



Australian Government
Australian Industrial Registry

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Ms Susan Hopgood
Federal Secretary
Australian Education Union

By email: aeu@aeufederal.org.au

Dear Ms Hopgood,

Re: Financial Documents - year ended 30 September 2007 (FR2007/641)
Schedule 1 - Workplace Relations Act 1996 (RAO Schedule)

I acknowledge receipt of the financial report and the concise report for the Federal Office of the Australian Education Union for the year ended 30 September 2007. The documents were lodged in the Registry on 22 April 2008.

The documents have been filed. I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Timescale Requirements

As you are aware, an organisation is required under the RAO Schedule to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Australian Industrial Relations Commission [website](#). In particular, I draw your attention to [fact sheet 08](#) which explains the timeline requirements, and [fact sheet 09](#) which sets out the timeline requirements in diagrammatical form.

Documents not lodged in Registry within 14 days of meeting

The documents were presented to a Committee of Management Meeting/ General Meeting on 28 February 2008 but were not lodged in the Registry until 22 April 2008.

In future financial years the documents should be lodged in the Industrial Registry within 14 days of the meeting at which they were presented - see section 268 of the RAO Schedule.

Auditor's Report

References to Schedule 1B

The Auditor's Report contains references to Schedule 1B of the *Workplace Relations Act 1996*. Such references should now be to Schedule 1 or the RAO Schedule.

Auditor's Qualifications

In future financial years the Auditor's Report should be amended so that it provides details of the Auditor's qualifications to confirm he or she is an 'approved auditor' under section 256 of the RAO Schedule and Regulation 4 of the RAO Regulations.

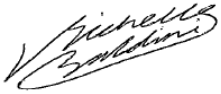
Regulation 4 defines an approved auditor as a person who is a member of CPA Australia, The Institute of Chartered Accountants in Australia or the National Institute of Accountants **and** holds a current Public Practice Certificate. It is our preference that these qualifications are noted on the Auditor's Report.

Donations, Grants or Loans

The contents of this statement are all listed under the sub-headings of donations. Please ensure that all headings are clear and accurate in future financial years.

Should you wish to discuss the matters raised in this letter, I can be contacted on (03) 8661 7882 or by email at michelle.baldini@air.gov.au.

Yours sincerely

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

Michelle Baldini
Statutory Services Branch

23 May 2008



Australian Education Union

Federal Office

Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006
Federal Secretary : Susan Hopgood
Federal President : Angelo Gavrielatos

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Ref.: 031.001.001

22 April 2008

Mr Doug Williams
Industrial Registrar
GPO Box 1994
MELBOURNE VIC 3001

Dear Mr Williams,

Re: Financial Documents for the Australian Education Union
for year ended 30 September 2007

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 2007;
- (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 28 February 2008;
- (d) Statement of loans, grants and donations exceeding \$1000 for financial year ending 30 September 2007.

Yours sincerely,

A handwritten signature in black ink that reads "SHopgood". The signature is written in a cursive, flowing style.

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 15 January 2008 (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 2007, 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 28 February 2008 (the PRESENTATION MEETING).


.....
SUSAN LOUISE HOPGOOD
22 April 2008

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2007



Australian Education Union

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

Email: aeu@aeufederal.org.au

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This financial report covers the Australian Education Union - Federal Office ("AEU- 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 Workplace Relations Act 1996.

The principal place of business is:
Australian Education Union - Federal Office
120 Clarendon Street
SOUTH MELBOURNE VIC 3205

The financial report was authorised for issue by the Federal Executive on the 15th day of January 2008.

OPERATING REPORT

Your Federal Executive present their report on the Australian Education Union - Federal Office for the financial year ended 30 September 2007.

Members of Executive

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

Ann Taylor
Andrew Gohl
Jean Walker
Clive Haggard
Mary Bluett
Linda Simon
Steve Ryan
Bob Lipscombe
Mike Keely
Pat Byrne
Rosalie Kinson (resigned in September 2007)
Maree O'Halloran
Maurie Mulheron
Neil Free
Angelo Gavrielatos
Alan Perrin
Lynette Winch
Charline Emzin-Boyd
John Irving
Howard Spreadbury (appointed in September 2007)
Vicky Sykes
Susan Hopgood
Darcel Russell

Federal Executive 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 for the financial year amounted to \$542,933 (30 September 2006 : \$644,502).

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 financial statements.

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.

OPERATING REPORT (Continued)

Principal Activities

The principal activities of the Australian Education Union - Federal Office during the financial year were the protection and improvement of employment conditions for its members. 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 Australian Education Union - Federal Office, the results of those operations, or the state of affairs of Australian Education Union - Federal Office in future financial years.

Membership and employee numbers

The number of employees at 30 September 2007 was 18 (2006: 19)

The number of members at 30 September 2007 was 168,793 (2006: 169,045).

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.
- (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.

OPERATING REPORT (Continued)

- (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 Federal Executive:

Designated Officer-----
Susan Hopgood

Dated this 15th day of January 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 \$	2006 \$
Revenue from continuing operations	5	6,783,287	5,146,000
Other income	6	-	348,608
Administration and other expenses	8	(590,159)	(714,701)
Australian Educator expenses		(512,380)	(492,734)
Campaign and project expenses	9	(2,663,279)	(1,126,244)
Employee related expenses	10	(1,919,832)	(1,959,388)
ITF allocation		(88,000)	(88,016)
Meeting and conference expenses	11	<u>(466,704)</u>	<u>(469,023)</u>
		<u>(6,240,354)</u>	<u>(4,850,106)</u>
Surplus for the year	7	<u>542,933</u>	<u>644,502</u>

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

BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	Note	2007 \$	2006 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13	4,076,749	2,558,960
Trade and other receivables	14	<u>313,908</u>	<u>525,618</u>
TOTAL CURRENT ASSETS		<u>4,390,657</u>	<u>3,084,578</u>
NON-CURRENT ASSETS			
Trade and other receivables	14	-	76,289
Other financial assets	15	3,412,626	1,362,591
Property, plant and equipment	16	<u>84,140</u>	<u>94,467</u>
TOTAL NON-CURRENT ASSETS		<u>3,496,766</u>	<u>1,533,347</u>
TOTAL ASSETS		<u>7,887,423</u>	<u>4,617,925</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	1,407,381	454,135
Borrowings	18	-	391,001
Provisions	19	<u>537,564</u>	<u>448,176</u>
TOTAL CURRENT LIABILITIES		<u>1,944,945</u>	<u>1,293,312</u>
NON-CURRENT LIABILITIES			
Provisions	19	<u>447,060</u>	<u>387,891</u>
TOTAL NON-CURRENT LIABILITIES		<u>447,060</u>	<u>387,891</u>
TOTAL LIABILITIES		<u>2,392,005</u>	<u>1,681,203</u>
NET ASSETS		<u>5,495,418</u>	<u>2,936,722</u>
EQUITY			
Reserves	20	2,705,408	430,317
Accumulated surplus	21	<u>2,790,010</u>	<u>2,506,405</u>
TOTAL EQUITY		<u>5,495,418</u>	<u>2,936,722</u>

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

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Accumulated surplus	Reserves	Total
	\$	\$	\$
Balance at 1 October 2005	1,929,222	362,998	2,292,220
Surplus for the year	644,502	-	644,502
Transfer from accumulated surplus	(67,319)	67,319	-
Balance at 30 September 2006	<u>2,506,405</u>	<u>430,317</u>	<u>2,936,722</u>
Balance at 1 October 2006	2,506,405	430,317	2,936,722
Surplus for the year	542,933	-	542,933
Available for sale financial assets	-	2,014,763	2,014,763
Transfer from accumulated surplus	(259,328)	259,328	-
Balance at 30 September 2007	<u>2,790,010</u>	<u>2,704,408</u>	<u>5,494,418</u>

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	Note	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of capitation fees and levies (Inclusive of GST)		3,890,919	3,832,716
Receipt of campaign contributions from branches (Inclusive of GST)		2,564,198	-
Sundry Receipts		944,274	1,673,051
Payments to suppliers and employees (Inclusive of GST)		(5,656,364)	(5,503,709)
Interest received		125,660	88,106
Finance costs		-	(3,697)
Net cash inflow from operating activities	25	<u>1,868,687</u>	<u>86,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	657,414
Payment for property, plant and equipment		(13,926)	(42,841)
Payment for investments		<u>(34,272)</u>	<u>(25,220)</u>
Net cash (outflow) from investing activities		<u>(48,198)</u>	<u>589,353</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan from AEU - ACT Branch		-	100,319
Repayment from FEU		-	281,000
Repayment of borrowings		(5,954)	(146,852)
Loan to AEU NT branch		-	(100,000)
Repayment of loan from AEU - NT branch		<u>94,255</u>	<u>5,745</u>
Net cash (outflow) financing activities		<u>88,301</u>	<u>140,212</u>
Net increase/(decrease) in cash and cash equivalents		1,908,790	816,032
Cash and cash equivalents at beginning of financial year		<u>2,167,959</u>	<u>1,351,927</u>
Cash and cash equivalents at end of financial year	13(a)	<u>4,076,749</u>	<u>2,167,959</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report for the Australian Education Union - Federal Office (The AEU - Federal Office) financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the requirements of The Workplace Relations Act 1996.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). A statement of compliance with AIFRS cannot be made due to for the Australian Education Union - Federal Office applying the not-for-profit sector requirements contained in AIFRS.

Early adoption of standards

The AEU - Federal Office has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- revised AASB 101 Presentation of Financial Statements (issued October 2006)

This includes applying the pronouncements to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have been omitted.

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 judgment in the process of applying The AEU - Federal Office's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to The AEU - Federal Office and that it can be reliably measured.

Revenue is recognised for the major operating activities as follows:

Capitation fees and Levies

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

Campaign contributions from branches

Branch campaign contributions are recognised when the right to receive the contribution has been established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, The AEU - Federal Office reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

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)

(c) Income tax

In accordance with section 50-15 of the Income Tax Assessment Act, The AEU - Federal Office is exempt from income tax.

(d) Cash and cash equivalents

For cash flow statement 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 balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case 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 stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow.

Commitments and contingencies are disclosed inclusive of GST.

(f) Comparative figures

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

(g) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2007 reporting periods. The AEU - Federal Office's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038] AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The AEU - Federal Office has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to The AEU - Federal Office's financial instruments.

(ii) AASB-I 10 Interim Financial Reporting and Impairment

AASB-I 10 is applicable to reporting periods commencing on or after 1 November 2006. This standard is not applicable to The AEU - Federal Office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment in other financial assets

Classification

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

The AEU - Federal Office does not hold any investments in the following categories: financial assets at fair value through profit or loss and held-to-maturity investments.

(i) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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. Loans and receivables are included in trade and other receivables in the balance sheet.

Recognition and derecognition

Regular purchases and sales of investments are recognised on trade-date - the date on which The AEU - Federal Office commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and The AEU - Federal Office has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Fair value

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), The AEU - Federal Office establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment

The AEU - Federal Office assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by The AEU - Federal Office is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to The AEU - Federal Office for similar financial instruments.

(j) Property, plant and equipment

Each class of property, 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

Class of fixed asset	Depreciation rate/useful lives	Depreciation basis
Office equipment	20 - 33%	Diminishing Value
Furniture and Fittings	10%	Straight Line

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

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to The AEU - Federal Office prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee benefits

(i) 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.

(ii) 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

(m) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed 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 to sell 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 each reporting date.

(n) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollected are written off. A provision for impairment of trade receivables is established when there is objective evidence that The AEU - Federal Office will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement in other expenses.

(o) 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 fair value, representing open-market value determined annually by external valuers. Changes in fair values are recorded in the Income Statement as part of other income/expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless The AEU - Federal Office has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on The AEU - Federal Office and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The AEU - Federal Office makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Critical judgments in applying the entity's accounting policies

No critical judgements have been made in applying the entity's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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 section 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 made 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: 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 AEU - Federal Office overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of The AEU - Federal Office.

Risk management is carried out by the Finance Committee under policies approved by Federal Executive. The Federal Executive and Finance Committee identify, evaluate 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 AEU - Federal Office is not exposed to foreign exchange risk.

(ii) Price risk

The AEU - Federal Office is not exposed to equity securities price or commodity price risk.

(iii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

The AEU - Federal Office has no significant concentrations of credit risk. The AEU - Federal Office has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

(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. Due to the nature of the underlying businesses, the Federal Executive aims at maintaining flexibility in funding by maintaining sufficient available cash reserves available.

(d) Cash flow and fair value interest rate risk

The AEU - Federal Office's income and operating cash flows are not materially exposed to changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 5: REVENUE

	2007 \$	2006 \$
From continuing operations		
<i>Service revenue</i>		
Capitation fee	3,543,065	3,369,890
Publication levy	434,326	409,959
Library income	63,417	60,490
TAFE teacher	62,840	39,257
Australian Educator	70,545	72,775
Campaign contributions from branches	<u>2,331,089</u>	<u>991,494</u>
	<u>6,505,282</u>	<u>4,943,865</u>
<i>Other revenue</i>		
Interest	125,660	92,092
Rental income	103,794	77,109
Other revenue	<u>48,551</u>	<u>32,934</u>
	<u>6,783,287</u>	<u>5,146,000</u>

NOTE 6: OTHER INCOME

Net Gain on disposal of property, plant and equipment	<u>-</u>	<u>348,608</u>
	<u>-</u>	<u>348,608</u>

NOTE 7: SURPLUS FOR THE YEAR

	2007 \$	2006 \$
The surplus for the year includes the following specific expenses:		
<i>Depreciation of non-current assets</i>		
Furniture and equipment	24,253	21,087
NT Building	<u>-</u>	<u>3,000</u>
	<u>24,253</u>	<u>24,087</u>
<i>Finance costs</i>		
Interest paid	<u>-</u>	<u>3,697</u>
<i>Bad and doubtful debts</i>		
Trade receivables	<u>(6,155)</u>	<u>3,380</u>
<i>Net loss on disposal of property, plant and equipment</i>	<u>-</u>	<u>8,935</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 8: ADMINISTRATION AND OTHER EXPENSES

	2007	2006
	\$	\$
Affiliation fees	6,910	6,613
Legal fees	63,340	56,337
AEU NT Branch grant	-	120,000
Overseas travel allowances	11,410	4,321
Donations	1,136	5,246
Other expenses	<u>507,363</u>	<u>522,184</u>
	<u>590,159</u>	<u>714,701</u>

NOTE 9: CAMPAIGN AND PROJECT EXPENSES

	2007	2006
	\$	\$
Workers Rights campaign	936,097	855,440
Public Education and other campaigns	1,710,682	263,557
Research project and other campaign expenses	<u>16,500</u>	<u>7,247</u>
	<u>2,663,279</u>	<u>1,126,244</u>

NOTE 10: EMPLOYEE RELATED EXPENSES

	2007	2006
	\$	\$
Wages and salaries - staff	449,359	506,776
Wages and salaries - holders of office	814,157	826,285
Superannuation - staff	120,107	175,182
Superannuation - holders of office	237,016	128,074
Movement in long service leave prov - staff	37,961	44,216
Movement in long service leave prov - holders of office	24,747	(44,734)
Movement in annual leave prov - staff	26,775	25,246
Movement in annual leave prov - holders of office	64,673	66,477
Professional development	2,830	596
Other employee expenses	<u>142,207</u>	<u>231,270</u>
	<u>1,919,832</u>	<u>1,959,388</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 11: MEETING AND CONFERENCE EXPENSES

	2007	2006
	\$	\$
Meeting allowances	155,988	156,342
Other meeting expenses	<u>310,716</u>	<u>312,681</u>
	<u>466,704</u>	<u>469,023</u>

NOTE 12: AUDITORS' REMUNERATION

	2007	2006
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit or review of the financial report	<u>20,000</u>	<u>17,800</u>
	<u>20,000</u>	<u>17,800</u>

NOTE 13: CASH AND CASH EQUIVALENTS

	2007	2006
	\$	\$
Cash on hand (b)	3,707	5,362
Cash at bank (c)	3,259,196	1,788,004
Term deposit (d)	<u>813,846</u>	<u>765,594</u>
	<u>4,076,749</u>	<u>2,558,960</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	4,076,749	2,558,960
Bank overdrafts	-	(391,001)
Balances per cash flow statement	<u>4,076,749</u>	<u>2,167,959</u>

(b) Cash on hand

These are non-interest bearing.

(c) Cash at bank

These balances have floating interest rates of between 0.00 % and 5.10% (2006: 0.25% and 6.30%).

(d) Term deposits

These bear fixed interest rates of 6.00% and 6.50%. (2006: 2.40%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 14: TRADE AND OTHER RECEIVABLES

	2007	2006
	\$	\$
CURRENT		
Branch Debtors		
AEU - ACT Branch	909	2,741
AEU - NSW Branch	34,003	99,990
AEU -NT Branch	3,590	900
AEU - QLD Branch	20,382	40,007
AEU - SA Branch	-	330
AEU - TAS Branch	8,129	26
AEU - VIC Branch	29,425	1,754
AEU - WA Branch	<u>25,874</u>	<u>10,849</u>
Total Branch Debtors	<u>122,312</u>	<u>156,597</u>
Other Trade Debtors	141,353	310,342
Prepayments	50,243	40,713
Loans to related parties	(a) <u>-</u>	<u>17,966</u>
	<u>313,908</u>	<u>525,618</u>
NON-CURRENT		
Loans to related parties	(a) <u>-</u>	<u>76,289</u>
	<u>-</u>	<u>76,289</u>

(a) Loan to related parties

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 was to be repaid over a period of 60 months starting 1 June 2006. Interest is charged at a rate which is .5% above the 90 day bank rate and is determined 3 months in advance

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 14: TRADE AND OTHER RECEIVABLES (Continued)

(b) Interest rate risk

The AEU - Federal Office's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

2007	Floating	1 year or less	Over 1 to 2	Fixed interest maturing in		Over 4 to 5	Over 5 years	Non Interest	Total
	Interest rate		years	Over 2 to 3	Over 3 to 4	years		bearing	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Branch debtors	-	-	-	-	-	-	-	122,312	122,312
Other trade debtors	-	-	-	-	-	-	-	141,353	141,353
	-	-	-	-	-	-	-	263,665	263,665
Weighted average interest rate	- %	- %	- %	- %	- %	- %	- %		

2006	Floating	1 year or less	Over 1 to 2	Fixed interest maturing in		Over 4 to 5	Over 5 years	Non Interest	Total
	Interest rate		years	Over 2 to 3	Over 3 to 4	years		bearing	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Branch debtors	-	-	-	-	-	-	-	156,597	156,597
Other trade debtors	-	-	-	-	-	-	-	310,342	310,342
Loans to related parties	94,255	-	-	-	-	-	-	-	94,255
	94,255	-	-	-	-	-	-	466,939	561,194
Weighted average interest rate	7.00 %	- %	- %	- %	- %	- %	- %		

(c) Credit risk

There is no concentration of credit risk with respect to current and non-current receivables, Refer to note 4 for more information on the risk management policy of The AEU - Federal Office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 15: AVAILABLE FOR SALE FINANCIAL ASSETS

	2007	2006
	\$	\$
NON-CURRENT		
Unlisted Units in Unit Trust		
FEU Unit Trust at cost	<u>3,412,626</u>	<u>1,362,591</u>
	<u>3,412,626</u>	<u>1,362,591</u>

(a) The principal activities of the FEU Unit Trust are property investment. The AEU - Federal Office owns 20.9% (2006: 20.9%) of the issued units of the Unit Trust.

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

(c) See Note 24 for details of related party transactions.

Movements during the financial year:

Opening balance	1,362,591	1,337,371
Additions	34,272	25,220
Revaluation for year	<u>2,015,763</u>	<u>-</u>
Closing balance	<u>3,412,626</u>	<u>1,362,591</u>

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

	2007	2006
	\$	\$
PLANT AND EQUIPMENT		
Office equipment		
At cost	128,398	114,472
Less accumulated depreciation	<u>(88,800)</u>	<u>(71,508)</u>
	<u>39,598</u>	<u>42,964</u>
Furniture, fixtures and fittings		
At cost	69,605	89,188
Less accumulated depreciation	<u>(25,063)</u>	<u>(37,685)</u>
	<u>44,542</u>	<u>51,503</u>
Total property, plant and equipment	<u>84,140</u>	<u>94,467</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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 year.

2006	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
Opening net book amount	63,448	31,436	94,884
Additions	17,026	25,815	42,841
Disposals	(22,171)	-	(22,171)
Depreciation	<u>(15,339)</u>	<u>(5,748)</u>	<u>(21,087)</u>
Closing net book amount	<u>42,964</u>	<u>51,503</u>	<u>94,467</u>

2007	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
Opening net book amount	42,964	51,503	94,467
Additions	13,926	-	13,926
Depreciation	<u>(17,292)</u>	<u>(6,961)</u>	<u>(24,253)</u>
Closing net book amount	<u>39,598</u>	<u>44,542</u>	<u>84,140</u>

NOTE 17: TRADE AND OTHER PAYABLES

	2007 \$	2006 \$
CURRENT		
Branch creditors		
AEU - ACT Branch	11,225	11,045
AEU - SA Branch	529	529
AEU - VIC Branch	-	250
Total branch creditors	<u>11,754</u>	<u>11,824</u>
Legal fees payables	17,024	17,024
Trade creditors	1,358,058	406,826
Other payables	<u>20,545</u>	<u>18,461</u>
	<u>1,407,381</u>	<u>454,135</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 18: BORROWINGS

	2007	2006
	\$	\$
CURRENT		
Bank overdrafts	<u>-</u>	<u>391,001</u>

(a) Bank Facilities

Unrestricted access was available at balance date to the following lines of credit:

	2007	2006
	\$	\$
Credit standby arrangements		
Total facilities		
Autopay facility	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>
Used at balance date		
Autopay facility	<u>-</u>	<u>-</u>
Unused at balance date		
Autopay facility	<u>30,000</u>	<u>30,000</u>
	<u>30,000</u>	<u>30,000</u>

The facilities may be drawn at any time and may be terminated by the bank without notice.

(b) Assets pledged as security

The autopay facility is secured by an equitable charge over \$30,000 Term Deposit.

(c) Interest rate risk exposures

The following table sets out The AEU - Federal Office's exposure to interest rate risk, including the contractual repricing dates and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing variable interest rates as The AEU - Federal Office intends to hold fixed rate liabilities to maturity.

	Floating interest rate	
	2007	2006
	\$	\$
Bank		
Overdrafts	<u>-</u>	<u>391,001</u>
	<u>-</u>	<u>391,001</u>
Weighted average interest rate	NIL%	NIL%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 18: BORROWINGS (Continued)

(d) Fair values

The fair values and carrying values of borrowings of The AEU - Federal Office are as follows:

	2007 Carrying amount \$	2007 Fair value \$	2006 Carrying amount \$	2006 Fair value \$
On-balance sheet				
<i>Non-traded financial liabilities</i>				
Bank Overdrafts	-	-	391,001	391,001
	-	-	391,001	391,001

On-balance sheet:

The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 19: PROVISIONS

	2007	2006
	\$	\$
CURRENT		
Employee benefits - staff	149,850	120,179
Employee benefits - holders of office	379,810	314,494
Other provisions	<u>7,904</u>	<u>13,503</u>
	<u>537,564</u>	<u>448,176</u>
NON-CURRENT		
Employee benefits - staff	184,108	149,043
Employee benefits- holders of office	<u>262,952</u>	<u>238,848</u>
	<u>447,060</u>	<u>387,891</u>

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 has been included in Note 1.

Movements -	Employee benefits - staff	Employee benefits - holders of office	Other	Total
	\$	\$	\$	\$
At 1 October 2005	199,760	531,599	28,241	759,600
Charged to the income statement	<u>69,462</u>	<u>21,743</u>	<u>(14,738)</u>	<u>76,467</u>
At 30 September 2006	269,222	553,342	13,503	836,067
Charged to the income statement	<u>64,736</u>	<u>89,420</u>	<u>(5,599)</u>	<u>148,557</u>
At 30 September 2007	<u>333,958</u>	<u>642,762</u>	<u>7,904</u>	<u>984,624</u>

NOTE 20: RESERVES

	2007	2006
	\$	\$
Public Education/Campaign Reserve (a)	508,365	249,037
Available for sale investments revaluation reserve (b)	2,015,763	-
Allocated Funds Reserve (c)	<u>181,280</u>	<u>181,280</u>
	<u>2,705,408</u>	<u>430,317</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 20: RESERVES (Continued)

(a) Public Education/campaign reserve

Movements during the financial year:

Opening balance	249,037	181,718
Funds allocated for year	<u>259,328</u>	<u>67,319</u>
Closing balance	<u>508,365</u>	<u>249,037</u>

The Public Education/Campaign reserve records funds set aside from the surplus for the purpose of funding future public education campaigns.

(b) Available for sale investments revaluation reserve

Movements during the financial year:

Opening balance	-	-
Revaluation	<u>2,015,763</u>	<u>-</u>
Closing balance	<u>2,015,763</u>	<u>-</u>

The reserve records revaluation of investments owned by the AEU-Federal Office.

(c) Allocated Fund reserve

Movements during the financial year:

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

The Allocated Fund reserve records funds set aside from the surplus for the purpose of funding future projects.

NOTE 21: ACCUMULATED SURPLUS

	2007	2006
	\$	\$
Movements in the accumulated surplus were as follows:		
Balance 1 October	2,506,405	1,929,222
Net surplus for the year	542,933	644,502
Transfer to reserves	<u>(259,328)</u>	<u>(67,319)</u>
Balance 30 September	<u>2,790,010</u>	<u>2,506,405</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 22: CONTINGENCIES

There are no known contingent assets or liabilities at 30 September 2007.

NOTE 23: COMMITMENTS

	2007	2006
	\$	\$
(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	41,297
- later than one year and not later than five years	<u>41,122</u>	<u>82,418</u>
	<u>82,419</u>	<u>123,715</u>

General description of leasing arrangement:

Lease of postage meter and photocopier.

NOTE 24: RELATED PARTY TRANSACTIONS

(a) During the year the AEU - Federal Office received \$ 44,155 (2006: \$ 34,000) from the Australian Education Union International Fund as administration fees

(b) The AEU - Federal Office occupies premises owned by the Federation of Education Unions Unit Trust in which the AEU Federal office has an interest. During the year the AEU Federal Office received \$103,794 (2006:\$ 70,955) from the Federation of Education Unions Unit Trust as rent and paid \$ 138,912 (2006: \$ 154,665) as outgoings.

(c) The names of the Federal Executive who have held office during the financial year are:

Ann Taylor	Andrew Gohl
Jean Walker	Clive Haggard
Mary Bluett	Linda Simon
Steve Ryan	Pat Byrne
Mike Keely	Rosalie Kinson (resigned in September 2007)
Maree O'Halloran	Maurie Mulheron
Neil Free	Alan Perrin
Lynette Winch	Darcel Russell
Charline Emzin-Boyd	John Irving
Howard Spreadbury (appointed in September 2007)	Vicky Sykes
Susan Hopgood	Angelo Gavrielatos
Bob Lipscombe	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 24: RELATED PARTY TRANSACTIONS (Continued)

(d) The names of the Secretariat who have held office during the financial year are:

Susan Hopgood
Michaela Kronemann
Roy Martin
Darcel Russell
Catherine Davis
Pat Forward
John Mc Collow (resigned on 31/1/2007)
Wayne Costelloe
Jenni Devereaux (appointed on 05/02/2007)
Rob Durbridge (appointed on 08/11/2006)

(e) Outstanding balances arising from sales/purchases of goods and services

These are disclosed in the accounts under the Trade Receivables and Trade Payables Notes to the accounts.

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(e) Key management personnel compensation

	2007	2006
	\$	\$
The aggregate compensation made to key management personnel is as follows:		
Short -term benefits	<u>1,141,962</u>	<u>976,102</u>
	<u>1,141,962</u>	<u>976,102</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

NOTE 25: CASH FLOW INFORMATION

	2007	2006
	\$	\$
Reconciliation of cash flow from operations with Surplus for the year		
(Deficit)/Surplus for the year	542,933	644,502
<i>Non-cash flows in surplus</i>		
Depreciation	24,253	24,087
Charges to provisions	(5,599)	3,380
Net (gain) / loss on disposal of property, plant and equipment	-	(339,673)
Bad debts written off	(6,155)	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	209,429	(153,084)
(Increase)/decrease in other assets	(9,530)	(13,778)
Increase(Decrease) in payables	959,200	(155,434)
Increase in provisions	<u>154,156</u>	<u>76,467</u>
Cash flows from operations	<u>1,868,687</u>	<u>86,467</u>

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of The AEU - Federal Office, the results of those activities or the state of affairs of The AEU - Federal Office in the ensuing or any subsequent financial year.

STATEMENT BY COMMITTEE OF MANAGEMENT

On 15th January 2008 the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the year ended 30 September 2007:

The Committee of Management declares in relation to the GPFR that in its opinion:

1. the financial statements and notes, as set out on pages 4 to 30 comply with Australian Accounting Standards and other mandatory professional reporting requirements;
2. the financial statements and notes, as set out on pages 4 to 30 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 2007:
 - 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. the information sought in any request of a member of Australian Education Union - Federal Office has been furnished and no order have been made under section 272 of the RAO Schedule by the Commission during the period.
 - f. No order have been made by the Commission under section 273 of the RAO Schedule during the period.

For the Committee of Management.

Designate Officer


Susan Hopgood

Dated this 15th day of January 2008



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE

Report on the Financial Report

We have audited the accompanying financial report of The AEU - Federal Office which comprises the income statement, balance sheet, statement of recognised income and expense, cash flow statement for the year ended 30 September 2007, a summary of significant accounting policies and other explanatory notes and the Statement by Committee of Management.

Federal Executive's Responsibility for the Financial Report

The Federal Executive is responsible for the preparation and fair presentation of the financial report, in accordance with the Australian Accounting Standards (including Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the Federal Executive.

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



Chartered Accountants



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE (continued)

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of The AEU - Federal Office presents fairly the financial position of The AEU - Federal Office as at 30 September 2007 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 2008



Chartered Accountants

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2007



Australian Education Union

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

Email: aeu@aeufederal.org.au

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Relationship of the concise financial report to the full financial report

The concise financial report is an extract from the full financial report for the year ended 30 September 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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

The full financial report and auditor's report will be sent to members on request, free of charge. This financial report covers Australian Education Union - Federal Office as an individual entity.

OPERATING REPORT

Your Committee of Management present their report on the Australian Education Union - Federal Office (the AEU - Federal Office) for the financial year ended 30 September 2007.

Members of Federal Executive

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

- Ann Taylor
- Andrew Gohl
- Jean Walker
- Clive Haggard
- Mary Bluett
- Linda Simon
- Steve Ryan
- Bob Lipscombe
- Mike Keely
- Pat Byrne
- Rosalie Kinson (resigned in September 2007)
- Maree O'Halloran
- Maurie Mulheron
- Neil Free
- Angelo Gavrielatos
- Alan Perrin
- Lynette Winch
- Charline Emzin-Boyd
- John Irving
- Howard Spreadbury (appointed in September 2007)
- Vicky Sykes
- Susan Hopgood
- Darcel Russell

All Federal Executives have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating Results

The surplus for the financial year amounted to \$542,933 (30 September 2006 : surplus of \$644,502).

Review of Operations

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

Significant Changes in State of Affairs

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

OPERATING REPORT (Continued)

Principal Activities

The principal activities of the AEU - Federal Office during the financial year were the protection and improvement of employment conditions for its members. 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 AEU - Federal Office, the results of those operations, or the state of affairs of the AEU - Federal Office in future financial years.

Union details

The number of employees at 30 September 2007 was 18 (2006: 19)

The number of members at 30 September 2007 was 168,793 (2006: 169,045).

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.
- (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)

Superannuation Trustees

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 Federal Executive:

Designated Officer-----


Susan Hopgood

Dated this 15th day of January 2008

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS

Information on Australian Education Union - Federal Office Concise Financial Report

The concise financial report is an extract from the full financial report for the year ended 30 September 2007. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report.

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 report has been derived from the full 2007 Financial Report of Australian Education Union - Federal Office.

Income Statements

The surplus attributable to members during the year is \$542,933 which is 16% lower than the results of 2006 where a surplus of \$644,502 was made. If last year profit on the sale of land and building of \$348,608 is taken into account the current year results from operations are well above last year. Revenue from continuing operation has increased by 32% mainly due to additional campaign levies. Expenses have increased from last year by 26%. This increase is primarily attributed to the increased cost of campaigns.

Balance Sheet

Total assets increased by \$ 1,253,735 from \$4,617,925 in 2006 to \$ 5,871,660 representing an increase of 27%. This increase was reflected in the following:

Increase in cash and cash equivalents.
Increase in investment

Total liabilities increased by \$ 710,802 from \$1,681,203 in 2006 to \$ 2,392,005 representing an increase of 42%. This was attributable to increase in trade creditors at the year end when compared to 2006.

As a result of the above, the members fund(equity) increased by \$ 542,933.

Cash Flows

Net cash flows from operating activities was \$1,868,687 in 2007 compared with \$ 86,467 in 2006. The improvement was due to higher interest received and more contributions received from the branches. Overall there was a net increase in cash and cash equivalents for the 2007 year of \$ 1,908,791 (2006: \$ 816,032).

Designate Officer



Susan Hopgood

Dated this 15th day of January 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 \$	2006 \$
Revenue from continuing operations	3	6,783,287	5,146,000
Other income	4	-	348,608
Administration and other expenses		(590,159)	(714,701)
Employee related expenses		(1,919,832)	(1,959,388)
Meeting and conference expenses		(466,704)	(469,023)
ITF allocation		(88,000)	(88,016)
Australian Educator expenses		(512,380)	(492,734)
Campaign and projects expenses		<u>(2,663,279)</u>	<u>(1,126,244)</u>
		<u>(6,240,354)</u>	<u>(4,850,106)</u>
Surplus for the year		<u>542,933</u>	<u>644,502</u>

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

BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	2007 \$	2006 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4,076,749	2,558,960
Trade and other receivables	<u>313,908</u>	<u>525,618</u>
TOTAL CURRENT ASSETS	<u>4,390,657</u>	<u>3,084,578</u>
NON-CURRENT ASSETS		
Trade and other receivables	-	76,289
Available for sale financial assets	3,412,626	1,362,591
Property, plant and equipment	<u>84,140</u>	<u>94,467</u>
TOTAL NON-CURRENT ASSETS	<u>3,496,766</u>	<u>1,533,347</u>
TOTAL ASSETS	<u>7,887,423</u>	<u>4,617,925</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	1,407,381	454,135
Borrowings	-	391,001
Provisions	<u>537,564</u>	<u>448,176</u>
TOTAL CURRENT LIABILITIES	<u>1,944,945</u>	<u>1,293,312</u>
NON-CURRENT LIABILITIES		
Provisions	<u>447,060</u>	<u>387,891</u>
TOTAL NON-CURRENT LIABILITIES	<u>447,060</u>	<u>387,891</u>
TOTAL LIABILITIES	<u>2,392,005</u>	<u>1,681,203</u>
NET ASSETS	<u>5,495,418</u>	<u>2,936,722</u>
EQUITY		
Reserves	2,705,408	430,317
Accumulated surplus	<u>2,790,010</u>	<u>2,506,405</u>
TOTAL EQUITY	<u>5,495,418</u>	<u>2,936,722</u>

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

STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Accumulated surplus	Reserves	Total
	\$	\$	\$
Balance at 1 October 2005	1,929,222	362,998	2,292,220
Surplus for the year	644,502	-	644,502
Transfer from accumulated surplus	(67,319)	67,319	-
Balance at 30 September 2006	2,506,405	430,317	2,936,722
Balance at 1 October 2006	2,506,405	430,317	2,936,722
Surplus for the year	542,933	-	542,933
Available for sale financial assets	-	2,015,763	2,015,763
Transfer from accumulated surplus	(259,328)	259,328	-
Balance at 30 September 2007	2,790,010	2,705,408	5,495,418

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007

	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations (inclusive of GST)	3,890,919	3,832,716
Receipt of campaign contributions from branches (inclusive of GST)	2,564,198	-
Sundry receipts	944,274	1,673,051
Payments to suppliers and employees (Inclusive of GST)	(5,656,364)	(5,503,709)
Interest received	125,660	88,106
GST refunded	-	(3,697)
Net cash inflow from operating activities	<u>1,868,687</u>	<u>86,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	657,414
Payment for property, plant and equipment	(13,926)	(42,841)
Payment for investments	<u>(34,272)</u>	<u>(25,220)</u>
Net cash (outflow) from investing activities	<u>(48,198)</u>	<u>589,353</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan from AEU - ACT Branch	-	100,319
Repayment from FEU	-	281,000
Repayment of borrowings	(5,954)	(146,852)
Loan to AEU NT Branch	-	(100,000)
Repayment of loan from AEU- NT Branch	<u>94,255</u>	<u>5,745</u>
Net cash (outflow) financing activities	<u>88,301</u>	<u>140,212</u>
Net increase/(decrease) in cash and cash equivalents	1,908,790	816,032
Cash and cash equivalents at beginning of financial year	<u>2,167,959</u>	<u>1,351,927</u>
Cash and cash equivalents at end of financial year	<u><u>4,076,749</u></u>	<u><u>2,167,959</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

This concise financial report relates to Australian Education Union - Federal Office. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated in note 1 below.

NOTE 1: BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

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

The financial report of the Australian Education Union - Federal Office has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the requirements of The Workplace Relations Act 1996. 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 full compliance with IFRS cannot be made due to the Australian Education Union - Federal Office applying the not for profit sector requirements contained in AIFRS.

The presentation currency used in this concise financial report is Australian dollars.

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 section 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 made 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 30 SEPTEMBER 2007

NOTE 3: REVENUE

	2007	2006
	\$	\$
From continuing operations		
<i>Service revenue</i>		
Capitation fee	3,543,065	3,369,890
Publication levy	434,326	409,959
Library income	63,417	60,490
TAFE teacher	62,840	39,257
Australian Educator	70,545	72,775
Campaign contributions from branches	<u>2,331,089</u>	<u>991,494</u>
	<u>6,505,282</u>	<u>4,943,865</u>
<i>Other revenue</i>		
Interest	125,660	92,092
Rental income	103,794	77,109
Other revenue	<u>48,551</u>	<u>32,934</u>
	<u>6,783,287</u>	<u>5,146,000</u>

NOTE 4: OTHER INCOME

Net Gain on disposal of property,plant and equipment	<u>-</u>	<u>348,608</u>
	<u>-</u>	<u>348,608</u>

STATEMENT BY COMMITTEE OF MANAGEMENT

On 15th January 2008 the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the year ended 30 September 2007:

The Committee of Management declares in relation to the GPFR that in its opinion:

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 AEU - 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 2007:
 - 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. the information sought in any request of a member of Australian Education Union - Federal Office has been furnished and no order have been made under section 272 of the RAO Schedule by the Commission during the period.
 - f. No order have been made by the Commission under section 273 of the RAO Schedule during the period.

For the Committee of Management.

Designate Officer 
Susan Hopgood

Dated this 15th day of January 2008



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE

Report on the Concise Financial Report

The accompanying concise financial report of Australian Education Union - Federal Office balance sheet as at 30 June 2007 and the income statement, statement of recognised income and expense and cash flow statement for the year then ended and related notes derived from the audited financial report of Australian Education Union - Federal Office the year ended 30 September 2007, and the discussion and analysis. The concise financial report does not contain all of the disclosures required by Australian Accounting Standards.

Federal Executive 's Responsibility for the Financial Report

The Federal Executive is responsible for the preparation and fair presentation of the concise financial report, in accordance with the Australian Accounting Standard AASB 1039: Concise Financial Reports (including Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the concise financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standard of the financial report of Australian Education Union - Federal Office for the year ended 30 September 2007. Our audit report on the financial report for the year was signed on 15 January 2008 and was not subject to any modification. Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from and is consistent with, the financial report for the year, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. The procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in Australian Accounting Standard AASB 1039: *Concise Financial Reports*

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE (Continued)**

Auditor's Opinion on Concise Financial Report

In our opinion, the concise financial report including the discussion and analysis of Australian Education Union - Federal Office for the year ended 30 September 2007 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

15 January 2008
Melbourne



Chartered Accountants