



FAIR WORK  
AUSTRALIA

8 June 2010

Ms Susan Hopgood  
Federal Secretary  
Australian Education Union  
Ground Floor, 120 Clarendon Street  
Southbank VIC 3006  
By email: [aeu@aeufederal.org.au](mailto:aeu@aeufederal.org.au)

Dear Ms Hopgood

**Re: Financial report of the Australian Education Union for the year ended 30 September 2009 (FR2009/10201)**

I acknowledge receipt of the financial report of the Australian Education Union (AEU) for the year ended 30 September 2009. The documents were lodged with Fair Work Australia (FWA) on 13 April 2010.

I also acknowledge your explanation that the item 'capitation fees' in the financial statements includes monies paid to the AEU by state associated bodies.

The financial report has now been filed.

I have attached an addendum for your consideration in which I make 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.

If you wish to discuss any matters further, I can be contacted on 03 86617929 or via email [eve.anderson@fwa.gov.au](mailto:eve.anderson@fwa.gov.au).

Yours sincerely

Eve Anderson  
Tribunal Services and Organisations  
Fair Work Australia  
Tel: 03 86617929

Email: [eve.anderson@fwa.gov.au](mailto:eve.anderson@fwa.gov.au)

## **Addendum to the Financial Report for the Australian Education Union for the year ended 30 September 2009 (FR2009/10201)**

The following comments are made to assist you when you next prepare a financial report.

### **1. Documents must be lodged with Fair Work Australia within 14 days of the Committee of Management Meeting**

The documents were presented to a Committee of Management Meeting on 26 March 2010 but were not lodged with Fair Work Australia (FWA) until 13 April 2010. [Section 268](#) of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires lodgment with 14 days on the meeting. In future years please ensure the documents are lodged with Fair Work Australia within the required timelines.

### **2. Statement of Loans Grants and Donations must be lodged with Fair Work Australia within 90 days of the end of the financial year**

The Statement of Loans, Grants and Donations was lodged with FWA on 14 January 2010. [Subsection 237\(1\)](#) of the RO Act requires the Statement of Loans, Grants and Donations to be lodged with FWA within 90 days of the end of the financial year. In future years please ensure the statement is lodged with Fair Work Australia within the required timelines.

### **3. Required disclosures: contributions to and from other reporting unit of the organisation**

Item 10(b) of the [Reporting Guidelines](#) requires that where contributions from another reporting unit are received, the amount and the name of each reporting unit are to be disclosed in either the profit and loss statement or the notes. Also, item 15 of the Reporting Guidelines requires that where another reporting unit of the organisation is the source of a cash inflow or the application of cash outflow, such cash flow should be separately disclosed and that the name of the other reporting unit be shown in the notes.

Note 4 to the financial statements discloses total capitation fees received. In future years please ensure that the name and amount of each reporting unit is separately disclosed in order to satisfy item 10(b) of the Reporting Guidelines. Also the cash flow statement (or notes to the cash flow statement) should separately disclose the name and amount of cash flow from each reporting unit in order to satisfy item 15 of the Reporting Guidelines. Also, as discussed, amounts from associated state bodies should be separately disclosed.

### **4. Relevant legislation**

Note 3 to the financial statements refers to section 272 of the *Workplace Relations Act 1996*. The note should have referred to section 272 of Schedule 1 of the *Workplace Relations Act 1996*. In future years the note should refer to section 272 the *Fair Work (Registered Organisations) Act 2009*.

### **5. Review of principal activities and significant changes in financial affairs**

[Subsection 254\(2\)\(a\) of the RO Act](#) requires an operating report to contain a review of the principal activities of the reporting unit, the results of those activities and any significant changes in the nature of the those activities. The Operating Report lodged provides a review of the principal activities, but does not explain the results of these activities nor whether there were any significant changes in the nature of these activities. Please note that subsection 254(2)(a) of the RO Act does not require a *financial* result nor significant *financial* changes. It requires a *description of the results* from providing services to members and a *description of any changes* to the nature of those activities.

These requirements are in addition to [Subsection 254\(2\)\(b\) of the RO Act](#) which requires an operating report to give details of any significant changes in the union's *financial affairs* during the year. The Operating Report lodged explains that there were no significant changes in the *state of affairs*, which is not quite the same as the *financial affairs*.

In future years please ensure that operating reports provide a review of the principal activities of the branch which includes a description of the results of these activities and a description of any

changes to these activities. In addition please ensure that future operating reports state whether or not there were any significant changes in the financial affairs of the union.

**6. Committee of Management Statement: where there are two or more reporting units**

Point 5(d) of the Committee of Management Statement states that 'where the organisation consists of 2 or more reporting units, the financial reports...'. As the Australian Education Union consists of 2 or more reporting units, it is not necessary to state 'where the organisation consists of 2 or more reporting units'. Instead point 5(d) should make a statement just as to whether or not the financial records of the AEU national office have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the union.



# 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

13 April 2010

Mr Tim Lee  
General Manager  
Fair Work Australia  
GPO Box 1994  
Melbourne Vic 3001

Dear Mr Lee,

**Re: Financial Documents for the Australian Education Union  
for year ended 30 September 2009**

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

- (a) A copy of the AEU Financial Report for the year ending 30 September 2009;
- (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 26 March 2010.

Yours sincerely,

A handwritten signature in black ink that reads 'S Hopgood'.

Susan Hopgood  
Federal Secretary

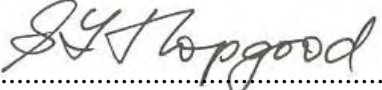
SECRETARY'S CERTIFICATE

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 17 January 2010 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 Fair Work(RO) Act 2009, 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 2009, 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](http://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 26 March 2010.

  
.....  
SUSAN LOUISE HOPGOOD  
13 April 2010

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

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**



## **Australian Education Union**

*Federal Office:*

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

*Federal Secretary: Susan Hoppood*

*Federal President: Angelo Gavrielatos*

*Telephone: 61 3 9693 1800*

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*Email: [aeu@aeufederal.org.au](mailto:aeu@aeufederal.org.au)*

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

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

The Australian Education Union - Federal Office is a registered body under the Workplace Relations Act 1996 and is domiciled in Australia.

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

The financial report was authorised for issue by the committee of management on the 17th day of January 2010.

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

**OPERATING REPORT**

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 30 September 2009.

**Members of Executive**

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

Mary Bluett	Julie Brown
Allan Cook (appointed on 16 May 2009)	Charline Emzin-Boyd
Angelo Gavrielatos	Penny Gilmour
Anne Gisborne	Correna Haythorpe
Brian Henderson	Susan Hopgood
John Irving	Joan Lemaire (appointed on 11 August 2009)
Robert Lipscombe	Maurie Mulheron
Meredith Peace (elected on 6 February 2009)	Maree O'Halloran (resigned on 7 August 2009)
Terry Polglase	Darcel Russell
Steve Ryan	Linda Simon
Rod Smith (appointed in April 2009)	Howard Spreadbury
Vicky Sykes (resigned on 31 March 2009)	Ann Taylor
Nadine Williams (resigned on 1 March 2009)	Lynnette Winch

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 \$1,608,893 (30 September 2008: surplus of \$739,053).

**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.

**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.



**OPERATING REPORT (Continued)**

**Right of members to resign**

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

"17 - Resignation from membership and termination of eligibility

- (1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.
- (1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:
  - (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are -
    - (i) seconded by their employer to non-teaching duties, or
    - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority;
  - (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
  - (c) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.
- (2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.
- (3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
  - (a) here the member ceases to be eligible to become a member of the Union -
    - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
    - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is later; or
  - (b) in any other case -
    - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
    - (ii) on the day specified in the notice;whichever is later.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a 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."

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

**OPERATING REPORT (Continued)**

**Membership and employee numbers**

The number of equivalent full time employees at 30 September 2009 was 20 (2008: 19)

The number of members at 30 September 2009 was 180,777 (2008: 175,051).


**Superannuation Trustees**

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

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

Signed in accordance with a resolution of the Federal Executive:

Designated Officer -----

  
Susan Hopgood

Dated this

17<sup>th</sup>

day of

January

2010

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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	<b>Note</b>	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
<b>Revenue from continuing operations</b>	4	<b>6,356,827</b>	7,556,295
<b>Expenses</b>			
Administrative and other expenses	6	<b>(503,852)</b>	(603,455)
Affiliation fees		<b>(903,957)</b>	(813,447)
Australian educator		<b>(541,471)</b>	(527,115)
Campaign and project expenses	7	<b>(372,236)</b>	(2,422,369)
Employee related expenses	8	<b>(1,931,077)</b>	(1,931,491)
ITF allocation		<b>(88,000)</b>	(88,000)
Meeting and conference expenses	9	<b>(407,341)</b>	(431,365)
		<b><u>(4,747,934)</u></b>	<b><u>(6,817,242)</u></b>
<b>Surplus for the year</b>	5	<b><u>1,608,893</u></b>	<b><u>739,053</u></b>
<b>Surplus attributable to members of the entity</b>		<b><u>1,608,893</u></b>	<b><u>739,053</u></b>

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

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

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2009**

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	5,725,947	4,242,386
Trade and other receivables	12	<u>461,816</u>	<u>1,208,047</u>
<b>Total current assets</b>		<u><b>6,187,763</b></u>	<u><b>5,450,433</b></u>
<b>Non-current assets</b>			
Available-for-sale financial assets	13	3,278,222	3,259,360
Property, plant and equipment	14	<u>96,511</u>	<u>91,065</u>
<b>Total non-current assets</b>		<u><b>3,374,733</b></u>	<u><b>3,350,425</b></u>
<b>Total assets</b>		<u><b>9,562,496</b></u>	<u><b>8,800,858</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	648,493	1,593,497
Borrowings	16	123,221	157,130
Provisions	17	<u>1,100,684</u>	<u>969,026</u>
<b>Total current liabilities</b>		<u><b>1,872,398</b></u>	<u><b>2,719,653</b></u>
<b>Total liabilities</b>		<u><b>1,872,398</b></u>	<u><b>2,719,653</b></u>
<b>Net assets</b>		<u><b>7,690,098</b></u>	<u><b>6,081,205</b></u>
<b>EQUITY</b>			
Reserves	18	3,560,143	2,839,513
Accumulated surplus	19	<u>4,129,955</u>	<u>3,241,692</u>
<b>Total equity</b>		<u><b>7,690,098</b></u>	<u><b>6,081,205</b></u>

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

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	<b>Accumulated surplus \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance at 1 October 2007</b>	2,790,010	2,705,408	5,495,418
Surplus for the year	739,053	-	739,053
Available for sale financial assets	-	(153,266)	(153,266)
Transfer from accumulated surplus	<u>(287,371)</u>	<u>287,371</u>	<u>-</u>
<b>Balance at 30 September 2008</b>	<u>3,241,692</u>	<u>2,839,513</u>	<u>6,081,205</u>
<b>Balance at 1 October 2008</b>	3,241,692	2,839,513	6,081,205
Surplus for the year	1,608,893	-	1,608,893
Transfer from accumulated surplus	<u>(720,630)</u>	<u>720,630</u>	<u>-</u>
<b>Balance at 30 September 2009</b>	<u>4,129,955</u>	<u>3,560,143</u>	<u>7,690,098</u>

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

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities</b>			
Receipts of capitation fees and levies (inclusive of GST)		5,977,638	4,673,694
Receipts of campaign contributions from branches (inclusive of GST)		545,810	1,392,313
Sundry receipts		199,086	123,292
Payments to suppliers and employees (inclusive of GST)		(5,273,308)	(6,345,913)
Interest received		160,844	187,606
<b>Net cash inflow from operating activities</b>	23	<u>1,610,070</u>	<u>30,992</u>
<b>Cash flows from investing activities</b>			
Payment for investment		(18,862)	-
Payment for property, plant and equipment		(30,021)	(28,872)
<b>Net cash (outflow) from investing activities</b>		<u>(48,883)</u>	<u>(28,872)</u>
<b>Cash flows from financing activities</b>			
Loan received		-	6,387
Repayment of borrowing		(43,717)	-
<b>Net cash (outflow)/ inflow from financing activities</b>		<u>(43,717)</u>	<u>6,387</u>
<b>Net increase in cash and cash equivalents</b>		1,517,470	8,507
Cash and cash equivalents at beginning of financial year		4,085,256	4,076,749
<b>Cash and cash equivalents at end of financial year</b>	11(a)	<u>5,602,726</u>	<u>4,085,256</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**1: Statement of significant accounting policies**

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

The financial report includes the separate financial statements for the Australian Education Union - Federal Office (The AEU-Federal Office).

**(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). 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 entity applying the not for profit sector requirements contained in AIFRS.

*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.

**(b) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

The AEU-Federal Office recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the AEU-Federal Office's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The AEU-Federal Office bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**1: Statement of significant accounting policies (Continued)**

**(b) Revenue recognition (Continued)**

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 or levy has been established.

*Campaign contributions from branches*

Campaign contributions from branches are recognised when the right to receive the fee or levy 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).

*Change in accounting policy*

The policy for recognition of amounts on-charged to branches for affiliation fees has been changed. Previously these fees were regarded as being the individual branch expenses and as such neither the amounts collected from the branch nor the affiliation fees paid were recognised in the accounts of the AEU-Federal Office.

The policy has been changed so that the affiliation fees paid are now recognised as expenses and the refund of the affiliation fees paid are recognised as income. This change has been implemented to provide more meaningful disclosure in the financial statements.

There is no effect of this change in accounting policy on the results of operations as the affiliation fee expense equals the amounts received from branches. Comparative figures have been changed for consistency.

**(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 2009**

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**1: Statement of significant accounting policies (Continued)**

**(e) 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**1: Statement of significant accounting policies (Continued)**

**(e) Investment in other financial assets (Continued)**

***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.

**(f) 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.

**(g) 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***

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

<b>Class of fixed asset</b>	<b>Depreciation rate</b>	<b>Depreciation basis</b>
Office and computer equipment	20 -33%	diminishing
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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**1: Statement of significant accounting policies (Continued)**

**(h) 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.

**(i) Goods and Service 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.

**(j) 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

**(k) Functional and presentation currency**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**1: Statement of significant accounting policies (Continued)**

**(l) Comparative figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year. (Refer 1(b) )

**(m) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2009 reporting periods. The AEU-Federal Office's assessment of the impact of these new standards and interpretations is set out below.

*(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)*

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers' use internally for evaluating segment performance and deciding how to allocate resources to operating segments. As a not-for-profit entity AASB 8 is not applicable.

*(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)*

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the AEU-Federal Office.

*(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)*

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The AEU-Federal Office will apply the revised standard from 1 October 2009.

*(iv) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)*

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets. All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The AEU-Federal Office will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**1: Statement of significant accounting policies (Continued)**

**(m) New accounting standards and interpretations (continued)**

*(v) AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)*

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. The AEU-Federal Office will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

*(vi) AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17*

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. The AEU-Federal Office will apply the interpretation prospectively from 1 July 2009.

**(n) Impairment of assets**

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 that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**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 2009**

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**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).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**4: Revenue**

	Note	2009 \$	2008 \$
<b>From continuing operations</b>			
<i>Service revenue</i>			
Capitation fees		3,947,428	3,692,418
Publication levy		527,541	493,958
Library income		59,973	64,507
TAFE teacher		14,467	36,085
Australian Educator		41,272	63,858
Affiliation fees levy		873,145	783,411
Campaign contributions from branches		530,153	2,070,406
		<u>5,993,979</u>	<u>7,204,643</u>
<i>Other revenue</i>			
Interest		160,844	187,606
Rent		88,957	108,561
Other revenue		113,047	55,485
		<u>362,848</u>	<u>351,652</u>
		<u>6,356,827</u>	<u>7,556,295</u>

**5: Expenses**

	2009 \$	2008 \$
The surplus for the year includes the following specific expenses:		
<i>Depreciation of non-current assets</i>		
Office equipment	17,154	15,007
Furniture, fixtures and fittings	7,421	6,940
	<u>24,575</u>	<u>21,947</u>
<i>Finance costs</i>		
Interest paid	28,812	29,559
<i>Bad and doubtful debts</i>		
Trade receivables	1,932	-
<i>Donations (total of individual amounts more than \$1,000)</i>	14,883	13,500

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**6: Administration and other expenses**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Legal fees	70,416	27,096
Overseas travel allowances	10,042	12,000
Donations	17,403	17,301
Other expenses	405,991	547,058
	<u>503,852</u>	<u>603,455</u>

**7: Campaign and project expenses**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Workers rights campaign	-	873,215
Public education and other campaigns	225,575	1,492,472
Research project and other campaigns	67,712	56,682
Campaign materials	78,949	-
	<u>372,236</u>	<u>2,422,369</u>

**8: Employee related expenses**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries – staff	420,432	451,024
Wages and salaries – holders of office	980,505	950,204
Superannuation – staff	127,645	226,803
Superannuation – holders of office	182,989	178,609
Movement in long service leave provision - staff	19,295	21,474
Movement in long service leave provision – holders of office	74,694	5,915
Movement in annual leave provision - staff	(1,171)	(2,709)
Movement in annual leave provision – holders of office	5,890	(61,190)
Professional development	3,201	7,266
Other employee expenses	117,597	154,095
	<u>1,931,077</u>	<u>1,931,491</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**9: Meeting and conference expenses**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Meeting allowances	150,798	160,244
Other meeting expenses	<u>256,543</u>	<u>271,121</u>
	<u><b>407,341</b></u>	<u><b>431,365</b></u>

**10: Auditors remuneration**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit of the financial report	<u>21,500</u>	<u>21,000</u>

**11: Current assets – Cash and cash equivalents**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	2,712	3,847
Cash at bank	2,534,649	3,120,068
Deposits at call	<u>3,188,586</u>	<u>1,118,471</u>
	<u><b>5,725,947</b></u>	<u><b>4,242,386</b></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	5,725,947	4,242,386
Bank overdrafts	<u>(123,221)</u>	<u>(157,130)</u>
Balances per cash flow statement	<u><b>5,602,726</b></u>	<u><b>4,085,256</b></u>

**(b) Interest rate risk exposure**

The AEU-Federal Office's exposure to interest rate risk is discussed in note 25.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**12: Current assets – Trade and other receivables**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Branch Receivables:</i>		
ACT Branch	3,612	19,018
NSW Branch	112,388	417,384
NT Branch	2,748	13,134
QLD Branch	142,133	219,317
SA Branch	17,488	75,606
TAS Branch	5,541	36,132
VIC Branch	52,576	188,550
WA Branch	11,679	93,257
	<u>348,165</u>	<u>1,062,478</u>
Prepayments	78,622	67,674
Other receivables	35,029	77,895
	<u>461,816</u>	<u>1,208,047</u>

**(a) Other receivables**

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

**(b) Impaired trade receivables**

As at 30 September 2009 and 30 September 2008 there were no trade receivables that were impaired.

**(c) Past due but not impaired**

As at 30 September 2009 trade receivables of \$185,521 (2008 - \$91,446) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default. The ageing analysis of these trade debtors is as follows:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Up to 3 months	1,096	4,281
3 to 6 months	3,988	20,577
Over 6 months	180,437	66,588
	<u>185,521</u>	<u>91,446</u>

**(d) Fair value and credit risk**

There is no concentration of credit risk with respect to current and non-current receivables. Due to the nature of the receivables the carrying value is assumed to approximate their fair value. Refer to note 25 for more information on the risk management policy of the AEU-Federal Office.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

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**13: Non-current assets – Available for sale financial assets**

	2009 \$	2008 \$
Unlisted investments in unit trusts	<u>3,278,222</u>	<u>3,259,360</u>

These financial assets are carried at fair value.

These investments include the following surplus/(deficit) transferred to equity at reporting date:

Opening balance	3,259,360	3,412,626
Additions	18,862	-
Increase/(Decrease) in investment revaluation reserve	-	(153,266)
Closing balance	<u>3,278,222</u>	<u>3,259,360</u>

**14: Non-current assets – Property, plant and equipment**

	2009 \$	2008 \$
<b>Plant and equipment</b>		
Office equipment		
At cost	182,683	152,663
Less accumulated depreciation	<u>(120,961)</u>	<u>(103,808)</u>
	<u>61,722</u>	<u>48,885</u>
Furniture, fixtures and fittings		
At cost	74,213	74,213
Less accumulated depreciation	<u>(39,424)</u>	<u>(32,003)</u>
	<u>34,789</u>	<u>42,210</u>
<b>Total property, plant and equipment</b>	<u><b>96,511</b></u>	<u><b>91,065</b></u>

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

**14: Non-current assets – 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:

<b>2008</b>	<b>Office equipment</b>	<b>Furniture, fittings and fixtures</b>	<b>Total</b>
	\$	\$	\$
Opening net book amount	39,598	44,542	84,140
Additions	24,264	4,608	28,872
Depreciation	(15,007)	(6,940)	(21,947)
Closing net book amount	<u>48,855</u>	<u>42,210</u>	<u>91,065</u>
	\$	\$	\$
<b>2009</b>	<b>Office equipment</b>	<b>Furniture, fittings and fixtures</b>	<b>Total</b>
	\$	\$	\$
Opening net book amount	48,855	42,210	91,065
Additions	30,021	-	30,021
Depreciation	(17,154)	(7,421)	(24,575)
Closing net book amount	<u>61,722</u>	<u>34,789</u>	<u>96,511</u>

**15: Current liabilities – Trade and other payables**

	<b>2009 \$</b>	<b>2008 \$</b>
<i>Unsecured:</i>		
<i>Branch creditors</i>		
SA Branch	-	10,000
VIC Branch	-	28,123
	<u>-</u>	<u>38,123</u>
Due to the FEU Unit trust	<b>150,313</b>	166,149
Trade creditors	<b>438,315</b>	1,328,952
Other payables and accruals	<b>59,865</b>	60,273
	<u><b>648,493</b></u>	<u>1,593,497</u>

**(a) Risk exposure**

Details of the AEU-Federal Office's exposure to risk and the risk management policies of the AEU-Federal Office are set out in Note 25

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**16: Current liabilities – Borrowings**

	2009 \$	2008 \$
Bank overdraft	<u>123,221</u>	<u>157,130</u>

**(a) Security and fair value**

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 25.

**(b) Risk exposure**

Details of the AEU-Federal Office's exposure to risk is discussed in note 25.

**17: Current liabilities – Provisions**

	2009 \$	2008 \$
Employee benefits - staff	370,846	352,723
Employee benefits – holders of office	690,766	610,182
Other provisions	<u>39,072</u>	<u>6,121</u>
	<u>1,100,684</u>	<u>969,026</u>

**(a) Employee benefits - long service leave**

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

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the AEU-Federal Office does not have an unconditional right to defer settlement.

	Employee entitlement \$	Other provisions \$	Total \$
Balance at 1 October 2007	976,720	7,904	984,624
Charged to income statement	<u>(13,815)</u>	<u>(1,783)</u>	<u>(15,598)</u>
Balance at 30 September 2008	962,905	6,121	969,026
Charged to income statement	<u>98,707</u>	<u>32,951</u>	<u>131,658</u>
Balance at 30 September 2009	<u>1,061,612</u>	<u>39,072</u>	<u>1,100,684</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**18: Reserves**

		2009 \$	2008 \$
Public education campaign reserve	(a)	1,149,214	628,584
Workers rights campaign reserve	(b)	490,232	290,232
Available for sale investments revaluation reserve	(c)	1,862,497	1,862,497
Allocated funds reserve	(d)	<u>58,200</u>	<u>58,200</u>
		<u><b>3,560,143</b></u>	<u><b>2,839,513</b></u>

**(a) Public education campaign reserve**

*Movements during the financial year:*

Opening balance	628,584	249,037
Funds allocated for year	<u>520,630</u>	<u>379,547</u>
Closing balance	<u><b>1,149,214</b></u>	<u><b>628,584</b></u>

The public education campaign fund reserve records funds set aside from the surplus for the purpose of funding future public education campaigns.

**(b) Workers rights campaign reserve**

*Movements during the financial year:*

Opening balance	290,232	259,328
Funds allocated for year	<u>200,000</u>	<u>30,904</u>
Closing balance	<u><b>490,232</b></u>	<u><b>290,232</b></u>

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

**(c) Available for sale investment revaluation reserve**

*Movements during the financial year:*

Opening balance	1,862,497	2,015,763
Revaluation	<u>-</u>	<u>(153,266)</u>
Closing balance	<u><b>1,862,497</b></u>	<u><b>1,862,497</b></u>

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

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

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**18: Reserves (Continued)**

	2009 \$	2008 \$
<b>(d) Allocated funds reserve</b>		
<i>Movements during the financial year:</i>		
Opening balance	58,200	181,280
Funds allocated for year	-	(123,080)
Closing balance	<u>58,200</u>	<u>58,200</u>

The allocated funds reserve records funds allocated from the surplus for the purpose of funding future projects.

**19: Accumulated surplus**

	2009 \$	2008 \$
<i>Movements in the accumulated surplus were as follows:</i>		
Balance 1 October	3,241,692	2,790,010
Net surplus for the year	1,608,893	739,053
Transfers to reserves	<u>(720,630)</u>	<u>(287,371)</u>
Balance 30 September	<u>4,129,955</u>	<u>3,241,692</u>

**20: Contingencies**

There are no known contingent assets or liabilities at 30 September 2009.

**21: Commitments**

	2009 \$	2008 \$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	39,494	80,616
Later than one year but no later than five years	<u>118,483</u>	<u>157,977</u>
	<u>157,977</u>	<u>238,593</u>

*General description of leasing arrangement:*

Leases are for photocopiers and postage meters.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**22: Related party transactions**

**(a) Transactions with related parties**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<i>Sales of goods and services:</i>		
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	<b>50,000</b>	52,000
<i>Rent received</i>		
From the Federation of Education Unions Unit trust	<b>88,957</b>	108,561
<i>Purchases of goods and services:</i>		
<i>Outgoings paid</i>		
To the Federation of Education Unions Unit trust	<b>(74,259)</b>	(91,005)
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	<b>310,634</b>	405,411

**(b) Key management personnel**

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

Mary Bluett	Julie Brown
Allan Cook (appointed on 16 May 2009)	Charline Emzin-Boyd
Angelo Gavrielatos	Penny Gilmour
Anne Gisborne	Correna Haythorpe
Brian Henderson	Susan Hopgood
John Irving	Joan Lemaire (appointed on 11 August 2009)
Robert Lipscombe	Maurie Mulheron
Meredith Peace (elected on 6 February 2009)	Maree O'Halloran (resigned on 7 August 2009)
Terry Polglase	Darcel Russell
Steve Ryan	Linda Simon
Rod Smith (appointed in April 2009)	Howard Spreadbury
Vicky Sykes (resigned on 31 March 2009)	Ann Taylor
Nadine Williams (resigned on 1 March 2009)	Lynnette Winch



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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**22: Related party transactions (Continued)**

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

Wayne Costelloe  
Catherine Davis  
Jenni Devereaux  
Rob Durbridge  
Pat Forward  
Susan Hopgood  
Peter Job  
Darcel Russell

(iii) The aggregate compensation made to key management personnel is as follows:

	2009 \$	2008 \$
Short term benefits	<u>1,244,078</u>	<u>1,073,538</u>

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

These balances are disclosed in the "Trade receivables" and "Trade payables" notes to the accounts.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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**23: Cash flow information**

	2009 \$	2008 \$
<b>Reconciliation of cash flow from operations with the surplus for the year</b>		
Surplus for the year	1,608,893	739,053
<i>Non-cash flows in surplus</i>		
Depreciation	24,575	21,947
Bad debts	1,932	-
Write back of creditors	(63,017)	
Charges to provisions	-	(1,783)
<i>Changes in assets and liabilities</i>		
(Increase) in trade and other receivables	747,989	(894,139)
Increase in payables	(841,960)	179,729
(Decrease) in provisions	131,658	(13,815)
Cash flows from operations	<u>1,610,070</u>	<u>30,992</u>

**24: 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.

**25: Financial risk management**

The AEU-Federal Office's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

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

The AEU-Federal Office uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by management under policies approved by the Federal Executive. The Federal Executive and management 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.

The financial instruments of the AEU-Federal Office consist mainly of deposits with banks, accounts payables and receivables.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009

---

**25: Financial risk management (Continued)**

**(a) Market risk**

*(i) Foreign exchange risk*

The AEU-Federal Office is not exposed to foreign exchange risk.

*(ii) Price risk*

Market risk for the AEU-Federal Office is mainly 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 to factors affecting all instruments traded in the market.

The AEU-Federal Office is exposed to equity securities price risk. This arises from investments held by the AEU-Federal Office and classified on the balance sheet as available-for-sale.

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

*(iii) Cash flow and fair value interest rate risk*

As the AEU-Federal Office has investments in a variety of interest-bearing assets and the AEU-Federal Office's income and operating cash flows are exposed to changes in market interest rates for assets.

**(b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

The AEU-Federal Office has no significant concentrations of credit risk.

Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

**(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

*Financing arrangements:*

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

	2009 \$	2008 \$
<i>Credit standby arrangements:</i>		
Autopay facility	30,000	30,000
<i>Used at balance date</i>	-	-
Unused at balance date	<u>30,000</u>	<u>30,000</u>

The bank facilities may be drawn at any time and may be terminated by the bank without notice. The autopay facility is secured by an equitable charge over a \$30,000 term deposit.

NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 SEPTEMBER 2009

25: Financial risk management (Continued)

*Maturity profile of financial instruments*

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

2009

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
<b>Financial Assets</b>								
Cash on hand		-	-	-	-	-	2,712	2,712
Cash at bank	1.4	2,534,649	-	-	-	-	-	2,534,649
Deposits at bank	3.9	-	3,188,586	-	-	-	-	3,188,586
Trade receivables		-	-	-	-	-	383,194	383,194
Available for sale financial assets		-	-	-	-	-	3,278,222	3,278,222
		<u>2,534,649</u>	<u>3,188,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,664,128</u>	<u>9,387,363</u>
<b>Financial Liabilities</b>								
Bank overdraft	9.74	123,221	-	-	-	-	-	123,221
Trade payables		-	-	-	-	-	648,493	648,493
		<u>123,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>648,493</u>	<u>771,714</u>
<b>Net Financial Assets (Liabilities)</b>		<u>2,411,428</u>	<u>3,188,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,015,635</u>	<u>8,615,649</u>

2008

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
<b>Financial Assets</b>								
Cash on hand		-	-	-	-	-	3,847	3,847
Cash at bank	2.2	3,120,068	-	-	-	-	-	3,120,068
Deposits at bank	8.11	-	1,118,471	-	-	-	-	1,118,471
Trade receivables		-	-	-	-	-	1,140,373	1,140,373
Available for sale financial assets		-	-	-	-	-	3,259,360	3,259,360
		<u>3,120,068</u>	<u>1,118,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,403,580</u>	<u>8,642,119</u>
<b>Financial Liabilities</b>								
Bank overdraft	10.89	157,130	-	-	-	-	-	157,130
Trade payables		--	-	--	-	-	1,593,497	1,593,497
		<u>157,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,593,497</u>	<u>1,750,627</u>
<b>Net Financial Assets (Liabilities)</b>		<u>2,962,938</u>	<u>1,118,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,810,083</u>	<u>6,891,492</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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**25: Financial risk management (Continued)**

**(d) 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 that are not traded in an active market (for example, investments in unlisted subsidiaries) is determined using valuation techniques. The AEU-Federal Office uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

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

**(e) Sensitivity analysis**

As at 30 September 2009 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	<b>2009</b>	<b>2008</b>
<i>Effect on results:</i>	<b>\$</b>	<b>\$</b>
Increase of interest rates by 2%	<b>78,000</b>	81,628
Decrease of interest rates by 2%	<b>(78,000)</b>	(81,628)

**(f) Price risk**

The AEU-Federal Office is exposed to equity securities price risk. This arises from investments held by the AEU-Federal Office and classified on the balance sheet either as available-for-sale. The AEU-Federal Office's equity investments are not publicly traded or listed on the ASX

**STATEMENT BY COMMITTEE OF MANAGEMENT**

On 17 JANUARY 2010 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 2009:

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 the 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 2009
  - 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 the 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 the 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
  - 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 the Australian Education Union - Federal Office has been furnished and no orders have been made under section 272 of the RAO Schedule by the Commission during the period.
  - f. No orders have been made by the Commission under section 273 of the RAO Schedule during the period.
6. There were no wage recovery activities undertaken during the year.

For the Committee of Management

Designated Officer   
Susan Hopgood

Dated this 17<sup>th</sup> day of January 2010



## **B.G.L. & Associates Pty. Ltd.**

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Incorporating BGL & Associates

*Liability limited by a scheme approved under  
Professional Standards Legislation*

## **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 Australian Education Union – Federal Office, which comprises the balance sheet as at 30 September 2009, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Statement by the Committee of Management.

### **Committee of Management's responsibility for the financial report**

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Workplace Relations Act 1996. This responsibility includes establishing, implementing 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 from 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 judgment, 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 directors, 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 Committee of Management.

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





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**INDEPENDENT AUDITOR'S 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.

**Auditor's Opinion**

In our opinion, the financial reports of Australian Education Union – Federal Office present fairly the financial position of Australian Education Union – Federal Office as at 30 September 2009 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 1 of the Workplace Relations Act 1996.

BGL & Associates  
Chartered Accountants

I. A. Hinds - A.C.A. - Partner  
Member of The Institute of Chartered Accountants in Australia and  
holder of current Public Practice Certificate

17 January 2010  
Melbourne





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

**ANNUAL CONCISE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**



## **Australian Education Union**

*Federal Office:*

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

*Federal Secretary: Susan Hoppood*

*Federal President: Angelo Gavrielatos*

*Telephone: 61 3 9693 1800*

*Facsimile: 61 3 9693 1805*

*Email: [aeu@aeufederal.org.au](mailto: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 of the full financial report for the year ended 30 September 2009.

The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report and are consistent, with the full 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 full financial report and the auditor's report will be sent to members, free of charge, upon request.

This concise financial report is provided to the members in accordance with the committee of management resolution passed on 17 January 2010.

## **DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS**

### **Information on Australian Education Union - Federal Office Concise Financial Report**

The concise financial report is an extract of the full financial report for the year ended 30 September 2009. The financial statements and specific disclosures in the concise financial report have been derived from the 2009 financial report of the Australian Education Union - Federal Office. A copy of the full financial report and the auditor's report will be sent to any member, free of charge, upon request.

The 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 2009 financial report of Australian Education Union-Federal Office.

### **Income Statement**

The surplus attributable to members for the year was \$1,608,893 which is a 118% increase from last year when a surplus of \$739,053 was made. Revenue from operations decreased by 16% mainly due to lower campaign contribution being received from the branches. This reduction in revenue combined with a 30% decrease in expenses resulted in the surplus being \$ 869,840 higher than in 2008.

### **Balance Sheet**

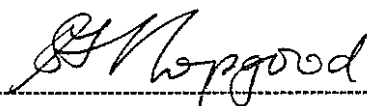
Total assets increased by 8.6% or \$761,638 from \$8,800,858 in 2008 to \$9,562,496 this year mainly due to an increase in cash on hand. Total liabilities decreased by \$847,255 or 31% from \$2,719,653 in 2008 to \$1,872,398 in 2009 mainly as a result of decrease in trade creditors.

The members fund increased by \$1,608,893 due to the surplus of the year.

### **Cash Flows**

Net cash flows from operations increased by \$1,579,078 from \$ 30,992 in 2008 to \$1,610,070 in 2009. The increase was mainly due to an increase in capitation fees and levies actually received compared to 2008. Cash balances increased by \$1,517,470 from last reporting period resulting in cash on hand and at banks at 30 September 2009 of \$5,602,726.

Signed in accordance with a resolution of the Committee of Management



Designated Officer – Susan Hopgood

Dated this 17 / 01 / 2010

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

**OPERATING REPORT**

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 30 September 2009.

**Members of Executive**

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

Mary Bluett	Julie Brown
Allan Cook (appointed on 16 May 2009)	Charline Emzin-Boyd
Angelo Gavrielatos	Penny Gilmour
Anne Gisborne	Correna Haythorpe
Brian Henderson	Susan Hopgood
John Irving	Joan Lemaire (appointed on 11 August 2009)
Robert Lipscombe	Maurie Mulheron
Meredith Peace (elected on 6 February 2009)	Maree O'Halloran (resigned on 7 August 2009)
Terry Polglase	Darcel Russell
Steve Ryan	Linda Simon
Rod Smith (appointed in April 2009)	Howard Spreadbury
Vicky Sykes (resigned on 31 March 2009)	Ann Taylor
Nadine Williams (resigned on 1 March 2009)	Lynnette Winch

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 \$1,608,893 (30 September 2008: surplus of \$739,053).

**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.

**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.

**OPERATING REPORT (Continued)**

**Right of members to resign**

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

"17 - Resignation from membership and termination of eligibility

- (1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.
- (1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:
  - (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are -
    - (i) seconded by their employer to non-teaching duties, or
    - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority;
  - (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
  - (c) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.
- (2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.
- (3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
  - (a) here the member ceases to be eligible to become a member of the Union -
    - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
    - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is later; or
  - (b) in any other case -
    - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
    - (ii) on the day specified in the notice;whichever is later.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a 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."

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

**OPERATING REPORT (Continued)**

**Membership and employee numbers**

The number of equivalent full time employees at 30 September 2009 was 20 (2008: 19)

The number of members at 30 September 2009 was 180,777 (2008: 175,051).


**Superannuation Trustees**

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

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

Signed in accordance with a resolution of the Federal Executive:

Designated Officer

  
-----  
Susan Hopgood

Dated this

17

day of

January

2010

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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	<b>Note</b>	<b>2009</b> <b>\$</b>	<b>2008</b> <b>\$</b>
<b>Revenue from continuing operations</b>	3	<b>6,356,827</b>	7,556,295
<b>Expenses</b>			
Administrative and other expenses		<b>(503,852)</b>	(603,455)
Affiliation fees		<b>(903,957)</b>	(813,447)
Australian educator		<b>(541,471)</b>	(527,115)
Campaign and project expenses		<b>(372,236)</b>	(2,422,369)
Employee related expenses		<b>(1,931,077)</b>	(1,931,491)
ITF allocation		<b>(88,000)</b>	(88,000)
Meeting and conference expenses		<b>(407,341)</b>	(431,365)
		<b><u>(4,747,934)</u></b>	<b><u>(6,817,242)</u></b>
<b>Surplus for the year</b>		<b><u>1,608,893</u></b>	<b><u>739,053</u></b>
<b>Surplus attributable to members of the entity</b>		<b><u>1,608,893</u></b>	<b><u>739,053</u></b>

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

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

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,725,947	4,242,386
Trade and other receivables	<u>461,816</u>	<u>1,208,047</u>
<b>Total current assets</b>	<u>6,187,763</u>	<u>5,450,433</u>
<b>Non-current assets</b>		
Available-for-sale financial assets	3,278,222	3,259,360
Property, plant and equipment	<u>96,511</u>	<u>91,065</u>
<b>Total non-current assets</b>	<u>3,374,733</u>	<u>3,350,425</u>
<b>Total assets</b>	<u>9,562,496</u>	<u>8,800,858</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	648,493	1,593,497
Borrowings	123,221	157,130
Provisions	<u>1,100,684</u>	<u>969,026</u>
<b>Total current liabilities</b>	<u>1,872,398</u>	<u>2,719,653</u>
<b>Total liabilities</b>	<u>1,872,398</u>	<u>2,719,653</u>
<b>Net assets</b>	<u>7,690,098</u>	<u>6,081,205</u>
<b>EQUITY</b>		
Reserves	3,560,143	2,839,513
Accumulated surplus	<u>4,129,955</u>	<u>3,241,692</u>
<b>Total equity</b>	<u>7,690,098</u>	<u>6,081,205</u>

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



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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	<b>Accumulated surplus \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance at 1 October 2007</b>	2,790,010	2,705,408	5,495,418
Surplus for the year	739,053	-	739,053
Available for sale financial assets	-	(153,266)	(153,266)
Transfer from accumulated surplus	<u>(287,371)</u>	<u>287,371</u>	<u>-</u>
<b>Balance at 30 September 2008</b>	<u>3,241,692</u>	<u>2,839,513</u>	<u>6,081,205</u>
<b>Balance at 1 October 2008</b>	3,241,692	2,839,513	6,081,205
Surplus for the year	1,608,893	-	1,608,893
Transfer from accumulated surplus	<u>(720,630)</u>	<u>720,630</u>	<u>-</u>
<b>Balance at 30 September 2009</b>	<u>4,129,955</u>	<u>3,560,143</u>	<u>7,690,098</u>

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

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	2009 \$	2008 \$
<b>Cash flows from operating activities</b>		
Receipts of capitation fees and levies (inclusive of GST)	5,977,638	4,673,694
Receipts of campaign contributions from branches (inclusive of GST)	545,810	1,392,313
Sundry receipts	199,086	123,292
Payments to suppliers and employees (inclusive of GST)	(5,273,308)	(6,345,913)
Interest received	160,844	187,606
<b>Net cash inflow from operating activities</b>	<u>1,610,070</u>	<u>30,992</u>
<b>Cash flows from investing activities</b>		
Payment for investment	(18,862)	-
Payment for property, plant and equipment	(30,021)	(28,872)
<b>Net cash (outflow) from investing activities</b>	<u>(48,883)</u>	<u>(28,872)</u>
<b>Cash flows from financing activities</b>		
Loan received	-	6,387
Repayment of borrowing	(43,717)	-
<b>Net cash (outflow)/ inflow from financing activities</b>	<u>(43,717)</u>	<u>6,387</u>
<b>Net increase in cash and cash equivalents</b>	1,517,470	8,507
Cash and cash equivalents at beginning of financial year	4,085,256	4,076,749
<b>Cash and cash equivalents at end of financial year</b>	<u>5,602,726</u>	<u>4,085,256</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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This concise financial report relates to the entity consisting of the Australian Education Union - Federal Office (The AEU-Federal Office) for the year ended 30 September 2009. The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated in Note1 below.

**1: Basis of preparation of the concise 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 presentation currency used in this concise financial report is Australian dollars.

*Compliance with IFRS*

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 entity applying the not for profit sector requirements contained in AIFRS.

**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 2009

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**3: Revenue**

	2009 \$	2008 \$
<b>From continuing operations</b>		
<i>Service revenue</i>		
Capitation fees	3,947,428	3,692,418
Publication levy	527,541	493,958
Library income	59,973	64,507
TAFE teacher	14,467	36,085
Australian Educator	41,272	63,858
Affiliation fees levy	873,145	783,411
Campaign contributions from branches	530,153	2,070,406
	<u>5,993,979</u>	<u>7,204,643</u>
<i>Other revenue</i>		
Interest	160,844	187,606
Rent	88,957	108,561
Other revenue	113,047	55,485
	<u>362,848</u>	<u>351,652</u>
	<u>6,356,827</u>	<u>7,556,295</u>

**4: 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 17 JANUARY 2010 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 2009:

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 the 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 2009
  - 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 the 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 the 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
  - 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 the Australian Education Union - Federal Office has been furnished and no orders have been made under section 272 of the RAO Schedule by the Commission during the period.
  - f. No orders have been made by the Commission under section 273 of the RAO Schedule during the period.
6. There were no wage recovery activities undertaken during the year.

For the Committee of Management

Designated Officer   
Susan Hopgood

Dated this 17<sup>th</sup> day of January 2010



## B.G.L. & Associates Pty. Ltd.

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Incorporating BGL & Associates

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

*Liability limited by a scheme approved under  
Professional Standards Legislation*

### Report on the concise financial report

The accompanying financial report of Australian Education Union – Federal Office which comprises the balance sheet as at 30 September 2009, the income statement, statement of changes in equity and cash flow statement for the year then ended and related notes, derived from the audited financial report of Australian Education Union – Federal Office for the year ended 30 September 2009, as well as the discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

### Committee of Management 's responsibility for the concise financial report

The Committee of Management are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Workplace Relations Act 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; 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 procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Australian Education Union – Federal Office for the year ended 30 September 2009. Our audit report on the financial report for the year was signed on 17 January 2010 and was not subject to any modification. The 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, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*, and whether this discussion and analysis complies with the requirements laid down in AASB 1039. Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Our audit did not involve an analysis of the prudence of business decisions made by the Committee of Management.

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





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## **INDEPENDENT AUDITOR'S 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.

### **Auditor's Opinion**

In our opinion, the concise financial report including the discussion and analysis of Australian Education Union – Federal Office for the year ended 30 September 2009 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

*BGL + Associates*

BGL & Associates  
Chartered Accountants

*I Hinds*

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

Member of The Institute of Chartered Accountants in Australia and  
holder of current Public Practice Certificate

17 January 2010  
Melbourne

