



FAIR WORK
AUSTRALIA

16 May 2011

Ms. S. Hopgood
Federal Secretary
Australian Education Union

Email: aeu@aeufederal.org.au

Dear Ms Hopgood

Financial report of the Australian Education Union for the financial year ended 30 September 2010 (FR 2010/2803)

I acknowledge receipt of the financial report and concise report of the Australian Education Union for the financial year ended 30 September 2010. The documents were lodged in this office on 27 April 2011.

The financial report is filed.

I direct your attention to the following comments concerning the above reports and the financial reporting obligations under the Fair Work (Registered Organisations) Act 2009 (the RO Act). Please note that these matters are generally advised for assistance in the future preparation of financial reports. No further action is required in respect of the subject documents.

1. Operating report

(a) Results of principal activities

I refer to the Operating Report, in particular to the 'Operating Results'. I note that section 254(2)(a) of the RO Act requires the operating report to include a review of the principal activities of the reporting entity, the results of those activities and any significant changes in the nature of those activities.

The 'results of operation' requirement contemplates reference in the operating report to results directly related to the principal activities as opposed to the reporting entities financial result, particularly as measured in dollar 'surplus' or 'loss' terms. Although this may not be stated explicitly in the text of the subsection, I think it is reasonable to infer this is what the legislators had in mind given that the subsection is referring primarily to the principal activities and secondly, the actual financial outcome is elaborated elsewhere in the financial documents, such as the Balance Sheet and/or the Profit and Loss statement.

(b) Membership of Committee of Management

The Operating Report is required to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position - refer regulation 159(c) of the Fair Work (Registered Organisations) Regulations 2009.

The Operating Report should have provided the full name of the positions which members of the committee of management held during the reporting period.

2. References

I note that the Committee of Management Statement refers to the 'Industrial Registrar' and the section 272 notice to members refers to a 'Registrar'. These references should be to the General Manager, Fair Work Australia.

Future financial reports should reflect these changes.

3. Timescale Provisions

It should be noted that the financial report, accompanied by a Designated Officer's Certificate, must be lodged with Fair Work Australia within 14 days of its presentation to an appropriate meeting.

Should you wish to discuss this letter or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7993 or by email at larry.powell@fwa.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Powell'.

Larry Powell
Tribunal Services and Organisations



Australian Education Union

Federal Office

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Federal Secretary : Susan Hopgood
Federal President : Angelo Gavrielatos

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Ref.: 031.001.001

27 April 2011

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 2010**

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 2010;
- (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 3 March 2011.

I apologise for the lateness of lodging these documents.

Yours sincerely,

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

Susan Hopgood
Federal Secretary

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

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**



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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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 Fair Work (Registered Organisations) Act 2009 and is domiciled in Australia.

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

The financial report was authorised for issue by the committee of management on the 15th day of January 2011.

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 2010.

Members of Executive

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

Name	Position	Name	Position
Mary Bluett	Deputy Federal President	Julie Brown	General
Carolyn Clancy (from 1 Mar 2010)	General	Allan Cook	General
Peter de Graaff (from 1 Mar 2010)	TAFE	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Angelo Gavrielatos	Federal President	Penny Gilmour	General
Anne Gisborne	General	Correna Haythorpe	General
Brian Henderson	General	Susan Hopgood	Federal Secretary
John Irving (resigned on 30 Sept 2010)	General	Joan Lemaire	General
Robert Lipscombe	General	Maurie Mulheron	General
Meredith Peace	General	Paul Reardon (from 1 Feb 2010)	Federal TAFE President
Terry Polglase (until 28 Feb 2010)	General	Darcel Russell	Deputy Federal Secretary
Steve Ryan	General	Linda Simon (until 31 Jan 2010)	Federal TAFE President
Rod Smith	General	Howard Spreadbury	Early Childhood Representative
Ann Taylor (until 28 Feb 2010)	General	Leanne Wright (from 1 Mar 2010)	General
Lynnette Winch	National Principals Committee Representative		

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 \$881,569 (30 September 2009: surplus of \$1,608,893).

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 Financial Affairs

No significant changes in the financial 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 financial 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."

OPERATING REPORT (Continued)

Membership and employee numbers

The number of equivalent full time employees at 30 September 2010 was 20 (2009: 20)

The number of members at 30 September 2010 was 184,685 (2009: 180,777).

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 15th day of January 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 \$	2009 \$
Revenue from continuing operations	4	7,723,544	6,356,827
Expenses			
Administrative and other expenses	6	(570,429)	(503,852)
AEIC expenses	7	(223,937)	-
Affiliation fees		(917,790)	(903,957)
Australian educator		(550,730)	(541,471)
Campaign and project expenses	8	(1,929,391)	(372,236)
Employee related expenses	9	(2,131,492)	(1,931,077)
ITF allocation		(88,000)	(88,000)
Meeting and conference expenses	10	(430,206)	(407,341)
		<u>(6,841,975)</u>	<u>(4,747,934)</u>
Surplus before income tax	5	881,569	1,608,893
Income tax expenses		-	-
Surplus for the year		881,569	1,608,893
Other comprehensive income		-	-
Total comprehensive income for the year		<u>881,569</u>	<u>1,608,893</u>
Total comprehensive income for the year is attributable to:			
Members of the union		<u>881,569</u>	<u>1,608,893</u>

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

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

BALANCE SHEET
AS AT 30 SEPTEMBER 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	7,121,954	5,725,947
Trade and other receivables	12	<u>1,434,354</u>	<u>461,816</u>
Total current assets		<u>8,556,308</u>	<u>6,187,763</u>
Non-current assets			
Available-for-sale financial assets	13	3,147,832	3,278,222
Property, plant and equipment	14	<u>71,440</u>	<u>96,511</u>
Total non-current assets		<u>3,219,272</u>	<u>3,374,733</u>
Total assets		<u>11,775,580</u>	<u>9,562,496</u>
LIABILITIES			
Current liabilities			
Trade and other payables	15	2,107,926	648,493
Borrowings	16	-	123,221
Provisions	17	<u>1,258,303</u>	<u>1,100,684</u>
Total current liabilities		<u>3,366,229</u>	<u>1,872,398</u>
Total liabilities		<u>3,366,229</u>	<u>1,872,398</u>
Net assets		<u>8,409,351</u>	<u>7,690,098</u>
EQUITY			
Reserves	18	3,540,526	3,560,143
Accumulated surplus	19	<u>4,868,825</u>	<u>4,129,955</u>
Total equity		<u>8,409,351</u>	<u>7,690,098</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 2010

	Accumulated surplus \$	Reserves \$	Total \$
Balance at 1 October 2008	3,241,692	2,839,513	6,081,205
Total comprehensive income for the year	1,608,893	-	1,608,893
Transfer from accumulated surplus	<u>(720,630)</u>	<u>720,630</u>	<u>-</u>
Balance at 30 September 2009	<u>4,129,955</u>	<u>3,560,143</u>	<u>7,690,098</u>
Balance at 1 October 2009	4,129,955	3,560,143	7,690,098
Total comprehensive income for the year	881,569	-	881,569
Revaluation of financial assets	-	(162,316)	(162,316)
Transfer from accumulated surplus	<u>(142,699)</u>	<u>142,699</u>	<u>-</u>
Balance at 30 September 2010	<u>4,868,825</u>	<u>3,540,526</u>	<u>8,409,351</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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Receipts of capitation fees and levies (inclusive of GST)	23(a)	6,235,472	5,882,925
Receipts of campaign contributions from branches (inclusive of GST)	23(b)	809,225	1,297,481
Sundry receipts		67,135	226,941
Payments to suppliers and employees (inclusive of GST)		(5,735,725)	(5,958,121)
Interest received		192,299	160,844
Net cash inflow from operating activities	23(c)	<u>1,568,406</u>	<u>1,610,070</u>
Cash flows from investing activities			
Payment for investment		(31,926)	(18,862)
Payment for property, plant and equipment		(2,614)	(30,021)
Net cash (outflow) from investing activities		<u>(34,540)</u>	<u>(48,883)</u>
Cash flows from financing activities			
Repayment of borrowing		(14,638)	(43,717)
Net cash (outflow) from financing activities		<u>(14,638)</u>	<u>(43,717)</u>
Net increase in cash and cash equivalents		1,519,228	1,517,470
Cash and cash equivalents at beginning of financial year		5,602,726	4,085,256
Cash and cash equivalents at end of financial year	11(a)	<u>7,121,954</u>	<u>5,602,726</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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 Fair Work (Registered Organisations) Act 2009.

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.

Financial statement presentation

The AEU-Federal Office has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. There has been no effect on the AEU-Federal Office's presentation of its financial statements.

(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 2010

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).

(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 statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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 2010

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.

Class of fixed asset	Depreciation rate	Depreciation basis
Office and computer equipment	20 -33%	Diminishing value
Furniture and fittings	10%	straight line

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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 2010

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.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2010 reporting periods. The AEU-Federal Office's assessment of the impact of these new standards and interpretations is set out below.

Title	Summary
<i>AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Sharebased Payment Transactions [AASB 2] (effective from 1 January 2010)</i>	The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. There will be no impact on the AEU-Federal Office's financial statements.
<i>AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)</i>	In October 2009 the AASB issued an amendment to AASB 132 <i>Financial Instruments: Presentation</i> which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The AEU-Federal Office will apply the amended standard from 1 July 2010. As the AEU-Federal Office has not made any such rights issues, the amendment will not have any effect on the AEU Federal Office's financial statements.
<i>AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)</i>	AASB 9 <i>Financial Instruments</i> addresses the classification and measurement of financial assets and is likely to affect the AEU-Federal Office's accounting for its financial assets since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The AEU-Federal Office has not yet decided when to adopt AASB 9.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

1: Statement of significant accounting policies (Continued)

(m) New accounting standards and interpretations (Continued)

Title	Summary
Revised AASB 124 <i>Related Party Disclosures</i> and AASB 2009-12 <i>Amendments to Australian Accounting Standards</i> (effective from 1 January 2011)	In December 2009 the AASB issued a revised AASB 124 <i>Related Party Disclosures</i> . It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The AEU-Federal Office will apply the amended standard from 1 July 2011.
AASB Interpretation 19 <i>Extinguishing financial liabilities with equity instruments</i> and AASB 2009-13 <i>Amendments to Australian Accounting Standards arising from Interpretation 19</i> (effective from 1 July 2010)	AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The AEU-Federal will apply the interpretation from 1 July 2010. It is not expected to have any impact on the financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the AEU-Federal Office has not entered into any debt for equity swaps since that date.
AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i> (effective from 1 January 2011)	In December 2009, the AASB made an amendment to Interpretation 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> . The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The AE-Federal Office does not make any such prepayments. The amendment is therefore not expected to have any impact on financial statements. The AEU-Federal Office intends to apply the amendment from 1 July 2011.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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 AEU-Federal 's accounting policies

The following are the critical judgments that management has made in the process of applying the AEU-Federal Office's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Employee entitlements

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

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

3: Information to be provided to members or General Manager of FWA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsection (1), (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 2010

4: Revenue

	Notes	2010 \$	2009 \$
From continuing operations			
<i>Service revenue</i>			
Capitation fees	a	4,228,032	3,947,428
Publication levy	b	550,592	527,541
Library income		59,373	59,973
TAFE teacher		28,303	14,467
Australian Educator		33,099	41,272
Affiliation fees levy	c	889,987	873,145
Campaign contributions from branches	d	542,331	530,153
School funding review advertising contribution from branches	e	900,009	-
		<u>7,231,726</u>	<u>5,993,979</u>
<i>Other revenue</i>			
Interest		283,072	160,844
Rent		119,654	88,957
Other revenue		89,092	113,047
		<u>491,818</u>	<u>362,848</u>
		<u>7,723,544</u>	<u>6,356,827</u>

(a) Capitation fees

	2010 \$	2009 \$
ACT Branch	73,022	70,482
NSW Branch	1,456,893	1,408,873
NT Branch	48,669	46,456
QLD Branch	940,141	852,620
SA Branch	319,347	309,014
TAS Branch	131,528	137,140
VIC Branch	932,844	822,517
SSTUWA for the WA Branch	325,588	300,326
	<u>4,228,032</u>	<u>3,947,428</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

4: Revenue (Continued)

(b) Publication levy

	2010 \$	2009 \$
ACT Branch	9,511	9,420
NSW Branch	189,766	188,283
NT Branch	6,340	6,209
QLD Branch	122,391	113,945
SA Branch	41,600	41,297
TAS Branch	17,144	18,328
VIC Branch	121,445	109,923
SSTUWA for the WA Branch	42,395	40,136
	<u>550,592</u>	<u>527,541</u>

(c) Affiliation fees levy

	2010 \$	2009 \$
ACT Branch	15,267	15,404
NSW Branch	303,988	308,569
NT Branch	10,097	10,530
QLD Branch	200,268	186,651
SA Branch	66,447	68,534
TAS Branch	26,733	30,157
VIC Branch	198,441	186,741
SSTUWA for the WA Branch	68,746	66,559
	<u>889,987</u>	<u>873,145</u>

(d) Campaign contributions from branches

	2010 \$	2009 \$
ACT Branch	9,303	9,267
NSW Branch	185,241	191,033
NT Branch	6,153	6,324
QLD Branch	122,037	112,287
SA Branch	40,491	41,130
TAS Branch	16,290	18,141
VIC Branch	120,924	111,930
SSTUWA for the WA Branch	41,892	40,041
	<u>542,331</u>	<u>530,153</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

4: Revenue (Continued)

(e) School funding review advertising contribution from branches

	2010 \$	2009 \$
ACT Branch	15,210	-
NSW Branch	291,963	-
NT Branch	10,440	-
QLD Branch	202,862	-
SA Branch	67,051	-
TAS Branch	30,150	-
VIC Branch	212,672	-
SSTUWA for the WA Branch	69,661	-
	<u>900,009</u>	<u>-</u>

5: Expenses

2010 \$	2009 \$
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The surplus for the year includes the following specific expenses:

Depreciation of non-current assets

Office equipment	20,144	17,154
Furniture, fixtures and fittings	6,841	7,421
	<u>26,985</u>	<u>24,575</u>

Finance costs

Interest paid	27,275	28,812
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Bad and doubtful debts

Trade receivables	3,136	1,932
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Donations (total of individual amounts more than \$1,000)

14,500	14,883
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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	22,000	21,500
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

6: Administration and other expenses

	2010	2009
	\$	\$
Legal fees	66,448	70,416
Overseas travel allowances	11,462	10,042
Donations	16,326	17,403
Other expenses	476,193	405,991
	<u>570,429</u>	<u>503,852</u>

7: AEIC expenses

	2010	2009
	\$	\$
AEIC employee support	85,000	-
AEIC loan written off	102,469	-
Legal fee	36,468	-
	<u>223,937</u>	<u>-</u>

8: Campaign and project expenses

	2010	2009
	\$	\$
Workers rights campaign	190,777	-
Public education and other campaigns	1,626,992	225,575
Research project and other campaigns	69,752	67,712
Campaign materials	41,870	78,949
	<u>1,929,391</u>	<u>372,236</u>

9: Employee related expenses

	2010	2009
	\$	\$
Wages and salaries – staff	512,709	420,432
Wages and salaries – holders of office	1,022,367	980,505
Superannuation – staff	132,430	127,645
Superannuation – holders of office	174,506	182,989
Movement in long service leave provision - staff	24,339	19,295
Movement in long service leave provision – holders of office	77,346	74,694
Movement in annual leave provision - staff	5,149	(1,171)
Movement in annual leave provision – holders of office	29,933	5,890
Professional development	5,446	3,201
Other employee expenses	147,267	117,597
	<u>2,131,492</u>	<u>1,931,077</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

10: Meeting and conference expenses

	2010 \$	2009 \$
Meeting allowances	135,134	150,798
Other meeting expenses	<u>295,072</u>	<u>256,543</u>
	<u>430,206</u>	<u>407,341</u>

11: Current assets – Cash and cash equivalents

	2010 \$	2009 \$
Cash on hand	2,712	2,712
Cash at bank	1,905,876	2,534,649
Deposits at call	<u>5,213,366</u>	<u>3,188,586</u>
	<u>7,121,954</u>	<u>5,725,947</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	7,121,954	5,725,947
Bank overdrafts	<u>-</u>	<u>(123,221)</u>
Balances per statement of cash flows	<u>7,121,954</u>	<u>5,602,726</u>

(b) Interest rate risk exposure

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

12: Current assets – Trade and other receivables

	2010 \$	2009 \$
<i>Branch Receivables:</i>		
ACT Branch	2,931	3,612
NSW Branch	372,100	112,388
NT Branch	14,280	2,748
QLD Branch	256,708	142,133
SA Branch	85,708	17,488
TAS Branch	38,373	5,541
VIC Branch	267,266	52,576
SSTUWA for the WA Branch	<u>88,147</u>	<u>11,679</u>
	<u>1,125,513</u>	<u>348,165</u>
Prepayments	59,839	78,622
Other receivables	<u>249,002</u>	<u>35,029</u>
	<u>1,434,354</u>	<u>461,816</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

12: Current assets – Trade and other receivables (Continued)

(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 2010 and 30 September 2009 there were no trade receivables that were impaired.

(c) Past due but not impaired

As at 30 September 2010 trade receivables of \$8,862 (2009 - \$185,521) 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:

	2010	2009
	\$	\$
Up to 3 months	3,016	1,096
3 to 6 months	5,049	3,988
Over 6 months	797	180,437
	<u>8,862</u>	<u>185,521</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.

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

	2010	2009
	\$	\$
Unlisted investments in unit trusts	<u>3,147,832</u>	<u>3,278,222</u>

These financial assets are carried at fair value.

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

Opening balance	3,278,222	3,259,360
Additions	31,926	18,862
(Decrease) in investment revaluation reserve	(162,316)	-
Closing balance	<u>3,147,832</u>	<u>3,278,222</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

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

	2010 \$	2009 \$
Plant and equipment		
Office equipment		
At cost	174,763	182,683
Less accumulated depreciation	<u>(130,818)</u>	<u>(120,961)</u>
	<u>43,945</u>	<u>61,722</u>
Furniture, fixtures and fittings		
At cost	68,411	74,213
Less accumulated depreciation	<u>(40,916)</u>	<u>(39,424)</u>
	<u>27,495</u>	<u>34,789</u>
Total property, plant and equipment	<u><u>71,440</u></u>	<u><u>96,511</u></u>

(a) Non-current assets pledged as security

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

(b) 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:

	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
2009			
Opening net book amount	48,855	42,210	91,065
Additions	30,021	-	30,021
Depreciation	<u>(17,154)</u>	<u>(7,421)</u>	<u>(24,575)</u>
Closing net book amount	<u>61,722</u>	<u>34,789</u>	<u>96,511</u>
2010			
Opening net book amount	61,722	34,789	96,511
Additions	2,614	-	2,614
Disposals	(247)	(453)	(700)
Depreciation	<u>(20,144)</u>	<u>(6,841)</u>	<u>(26,985)</u>
Closing net book amount	<u>43,945</u>	<u>27,495</u>	<u>71,440</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

15: Current liabilities – Trade and other payables

	2010 \$	2009 \$
<i>Unsecured:</i>		
Due to the FEU Unit trust	97,912	150,313
Trade creditors	510,197	438,315
Amount due for school funding review	1,439,438	-
Legal fee payable	1,786	-
Other payables and accruals	58,593	59,865
	<u>2,107,926</u>	<u>648,493</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.

16: Current liabilities – Borrowings

	2010 \$	2009 \$
Bank overdraft	<u>-</u>	<u>123,221</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

	2010 \$	2009 \$
Employee benefits - staff	400,334	370,846
Employee benefits – holders of office	796,885	690,766
Other provisions	61,084	39,072
	<u>1,258,303</u>	<u>1,100,684</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

17: Current liabilities – Provisions (Continued)

(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 2008	962,905	6,121	969,026
Charged to income statement	98,707	32,951	131,658
Balance at 30 September 2009	1,061,612	39,072	1,100,684
Charged to income statement	135,607	22,012	157,619
Balance at 30 September 2010	<u>1,197,219</u>	<u>61,084</u>	<u>1,258,303</u>

18: Reserves

		2010	2009
		\$	\$
Public education campaign reserve	(a)	1,422,690	1,149,214
Workers rights campaign reserve	(b)	359,455	490,232
Available for sale investments revaluation reserve	(c)	1,700,181	1,862,497
Allocated funds reserve	(d)	58,200	58,200
		<u>3,540,526</u>	<u>3,560,143</u>

(a) Public education campaign reserve

Movements during the financial year:

Opening balance	1,149,214	628,584
Funds allocated for year	273,476	520,630
Closing balance	<u>1,422,690</u>	<u>1,149,214</u>

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 SEPTEMBER 2010

18: Reserves (Continued)

(b) Workers rights campaign reserve

	2010	2009
	\$	\$
<i>Movements during the financial year:</i>		
Opening balance	490,232	290,232
Funds allocated for year	<u>(130,777)</u>	200,000
Closing balance	<u>359,455</u>	<u>490,232</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

<i>Movements during the financial year:</i>		
Opening balance	1,862,497	1,862,497
Revaluation	<u>(162,316)</u>	-
Closing balance	<u>1,700,181</u>	<u>1,862,497</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.

	2010	2009
	\$	\$
(d) Allocated funds reserve		
<i>Movements during the financial year:</i>		
Opening balance	58,200	58,200
Funds allocated for year	<u>-</u>	<u>-</u>
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

	2010	2009
	\$	\$
<i>Movements in the accumulated surplus were as follows:</i>		
Balance 1 October	4,129,955	3,241,692
Net surplus for the year	881,569	1,608,893
Transfer to reserves	<u>(142,699)</u>	<u>(720,630)</u>
Balance 30 September	<u>4,868,825</u>	<u>4,129,955</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

20: Contingencies

There are no known contingent assets or liabilities at 30 September 2010.

21: Commitments

	2010	2009
	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	39,494	39,494
Later than one year but no later than five years	78,989	118,483
	118,483	157,977

General description of leasing arrangement:

Leases are for photocopiers and postage meters.

22: Related party transactions

(a) Transactions with related parties

	2010	2009
	\$	\$
<i>Sales of goods and services:</i>		
<i>Capitation fees and levies received</i>		
Some capitation fee and levies are paid by associated entities of the affiliated branches as allowed by rule 11(7).		
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	50,000	50,000
<i>Rent received</i>		
From the Federation of Education Unions Unit trust	119,654	88,957
<i>Purchases of goods and services:</i>		
<i>Outgoings paid</i>		
To the Federation of Education Unions Unit trust	(66,582)	(74,259)
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	306,936	310,634

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

22: Related party transactions (Continued)

(b) 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.

(c) Key management personnel

Members of Executive

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

Name	Position	Name	Position
Mary Bluett	Deputy Federal President	Julie Brown	General
Carolyn Clancy (from 1 Mar 2010)	General	Allan Cook	General
Peter de Graaff (from 1 Mar 2010)	TAFE	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Angelo Gavrielatos	Federal President	Penny Gilmour	General
Anne Gisborne	General	Correna Haythorpe	General
Brian Henderson	General	Susan Hopgood	Federal Secretary
John Irving (resigned on 30 Sept 2010)	General	Joan Lemaire	General
Robert Lipscombe	General	Maurie Mulheron	General
Meredith Peace	General	Paul Reardon (from 1 Feb 2010)	Federal TAFE President
Terry Polglase (until 28 Feb 2010)	General	Darcel Russell	Deputy Federal Secretary
Steve Ryan	General	Linda Simon (until 31 Jan 2010)	Federal TAFE President
Rod Smith	General	Howard Spreadbury	Early Childhood Representative
Ann Taylor (until 28 Feb 2010)	General	Leanne Wright (from 1 Mar 2010)	General
Lynnette Winch	National Principals Committee Representative		

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

Catherine Davis	Susan Hopgood
Jenni Devereaux	Peter Job
Rob Durbridge	Mark Robinson
Pat Forward	Darcel Russell

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

	2010	2009
	\$	\$
Short term benefits	<u>1,304,152</u>	<u>1,244,078</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

23: Cash flow information

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

	2010	2009
	\$	\$
ACT Branch	107,580	104,837
NSW Branch	2,145,712	2,096,298
NT Branch	71,617	69,515
QLD Branch	1,389,080	1,268,538
SA Branch	470,133	460,730
TAS Branch	192,946	204,188
VIC Branch	1,378,003	1,231,099
SSTUWA for the WA Branch	480,401	447,420
	<u>6,235,472</u>	<u>5,882,625</u>

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

	2010	2009
	\$	\$
ACT Branch	27,645	25,600
NSW Branch	265,211	515,132
NT Branch	6,720	17,342
QLD Branch	242,814	200,780
SA Branch	50,076	103,361
TAS Branch	18,252	50,546
VIC Branch	152,266	259,097
SSTUWA for the WA Branch	46,241	125,623
	<u>809,225</u>	<u>1,297,481</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

23: Cash flow information (Continued)	2010	2009
	\$	\$
(c) Reconciliation of cash flow from operations with the surplus for the year		
Surplus for the year	881,569	1,608,893
<i>Non-cash flows in surplus</i>		
Depreciation	26,985	24,575
Bad debts	3,136	1,932
Loss on disposal of assets	700	-
Write back of creditors	(33,985)	(63,017)
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	(975,674)	747,989
Increase/(Decrease) in payables	1,508,057	(841,960)
Increase in provisions	157,618	131,658
Cash flows from operations	1,568,406	<u>1,610,070</u>

24: Events occurring after 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 2010

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. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The entity has no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2010	2009
	\$	\$
Cash at bank		
<i>AA Rating</i>	<u>7,119,242</u>	<u>5,723,235</u>

(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:

	2010	2009
	\$	\$
<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 2010

25: Financial risk management (Continued)

Maturity profile of financial instruments

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

2010

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
Financial Assets								
Cash on hand		-	-	-	-	-	2,712	2,712
Cash at bank	3.7	1,905,876	-	-	-	-	-	1,905,876
Deposits at bank	5.6	-	5,213,366	-	-	-	-	5,213,366
Trade receivables		-	-	-	-	-	1,374,515	1,374,515
Available for sale financial assets		-	-	-	-	-	3,147,832	3,147,832
		<u>1,905,876</u>	<u>5,213,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,525,059</u>	<u>11,644,301</u>
Financial Liabilities								
Trade payables		-	-	-	-	-	2,107,926	2,107,926
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,107,926</u>	<u>2,107,926</u>
Net Financial Assets		<u>1,905,876</u>	<u>5,213,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,417,133</u>	<u>9,536,375</u>

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 \$
Financial Assets								
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>
Financial Liabilities								
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>
Net Financial Assets		<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>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

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.

As of 1 July 2009, the AEU-Federal Office has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following presents the AEU-Federal Office's assets and liabilities measured and recognised at fair value at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

2010	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Available-for-sale financial assets				
- investment in unlisted trust	-	-	3,147,832	3,147,832
Total Assets	<u>-</u>	<u>-</u>	<u>3,147,832</u>	<u>3,147,832</u>

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. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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 2010 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2010	2009
	\$	\$
<i>Effect on results:</i>		
Increase of interest rates by 2%	142,384	78,000
Decrease of interest rates by 2%	(142,384)	(78,000)

STATEMENT BY COMMITTEE OF MANAGEMENT

On 15th January 2011 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 2010:

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 32 comply with Australian Accounting Standards and other mandatory professional reporting requirements
2. the financial statements and notes, as set out on pages 4 to 32 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 2010
 - 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - d. the financial records of the Australian Education Union - Federal Office have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the union; and
 - e. the information sought in any request of a member of the Australian Education Union - Federal Office or the General Manager of FWA under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of FWA; and
 - f. No orders have been made by the FWA under section 273 of the Fair Work (Registered Organisations) Act 2009 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 15th day of January 2011



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

Report on the financial report

We have audited the accompanying general purpose financial report of the Australian Education Union – Federal Office, which comprises the balance sheet as at 30 September 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 Fair Work (Registered Organisations) Act 2009. 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 general purpose financial reports of Australian Education Union – Federal Office present fairly the financial position of Australian Education Union – Federal Office as at 30 September 2010 and the results of its operations, its changes in equity and cash flows for the financial year then ended, in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the Fair Work (Registered Organisations) Act 2009.

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 2011
Melbourne



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

**ANNUAL CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2010**



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

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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 2010.

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. Further financial information can be obtained from the full financial report.

The full financial report and the auditor's report will be sent to members, free of charge, upon request.

The committee of management has resolved on 15th January 2011 that this concise report be provided in accordance with s265(2) of the Fair Work (Registered Organisations) Act 2009.

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 2010. The financial statements and specific disclosures in the concise financial report have been derived from the 2010 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 2010 financial report of Australian Education Union-Federal Office.

Statement of Comprehensive Income

The surplus attributable to members for the year was \$881,569 which is a 45% decrease from last year when the surplus was \$1,608,893.

This decrease in the surplus occurred despite a growth in revenue of 21% from \$6,356,827 in 2009 to \$7,723,544 in 2010 as expenses increased by 44% from \$4,747,934 in 2009 to \$6,841,975 this year, primarily due to an increase in campaign expenditure.

The growth in revenue is attributable to an increase in membership across the whole of the union as well as an increase in the salaries of teachers which the capitation fees are based on. The growth in membership continues a decade long trend of membership growth. Additional income was received from AEU Branches for the national public education campaign which was a major focus of the work of the union throughout the year.

This Campaign has 3 major targets: the Review of Schools Funding, TAFE funding and Indigenous Education.

The Federal Governments Review of Schools Funding, which is being conducted by an independent panel of experts, is examining all government funding to schools. It is the first such review since 1973 and provides a once in a life time opportunity for the existing unfair and discredited federal funding model to be replaced by a model which fairly funds public schools. AEU campaign activities have included television advertisements, workplace and community campaigning lobbying of politicians, national forums, and production of on-line and print based campaign materials.

The TAFE Funding Campaign calls on the Federal Government to put a stop to the under-funding of TAFE which has resulted in thousands of students being turned away from TAFE courses and puts at risk the quality of TAFE programs. Investing in quality training means investing in the TAFE teaching workforce to ensure no further erosion of teaching qualifications and appropriate professional support and development.

The Indigenous education campaign calls on governments at all levels to develop and invest in a long-term 25 year intergenerational plan for the education of Indigenous students. It addresses a range of issues, including stability of the teaching workforce in hard-to-staff Indigenous schools (particularly in remote areas), ensuring appropriate pre and inservice training on Indigenous education for all teachers, ensuring inclusion of Indigenous knowledges across the Australian Curriculum, defending Indigenous language rights and the provision of networking and support for Indigenous teachers and education workers.

DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS (Continued)

Balance Sheet

Total assets increased by 23% or \$2,213,084 from \$9,562,496 in 2009 to \$11,775,580 this year mainly due to an increase in cash on hand. Total liabilities increased by \$1,493,831 or 79% from \$1,872,398 in 2009 to \$3,366,229 in 2010 mainly as a result of increase in trade creditors in relation to new campaigns.

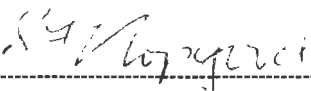
The members fund increased by \$881,569 due to the surplus of the year.

Cash Flows

Net cash flows from operations decreased by \$41,664 from \$ 1,610,070 in 2009 to \$1,568,406 in 2010. The decrease was mainly due to an increase in expenditure actually paid compared to 2009.

Cash balances increased by \$1,519,228 from last reporting period resulting in cash on hand and at banks at 30 September 2010 of \$7,121,954.

Signed in accordance with a resolution of the Committee of Management



Designated Officer – Susan Hopgood

Dated this 15th day of January 2011

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 2010.

Members of Executive

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

Name	Position	Name	Position
Mary Bluett	Deputy Federal President	Julie Brown	General
Carolyn Clancy (from 1 Mar 2010)	General	Allan Cook	General
Peter de Graaff (from 1 Mar 2010)	TAFE	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Angelo Gavrielatos	Federal President	Penny Gilmour	General
Anne Gisborne	General	Correna Haythorpe	General
Brian Henderson	General	Susan Hopgood	Federal Secretary
John Irving (resigned on 30 Sept 2010)	General	Joan Lemaire	General
Robert Lipscombe	General	Maurie Mulheron	General
Meredith Peace	General	Paul Reardon (from 1 Feb 2010)	Federal TAFE President
Terry Polglase (until 28 Feb 2010)	General	Darcel Russell	Deputy Federal Secretary
Steve Ryan	General	Linda Simon (until 31 Jan 2010)	Federal TAFE President
Rod Smith	General	Howard Spreadbury	Early Childhood Representative
Ann Taylor (until 28 Feb 2010)	General	Leanne Wright (from 1 Mar 2010)	General
Lynnette Winch	National Principals Committee Representative		

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 \$881,569 (30 September 2009: surplus of \$1,608,893).

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 Financial Affairs

No significant changes in the financial 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 financial 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 2010 was 20 (2009: 20)

The number of members at 30 September 2010 was 184,685 (2009: 180,777).

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 15th day of January 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 \$	2009 \$
Revenue from continuing operations	3	7,723,544	6,356,827
Expenses			
Administrative and other expenses		(570,429)	(503,852)
AEIC expenses		(223,937)	-
Affiliation fees		(917,790)	(903,957)
Australian educator		(550,730)	(541,471)
Campaign and project expenses		(1,929,391)	(372,236)
Employee related expenses		(2,131,492)	(1,931,077)
ITF allocation		(88,000)	(88,000)
Meeting and conference expenses		(430,206)	(407,341)
		<u>(6,841,975)</u>	<u>(4,747,934)</u>
Surplus before income tax		881,569	1,608,893
Income tax expenses		-	-
Surplus for the year		<u>881,569</u>	<u>1,608,893</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>881,569</u></u>	<u><u>1,608,893</u></u>
Total comprehensive income for the year is attributable to:			
Members of the union		<u><u>881,569</u></u>	<u><u>1,608,893</u></u>

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

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

BALANCE SHEET
AS AT 30 SEPTEMBER 2010

	2010	2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	7,121,954	5,725,947
Trade and other receivables	<u>1,434,354</u>	<u>461,816</u>
Total current assets	<u>8,556,308</u>	<u>6,187,763</u>
Non-current assets		
Available-for-sale financial assets	3,147,832	3,278,222
Property, plant and equipment	<u>71,440</u>	<u>96,511</u>
Total non-current assets	<u>3,219,272</u>	<u>3,374,733</u>
Total assets	<u>11,775,580</u>	<u>9,562,496</u>
LIABILITIES		
Current liabilities		
Trade and other payables	2,107,926	648,493
Borrowings	-	123,221
Provisions	<u>1,258,303</u>	<u>1,100,684</u>
Total current liabilities	<u>3,366,229</u>	<u>1,872,398</u>
Total liabilities	<u>3,366,229</u>	<u>1,872,398</u>
Net assets	<u>8,409,351</u>	<u>7,690,098</u>
EQUITY		
Reserves	3,540,526	3,560,143
Accumulated surplus	<u>4,868,825</u>	<u>4,129,955</u>
Total equity	<u>8,409,351</u>	<u>7,690,098</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 2010

	Accumulated surplus \$	Reserves \$	Total \$
Balance at 1 October 2008	3,241,692	2,839,513	6,081,205
Total comprehensive income for the year	1,608,893	-	1,608,893
Transfer from accumulated surplus	<u>(720,630)</u>	<u>720,630</u>	<u>-</u>
Balance at 30 September 2009	<u>4,129,955</u>	<u>3,560,143</u>	<u>7,690,098</u>
Balance at 1 October 2009	4,129,955	3,560,143	7,690,098
Total comprehensive income for the year	881,569	-	881,569
Revaluation of financial assets	-	(162,316)	(162,316)
Transfer from accumulated surplus	<u>(142,699)</u>	<u>142,699</u>	<u>-</u>
Balance at 30 September 2010	<u>4,868,825</u>	<u>3,540,526</u>	<u>8,409,351</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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 \$	2009 \$
Cash flows from operating activities		
Receipts of capitation fees and levies (inclusive of GST)	6,235,472	5,882,925
Receipts of campaign contributions from branches (inclusive of GST)	809,225	1,297,481
Sundry receipts	67,135	226,941
Payments to suppliers and employees (inclusive of GST)	(5,735,725)	(5,958,121)
Interest received	192,299	160,844
Net cash inflow from operating activities	<u>1,568,406</u>	<u>1,610,070</u>
Cash flows from investing activities		
Payment for investment	(31,926)	(18,862)
Payment for property, plant and equipment	(2,614)	(30,021)
Net cash (outflow) from investing activities	<u>(34,540)</u>	<u>(48,883)</u>
Cash flows from financing activities		
Repayment of borrowing	(14,638)	(43,717)
Net cash (outflow) from financing activities	<u>(14,638)</u>	<u>(43,717)</u>
Net increase in cash and cash equivalents	1,519,228	1,517,470
Cash and cash equivalents at beginning of financial year	5,602,726	4,085,256
Cash and cash equivalents at end of financial year	<u>7,121,954</u>	<u>5,602,726</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2010

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basic of Preparation of Concise Financial Reports

A full general purpose financial report has been prepared for the Australian Education Union - Federal Office (The AEU-Federal Office). The financial statements and specific disclosures included in the concise financial report have been derived from the general purpose financial report of the AEU-Federal Office. The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the general purpose financial report of the AEU-Federal Office.

(b) Basic of Accounting

The concise financial reports have been prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 and Accounting Standards AASB 1039 "Concise Financial Report"

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.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

(c) Presentation currency

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

2: Information to be provided to members or General Manager of FWA

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsection (1), (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 2010

3: Revenue

	2010 \$	2009 \$
From continuing operations		
<i>Service revenue</i>		
Capitation fees	4,228,032	3,947,428
Publication levy	550,592	527,541
Library income	59,373	59,973
TAFE teacher	28,303	14,467
Australian Educator	33,099	41,272
Affiliation fees levy	889,987	873,145
Campaign contributions from branches	542,331	530,153
School funding review advertising contribution from branches	900,009	-
	<u>7,231,726</u>	<u>5,993,979</u>
<i>Other revenue</i>		
Interest	283,072	160,844
Rent	119,654	88,957
Other revenue	89,092	113,047
	<u>491,818</u>	<u>362,848</u>
	<u>7,723,544</u>	<u>6,356,827</u>

4: Events occurring after reporting date

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

STATEMENT BY COMMITTEE OF MANAGEMENT

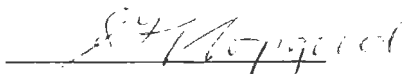
On 15th January 2011 the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the year ended 30 September 2010:

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 6 to 11 comply with Australian Accounting Standards and other mandatory professional reporting requirements
2. the financial statements and notes, as set out on pages 6 to 11 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 2010
 - 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - d. the financial records of the Australian Education Union - Federal Office have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the union; and
 - e. the information sought in any request of a member of the Australian Education Union - Federal Office or the General Manager of FWA under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of FWA; and
 - f. No orders have been made by the FWA under section 273 of the Fair Work (Registered Organisations) Act 2009 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 15th day of January 2011



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

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Incorporating BGL & Associates

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

Report on the concise financial report

The accompanying concise financial report of Australian Education Union – Federal Office which comprises the balance sheet as at 30 September 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 2010. 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 Fair Work (Registered Organisations) Act 2009. 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 2010. Our audit report on the financial report for the year was signed on 17 January 2011 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*. 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 of Australian Education Union – Federal Office for the year ended 30 September 2010 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and Fair Work (Registered Organisations) Act 2009.

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 2011
Melbourne



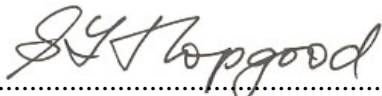
SECRETARY'S CERTIFICATE

I, SUSAN LOUISE HOPGOOD, Federal Secretary, Australian Education Union do certify that:

1. I am an Officer authorised by the AEU Rules to lodge these documents.
2. The Federal Executive of the AEU held a meeting in accordance with the rules on 15 January 2011 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 2010, and that members shall be provided free of charge with a copy of the full report where they make a request.

4. The copy of the concise report being lodged is the document that was provided to members on the AEU website www.aeufederal.org.au. Notification of the report's availability on the website was printed in the Autumn edition of national magazine of the Union, the *Australian Educator*.
5. The copy of the full report being lodged is the document which was presented to the meeting of the Federal Executive of the AEU on 3 March 2011.



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SUSAN LOUISE HOPGOOD

27 April 2011