part of this concise financial report.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2006

	Accumulated Surplus	Reserves	Total
	\$	\$	\$
Balance at 1 October 2004	1,601,137	181,280	1,782,417
Surplus for the year	509,803	-	509,803
Transfers to and from reserves	<u>(181,718)</u>	<u>181,718</u>	<u>-</u>
Balance at 30 September 2005	<u>1,929,222</u>	<u>362,998</u>	<u>2,292,220</u>
Balance at 1 October 2005	1,929,222	362,998	2,292,220
Surplus for the year	644,501	-	644,501
Transfers to and from reserve	<u>(67,319)</u>	<u>67,319</u>	<u>-</u>
Balance at 30 September 2006	<u>2,506,404</u>	<u>430,317</u>	<u>2,936,721</u>

The accompanying notes form part of this concise financial report.

**CASH FLOW STATEMENT
 FOR THE YEAR ENDED 30 SEPTEMBER 2006**

	2006	2005
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipt of subscription	3,832,716	3,854,789
Sundry receipts	1,690,324	875,652
Payments to suppliers and employees	(5,524,968)	(3,901,881)
Interest received	92,092	71,726
Borrowing costs	(3,697)	(11,150)
Net cash inflows from operating activities	<u>86,467</u>	<u>889,136</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	657,414	-
Payment for property, plant and equipment	(42,841)	(33,755)
Payment for investments	(25,220)	(469,721)
Net cash outflows from investing activities	<u>589,353</u>	<u>(503,476)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loan from the AEU-ACT Branch	100,319	63,836
Repayment from / (Advance to) FEU	281,000	(281,000)
Repayment of borrowings	(146,852)	(26,193)
Loan to AEU - NT Branch	(100,000)	-
Repayment of loan from AEU - NT Branch	5,745	-
Net cash outflows from financing activities	<u>140,212</u>	<u>(243,357)</u>
Net increase in cash and cash equivalents held	816,032	142,303
Cash and cash equivalents at beginning of financial year	<u>1,351,926</u>	<u>1,209,623</u>
Cash and cash equivalents at end of financial year	<u>2,167,958</u>	<u>1,351,926</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 1: BASIC OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Workplace Relations Act 1996.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full report of Australian Education Union - Federal Office.

The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Australian Education Union - Federal Office as the full financial report.

The entity changed its policies on 1 July 2005 to comply with the Australian equivalents to International Financial Reporting Standards ("A-IFRS"). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1: First time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 October 2004 as the date of transition. An explanation of how the transition from superseded polices to A-IFRS has affected the entity's financial position, financial performance and cash flows is discussed at Note 3.

A full description of the accounting policies adopted by the entity is provided in the 2006 Financial Statements which form part of the full report.

NOTE 2: INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

In accordance with the requirements of the Workplace Relations Act 1996 the attention of members is drawn to the provisions of subsection (1), (2) and (3) of sections 272, which read as follows:

(1) a member of a reporting unit, or a Registrar, 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).

NOTE 3: TRANSITION TO A-IFRS

For all the periods up to and including the year ended 30 September 2005, the entity prepared its financial statements in accordance with Australian generally accounting principles (AGAAP). These financial statements for the year ended 30 September 2006 are the first entity is required to prepare in accordance with AIFRS. Accordingly, the entity has prepared financial statements that comply with AIFRS applicable for the reporting period. In complying with AIFRS, there has been no adjustments or restatement of balances for the year ended 30 September 2005.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006

NOTE 4: REVENUE

	2006 \$	2005 \$
From continuing operation		
- capitation fee	3,369,890	3,113,214
- publication levies	409,959	404,652
- interest	92,092	71,726
- library income	60,490	57,645
- trust distributions	-	75,967
- TAFE income	39,257	39,833
- Australian Educator	72,775	79,731
- profit on sale of property	348,608	-
- branch contributions - campaigns	991,494	329,239
- other revenue	<u>110,044</u>	<u>183,493</u>
	<u>5,494,609</u>	<u>4,355,500</u>
 (a) Interest from:		
- AEU - ACT Branch for loan	3,986	14,132
- AEU - NT Branch for loan	2,029	-
- other persons	<u>86,077</u>	<u>57,594</u>
	<u>92,092</u>	<u>71,726</u>

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

STATEMENT BY COMMITTEE OF MANAGEMENT

I, Susan Hopgood, being the designated officer of Australian Education Union - Federal Office, state that on behalf of the Committee of Management and in accordance with a resolution passed by the Committee of Management on 14 January 2007 that:

In the opinion of the Committee of Management:

1. the financial statements and notes, as set out on pages 5 to 10 comply with Australian Accounting Standards and other mandatory professional reporting requirements;
2. the financial statements and notes, as set out on pages 5 to 10 comply with the reporting guidelines of the Industrial Registrar;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of Australian Education Union - Federal Office for the financial year to which they relate;
4. there are reasonable grounds to believe that the Australian Education Union - Federal Office will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the general purpose financial report relates and since the end of 30 September 2006:
 - a. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of branches concerned; and
 - b. the financial affairs of Australian Education Union - Federal Office have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of Australian Education Union - Federal Office have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - d. where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation ; and
 - e. no requests have been made from any member of Australian Education Union - Federal Office or a Registrar duly made under section 272 of the RAO Schedule; and
 - f. no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

Designated Officer


Susan Hopgood

Dated this 14th day of January 2007



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Incorporating BGL & Associates

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE**

Scope

The financial report and Committee of Management's responsibility

We have audited the concise financial report of Australian Education Union - Federal Office for the year ended 30 June 2006 as set out on pages 4 to 11, in order to express an opinion on it to the members of the entity. The Committee of Management is responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standards AASB 1039: Concise Financial Reports and the Workplace Relations Act 1996.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the entity. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We have also performed an independent audit of the full report of the entity for the year ended 30 June 2006. Our audit report on the full financial report was signed on 15 January 2007 and was not subject to any qualification. In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039: Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- ◆ testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- ◆ examining, on a test basis, information to provide evidence supporting the amounts and other disclosures in the concise financial report which were not directly derived from the full financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of Australian Education Union - Federal Office complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

BGL & Associates

BGL & Associates
Chartered Accountants

I. A. Hinds

I. A. Hinds - A.C.A.
Partner

Melbourne, 15 January 2007

