



5 May 2015

Ms Susan Hopgood
Federal Secretary
Australian Education Union
Ground Floor, 120 Clarendon Street
SOUTHBANK VIC 3205

via email: shopgood@aeufederal.org.au

Dear Ms Hopgood

Australian Education Union Financial Report for the year ended 31 December 2014 - [FR2014/438]

I acknowledge receipt of the financial report of the Australian Education Union (the reporting unit). The documents were lodged with the Fair Work Commission (FWC) on 4 May 2015.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009* (RO Act) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

I make the following comments in relation to the concise report provided to members. You are not required to take any further action in respect of the report lodged. If a concise report is provided to members next year, the Fair Work Commission will confirm these concerns have been addressed prior to filing next year's report.

Committee of Management Statement

Committee of Management resolution to provide a concise report

Section 265(2) of the RO Act states that '*a concise report may only be provided if, under the rules of the reporting unit, the committee of management of the reporting unit resolves that a concise report is to be provided*'. There is no statement in the financial report indicating that a resolution to this effect has been passed by the Committee of Management. Please ensure in future years that this resolution is provide in the Committee of Management Statement.

Concise report and the reporting guidelines

Item 2 of the reporting guidelines state that '*these reporting guidelines apply to all general purpose financial reports (GPFR), including a concise financial report....*'. In future years, if the Committee of Management resolves to provide members with a concise report, please ensure that all requirements within the reporting guidelines are appropriately disclosed.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 reporting guidelines

and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7886 or via email at joanne.fenwick@fwc.gov.au.

Yours sincerely

A handwritten signature in blue ink, consisting of a stylized 'J' followed by a horizontal line that tapers to the right.

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



Australian Education Union

Federal Office

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4 May 2015

Ref: 031.001.001

Ms Bernadette O'Neill
General Manager
Fair Work Commission
GPO Box 1994
Melbourne Vic 3001

Dear Ms O'Neill,

**Re: Financial Documents for the Australian Education Union
for financial period ended 31 December 2014**

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

- (a) A copy of the AEU Financial Report for the financial period ending 31 December 2014 (Attachment A);
- (c) A copy of the concise report provided to members (Attachment B);
- (d) Secretary's Certificate that the document lodged are copies of the documents provided to members and presented to the meeting of the Federal Executive of the Australian Education Union on 23rd April 2015 (Attachment C).

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

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014



Australian Education Union

Federal Office

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

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

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

The financial report was authorised for issue by the committee of management on the 19th day of February 2015.

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

OPERATING REPORT

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 31 December 2014.

Members of executive

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

Federal Executive from 1 January 2014 to 28 February 2014

Name	Position	Name	Position
Kevin Bates **	General Division	Julie Brown	General Division
Carolyn Clancy	General Division	Matthew Cranitch	General Division
Jenny Diamond **	General Division	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Pat Forward**	Deputy Federal Secretary	Glenn Fowler	General Division
Angelo Gavrielatos **	Federal President	Anne Gisborne **	General Division
Correna Haythorpe **	Deputy Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Maurie Mulheron	General Division
Justin Mullaly	General Division	Meredith Peace**	General Division
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Darcel Russell (term ended 31 Jan 2014)	Deputy Federal Secretary
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Gary Zadkovich	General Division

Federal Executive from 1 March 2014 to 29 February 2016

Name	Position	Name	Position
Erin Aulich	General Division	Kevin Bates **	General Division
Julie Brown	General Division	Pat Byrne	General Division
Carolyn Clancy	General Division	Matthew Cranitch (resigned 23 May 2014)	General Division
Jenny Diamond (resigned 19 Aug 2014) **	General Division	John Dixon (from 13 Sept 2014)**	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Angelo Gavrielatos ** (resigned 1 Feb 2015)	Federal President	Correna Haythorpe ** (Deputy Federal President until 31 January 2015 and elected Federal President 1 Feb 2015)	Federal President
Susan Hopgood **	Federal Secretary	Joan Lemaire	General Division
Maurie Mulheron	General Division	Meredith Peace**	General Division
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Jarvis Ryan (from 1 August 2014)	General Division
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Justin Mullaly	General Division
Gary Zadkovich	General Division		

** members of Finance Committee

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

OPERATING REPORT (Continued)

Significant changes in state of financial affairs

There have been no significant changes in the state of financial affairs of the AEU-Federal Office occurred during the financial year.

Review of principal activities and results of operations

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

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

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

The AEU Federal Executive set the following strategic objectives :

- Increase Government funding to public schools, early childhood education centres and TAFE institutes.
- Enhance and support the professional status of AEU members in public education.
- Protect and promote quality teaching and learning.
- Protect and enhance the industrial rights of AEU members.
- Promote human rights and social justice.

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

Throughout 2014 the AEU has continued to advocate for the full six years of Gonski funding necessary to ensure all schools are funded to the resource standard required for every student to be given the opportunity to succeed regardless of their family background or circumstances. The *I give a Gonski* campaign has also focused on campaigning at the national, state and local level against the cuts to education and advocating for the Abbott Government to honour their election commitment to introduce a needs based disability loading in 2015. At the state and territory level the campaign has focused on ensuring the additional Gonski money promised as part of the Gonski reforms was distributed to schools on the basis of student need.

The *Stop TAFE Cuts* campaign continued to grow throughout 2014. Campaigning focussed on the House of Representatives and Senate inquiries into TAFE. The AEU continued to work closely with the AMWU and the ACTU to maximise broader union participation in the campaign. Both the AMWU and the ACTU and Adult Learning Australia co-sponsored activities around National TAFE Day on June 18, including a reception in Parliament House, and a seminar on the impact of the budget on young people at Canberra Institute of Technology.

The AEU commissioned research into the activities of private for-profit providers in the VET sector towards the end of 2014. And the report: *The capture of public wealth by the for-profit VET sector* was published in early 2015

OPERATING REPORT (Continued)

Review of principal activities and results of operations (continued)

The union campaigned for the Abbott Government to commit to fund in 2015 universal access to fifteen hours of pre-school delivered by a qualified teacher for every four year old. In the face of attacks on the sector more broadly through the uncertainty created by this funding vacuum and the Productivity Commission report and draft NFQ Regulatory Impact Statement recommending the lowering of minimum staff qualifications, decreasing educator-to-child ratios and reduction of standards, the union has focussed on building support from parents and the community. Increasing access and participation of Aboriginal and Torres Strait Islander children in early childhood education continues to be a major focus of the union's work in this sector.

The union has worked with members, Branches and employing authorities to improve the status of the profession in all sectors, through advocacy and support for the Professional Standards for Teachers, introduction of professional qualifications for TAFE Teachers and Early Childhood teachers as well as further recognition through improved remuneration for teachers and education workers, improved working conditions and representation on various professional bodies such as AITSL.

Results of activities

The AEU's I Give a Gonski campaign helped to deliver a new national funding system, five government agreements and hundreds of millions of dollars in extra funding for public schools. In NSW, Tasmania and South Australia, where the funding is starting to flow, the benefits are already visible, through increased resourcing in schools, better outcomes and increased levels of job satisfaction being reported by members.

Despite the agenda of the federal government to dismantle the Gonski funding model and back down on its commitment to fully fund the Gonski reforms, the AEU, together with parents and the broader community have successfully campaigned for to ensure that fairer funding for schools remains on the political agenda. The impact of the high profile Gonski campaign continues to be enormous. The fair funding for schools and the full implementation of Gonski is high on the issues of voters' both at a national and at state level.

Throughout this year members of the AEU and school communities continued to promote the positive outcomes for students of increased funding. Across Australia parents, teachers and principals have spoken of the importance of fair and equitable funding for their schools, and of the demonstrated connection between additional resourcing for schools and improved student outcomes.

A national Gonski Tour resulted in increased awareness and support for the full implementation of the Gonski reforms and also resulted in hundreds of submissions from parents, teachers and principals throughout the country to the Senate Inquiry into School Funding. AEU members participated in a National Gonski week of activities, lobbying local politicians, talking to their school communities.

The AEU's *Stop TAFE Cuts* campaign continues to build a strong presence on social media, and the *Do Your Block* activity held across the country in September saw the distribution of over 100,000 leaflets and letters. We have been successful in engaging a broad cross section of the Australian community in the campaign, including a number of students groups who have been very keen to engage with us. The AEU made submissions to both parliamentary inquiries, and the public hearings.

TAFE cuts and the impact of government privatisation policies on the sector featured prominently in both the Victorian and the Queensland elections, largely as a result of the AEU's campaigning activities.

The campaign for universal pre-school education for four year olds was successful with the federal government extending the funding for 2015. This campaign will continue to ensure ongoing funding is provided beyond 2015. Submissions and community campaigning in response to the Productivity Commission draft report have resulted in a raised awareness in the community of the importance of qualified teachers and other staff in all early child education and care centres as well as the importance of high standards.

OPERATING REPORT (Continued)

Results of activities (continued)

Throughout the financial year the AEU has successfully enhanced and supported the professional status of AEU members in public education through professional development and training and conferences, representation of members on professional bodies and to employers; made submissions and appeared before Commonwealth of Australia Parliamentary Committee and various federal Inquiries.

The AEU federal office has coordinated, researched and informed Branches on matters relating to industrial matters including support for salaries and conditions which have resulted in increased salaries and improved conditions across the country.

Analysis of results for the year:

The expenditure on campaigning is impacted by the three year federal election cycle. It is quite usual for the initial year following an election to be a year of consolidation and planning leading to a more active campaign in the next two years. 2014 was such a year – much of the expenditure on the campaigns have focused on planning, evaluation and raising awareness of the impact of the newly elected government policies.

The next two years of the election cycle will require a much more active campaign, particularly focussing on local community campaigning in targeted electorates, to promote and advocate for a continuation of the new fairer funding model for schools based on student need This will be significant in convincing the electorate of the choices in the election to maintain schools funding aimed at achieving equitable education outcomes.

The public education funds which the AEU holds will provide the resources necessary to conduct such a campaign over the next two years in the lead up to the 2016 federal election.

	General Operations	Public Education Campaign	Total
	\$	\$	\$
Revenue	8,274,799	1,172,709	9,447,508
Expenses	(6,176,379)	(200,452)	(6,376,831)
Funds transferred	(1,600,000)	1,600,000	-
Surplus for the year	498,420	2,572,257	3,070,677

OPERATING REPORT (Continued)

Right of members to resign

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

"17 - Resignation from membership and termination of eligibility

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

OPERATING REPORT (Continued)

Membership and employee numbers

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis at 31 December 2014 was 18.3 (2013: 20)

The number of members across 8 branches at 31 December 2014 was 189,468 (2013: 193,532).


Superannuation trustees

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

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

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer:



Name of designated officer: Susan Hopgood

Title of designated officer: Federal Secretary

Date:

19/2/15

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Revenue from continuing operations	4	9,447,508	10,127,356
Expenses			
Administrative and other expenses	5	(432,264)	(449,176)
Capitation, affiliation fees and levies	6	(1,602,920)	(1,404,967)
Campaign and project expenses	7	(231,367)	(4,432,634)
Depreciation and amortisation	8	(13,883)	(17,091)
Employee expenses	9	(2,754,359)	(2,656,277)
ITF allocation		(88,000)	(88,000)
Legal and professional fees	10	(47,698)	(28,928)
Meeting and conference expenses	11	(497,971)	(405,353)
Publications	12	(708,369)	(652,121)
VET Grant expenses		-	(100,000)
		<u>(6,376,831)</u>	<u>(10,234,547)</u>
Surplus (Deficit) for the year		<u>3,070,677</u>	<u>(107,191)</u>
Surplus (Deficit) attributable to the members		3,070,677	(107,191)
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the members		<u>3,070,677</u>	<u>(107,191)</u>

The above statement of profit or loss and other 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 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	12,703,035	9,810,083
Trade and other receivables	14	<u>188,473</u>	<u>149,148</u>
Total current assets		<u>12,891,508</u>	<u>9,959,231</u>
Non-current assets			
Available-for-sale financial assets	15	3,554,017	3,488,077
Property, plant and equipment	16	<u>29,353</u>	<u>37,369</u>
Total non-current assets		<u>3,583,370</u>	<u>3,525,446</u>
Total assets		<u>16,474,878</u>	<u>13,484,677</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	297,422	520,613
Provisions	18	<u>1,963,440</u>	<u>1,820,725</u>
Total current liabilities		<u>2,260,862</u>	<u>2,341,338</u>
Total liabilities		<u>2,260,862</u>	<u>2,341,338</u>
Net assets		<u>14,214,016</u>	<u>11,143,339</u>
FUNDS			
Reserves	19	5,853,792	3,231,535
General fund	20	<u>8,360,224</u>	<u>7,911,804</u>
Total funds		<u>14,214,016</u>	<u>11,143,339</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 FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

	General Fund \$	Reserves \$	Total \$
Balance at 1 January 2013	7,420,862	3,829,668	11,250,530
Total comprehensive income for the year	(107,191)	-	(107,191)
Revaluation of financial assets	-	-	-
Transfer from general fund	<u>598,133</u>	<u>(598,133)</u>	<u>-</u>
Balance at 31 December 2013	<u>7,911,804</u>	<u>3,231,535</u>	<u>11,143,339</u>
Balance at 1 January 2014	7,911,804	3,231,535	11,143,339
Total comprehensive income for the year	3,070,677	-	3,070,677
Revaluation of financial assets	-	-	-
Transfer from general fund	<u>(2,622,257)</u>	<u>2,622,257</u>	<u>-</u>
Balance at 31 December 2014	<u>8,360,224</u>	<u>5,853,792</u>	<u>14,214,016</u>

The above statement of changes in funds 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 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts of capitation fees and levies (inclusive of GST)	25(a)	8,277,544	8,524,775
Receipts of campaign contributions from branches (inclusive of GST)	25(b)	1,289,981	2,471,165
Sundry receipts		480,189	484,587
Payments to suppliers and employees (inclusive of GST)		(7,223,291)	(10,957,396)
Interest received		240,877	274,650
Net cash inflow from operating activities	25(c)	<u>3,061,206</u>	<u>797,781</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(5,867)	(14,315)
Payment for investment		(65,940)	-
Net cash (outflow) from investing activities		<u>(71,807)</u>	<u>(14,315)</u>
Cash flows from financing activities			
Repayment (advance) of borrowing		(96,447)	138,881
Net cash (outflow) inflow from financing activities		<u>(96,447)</u>	<u>138,881</u>
Net increase in cash and cash equivalents		2,892,952	922,347
Cash and cash equivalents at beginning of financial year		<u>9,810,083</u>	8,887,736
Cash and cash equivalents at end of financial year	13(a)	<u>12,703,035</u>	<u>9,810,083</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 31 DECEMBER 2014

1: Summary 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 period presented, unless otherwise stated.

The financial report includes the separate financial statements for the Australian Education Union - Federal Office (The AEU-Federal Office). The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Fair Work (Registered Organisation) Act 2009*. The AEU-Federal Office is a not-for-profit entity for the purpose of preparing the financial statements.

Compliance with Australian Accounting Standards

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

Early adoption of standards

No accounting standard has been adopted earlier than the application date stated in the standard.

New and amended standards adopted by the AEU-Federal Office

The AEU-Federal Office has applied the following standards and amendments for first time in their annual reporting period commencing 1 January 2014:

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair valued.

The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2014. Its disclosure requirements need not be applied to comparative information in the first year of application. The AEU-Federal Office has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 *Financial Instruments: Disclosures*.

The AEU-Federal Office has applied AASB 13 for the first time in the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New and amended standards adopted by the AEU-Federal Office

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

These amendments have had no significant impact on the entity.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the AEU-Federal Office's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Taxation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(c) 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 AEU-Federal Office 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.

Revenue is recognised for the major operating activities as follows:

Affiliation and capitation fees and levies

Affiliation and capitation fees and levies are recognised on an accruals basis when the right to receive the fee or levy has been established.

Campaign contributions from branches

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

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).

(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 31 DECEMBER 2014

1: Summary 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.

Impairment

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(f) Fair value estimation

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 end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

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

Specific valuation techniques used to value financial instruments include:

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(i) 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 provision for employee benefits 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 years 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.

(j) 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.

(k) Comparative figures

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

(l) 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 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods. The AEU-Federal Office's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2017) and AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters and AASB 2013-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the AEU-Federal Office's accounting for its available-for-sale 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. This change will not impact the AEU-Federal Office as current accounting for gains and losses on available-for-sale financial assets is consistent with proposed changes.

There will be no impact on the AEU-Federal Office's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the AEU-Federal Office does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The AEU-Federal Office has not yet decided when to adopt AASB 9.

(ii) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective from 1 July 2014)

The Standard amends AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards.

When these amendments are first adopted for the year ending 31 December 2014, they are unlikely to have any significant impact on the entity.

(iii) AASB 2013-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

AASB 2013-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

When AASB 2013-3 is first adopted for the year ended 31 December 2014, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(m) New accounting standards and interpretations (Continued)

(iv) AASB 2014-3 *Recoverable Amount Disclosures for Non-Financial Assets* (effective 1 January 2014)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. AASB 2014-3 makes the equivalent amendments to AASB 136 *Impairment of Assets*.

When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.

(v) AASB 2014-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (effective 1 January 2014)

AASB 2014-4 makes amendments to AASB 139 *Financial Instruments: Recognition & Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

This standard is not expected to impact the AEU-Federal Office.

(vi) AASB 2014-5 *Amendments to Australian Accounting Standards – Investment Entities* (effective 1 January 2014)

The amendments in AASB 2014-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries. These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

This standard is not expected to impact the AEU-Federal Office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1: Summary of significant accounting policies (Continued)

(m) New accounting standards and interpretations (Continued)

(vii) AASB Interpretation 21 *Levies* (effective 1 January 2014)

Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy). Interpretation 21 is an interpretation of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

When this interpretation is adopted for the first time on 1 January 2014, there will be no significant impact on the financial statements as the entity is not subject any levies addressed by this interpretation.

(viii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2014).

In August 2013, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

Proposed changes will not have any impact on the AEU-Federal Office as the AEU-Federal Office does not have a material interest in other entities and is not a part of any joint arrangements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 judgements 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 year of service.

3: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009* the attention of members is drawn to the provisions of subsection (1) to (3) of sections 272, which read as follows:

Information to be provided to members or the General Manager of Fair Work Commission:

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

(2) the application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

4: Revenue

	Notes	2014 \$	2013 \$
From continuing operations			
<i>Service revenue</i>			
Affiliation fees & other levies	a	1,513,861	1,352,694
Campaign contributions from branches	b	1,172,709	2,198,441
Capitation fees	c	5,307,103	5,114,092
Library income		69,050	66,459
Publication income	d	132,653	115,158
Publication levy	e	658,615	634,762
		<u>8,853,991</u>	<u>9,481,606</u>
<i>Other revenue</i>			
Distribution received		88,425	-
Donations		-	-
Financial support from another reporting unit		-	-
Grants		-	100,000
Interest		252,107	260,638
ITF reimbursements		57,350	57,500
Rent		132,664	128,448
Sitting fees		8,592	23,933
Other revenue		54,379	75,231
		<u>593,517</u>	<u>645,750</u>
		<u>9,447,508</u>	<u>10,127,356</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4: Revenue (Continued)

(a) Affiliation fees & other levies

	2014	2013
	\$	\$
ACT Branch	25,955	24,259
NSW Branch	475,982	456,827
NT Branch	15,892	14,093
QLD Branch	310,150	253,369
SA Branch	105,223	98,752
TAS Branch	48,318	45,060
VIC Branch	417,546	354,366
SSTUWA for the WA Branch	114,795	105,968
	<u>1,513,861</u>	<u>1,352,694</u>

The affiliation fees income represents the funding from the branches for the ACTU & Education International Affiliations and the ACTU Campaign levy.

(b) Campaign contributions from branches

	2014	2013
	\$	\$
ACT Branch	20,106	20,380
NSW Branch	368,718	883,793
NT Branch	12,311	11,840
QLD Branch	240,257	394,700
SA Branch	81,512	162,965
TAS Branch	37,429	37,856
VIC Branch	323,451	497,881
SSTUWA for the WA Branch	88,925	189,026
	<u>1,172,709</u>	<u>2,198,441</u>

These contribution from branches are for the National Public Education Campaign.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4: Revenue (Continued)

(c) Capitation fees

	2014	2013
	\$	\$
ACT Branch	90,989	89,202
NSW Branch	1,668,639	1,679,803
NT Branch	55,711	51,821
QLD Branch	1,087,286	1,071,017
SA Branch	368,878	363,123
TAS Branch	169,385	165,692
VIC Branch	1,463,781	1,303,779
SSTUWA for the WA Branch	402,434	389,655
	<u>5,307,103</u>	<u>5,114,092</u>

(d) Publication income

	2014	2013
	\$	\$
Australian Educator	106,279	86,632
TAFE Teacher	26,374	28,526
	<u>132,653</u>	<u>115,158</u>

(e) Publication levy

	2014	2013
	\$	\$
ACT Branch	11,292	11,072
NSW Branch	207,079	208,497
NT Branch	6,914	6,432
QLD Branch	134,933	132,935
SA Branch	45,778	45,071
TAS Branch	21,021	20,566
VIC Branch	181,656	161,825
SSTUWA for the WA Branch	49,942	48,364
	<u>658,615</u>	<u>634,762</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5: Administration and other expenses

	2014 \$	2013 \$
Communication	52,957	71,483
Consideration to employers for payroll deductions	-	-
Donations:		
Total paid that were \$1,000 or less	2,623	8,030
Total paid that exceeded \$1,000	54,500	44,000
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Insurance	31,532	30,415
Library	30,970	29,380
Occupancy costs	106,365	118,372
Penalties - via RO Act or RO Regulations	-	-
Postage, printing and stationary	63,169	60,472
Travel	42,593	58,616
Other expenses	47,555	28,408
	<u>432,264</u>	<u>449,176</u>

6: Capitation, affiliation fees & levies

	2014 \$	2013 \$
<i>Capitation fees</i>	-	-
<i>Affiliation fees</i>		
ACOSS	1,432	1,815
ACSA	-	209
Aust Council on Children & Media	191	-
ACTU	761,161	649,403
APHEDA	3,660	6,655
ATEA	136	136
AFTINET	200	-
Australian Anti-Base campaign	200	382
AARE	180	180
Australian Institute Employment Right	3,000	3,000
AVETRA	146	146
AYPPN	-	150
Education International	449,998	362,997
International Peace Bureau	221	213
National Education Forum	-	210
SNAICC	109	109
The Refugee Council of Australia	480	400
	<u>1,221,114</u>	<u>1,026,005</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

6: Capitation, affiliation fees & levies (Continued)

	2014	2013
	\$	\$
<i>Compulsory levies</i>		
ACTU – campaign levy	<u>381,806</u>	378,962
<i>Total Capitation, affiliation and levies</i>	<u>1,602,920</u>	<u>1,404,967</u>

7: Campaign and project expenses

	2014	2013
	\$	\$
Public education campaigns	200,452	4,396,574
Research project and other campaigns	<u>30,915</u>	<u>36,060</u>
	<u>231,367</u>	<u>4,432,634</u>

8: Depreciation

	2014	2013
	\$	\$
<i>Depreciation of non-current assets</i>		
Office equipment	9,121	11,981
Furniture, fixtures and fittings	<u>4,762</u>	<u>5,110</u>
	<u>13,883</u>	<u>17,091</u>

9: Employee expenses

	2014	2013
	\$	\$
Holders of office:		
Wages and salaries	1,370,063	1,373,324
Superannuation	190,139	181,948
Leave and other entitlements	101,253	58,344
Separation and redundancies	-	-
Other employee expenses	<u>15,520</u>	<u>29,429</u>
	<u>1,676,975</u>	<u>1,643,045</u>
Employees other than holders of office:		
Wages and salaries	733,783	675,513
Casual wages	5,391	10,391
Superannuation	112,931	123,871
Leave and other entitlements	41,823	63,162
Separation and redundancies	-	-
Other employee expenses	<u>-</u>	<u>-</u>
	<u>893,928</u>	<u>872,937</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

9: Employee expenses (Continued)

	2014	2013
	\$	\$
Other :		
Payroll tax	119,215	116,413
Workcover	25,838	21,687
Staff recruitment	10,984	-
Fringe benefit tax	10,129	1,203
Staff training	17,290	992
	<u>183,456</u>	<u>140,295</u>
Total employee expenses	<u>2,754,359</u>	<u>2,656,277</u>

10: Legal and professional fees

	2014	2013
	\$	\$
Audit of the financial report	28,250	28,000
Audit of VET grant	1,100	-
Legal fees		
- litigation	-	-
- other legal matters	18,348	928
	<u>47,698</u>	<u>28,928</u>

11: Meeting and conference expenses

	2014	2013
	\$	\$
Fees/allowances - meeting and conferences	118,161	120,729
Other meeting expenses	379,810	284,624
	<u>497,971</u>	<u>405,353</u>

12: Publications

	2014	2013
	\$	\$
Australian Educator	618,059	571,565
TAFE Teacher	90,310	80,556
	<u>708,369</u>	<u>652,121</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

13: Current assets – Cash and cash equivalents

	2014 \$	2013 \$
Cash on hand	3,706	3,661
Cash at bank	6,310,234	3,621,079
Term deposits	6,389,095	6,185,343
	<u>12,703,035</u>	<u>9,810,083</u>

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

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

Balances as above	<u>12,703,035</u>	<u>9,810,083</u>
Balances per statement of cash flows	<u>12,703,035</u>	<u>9,810,083</u>

14: Current assets – Trade and other receivables

	2014 \$	2013 \$
<i>Receivable from other reporting units</i>		
NSW Branch	-	10,687
TAS Branch	-	381
	-	11,068
Less provision for impairment of receivables	-	-
	-	11,068
<i>Others</i>		
Prepayments	63,350	51,985
Amount due from ITF	61,403	-
Due from the FEU Unit trust	-	18,725
Other receivables	63,720	67,370
	<u>188,473</u>	<u>149,148</u>

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

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

	2014 \$	2013 \$
Unlisted investments in unit trusts	<u>3,554,017</u>	<u>3,488,077</u>

These financial assets are carried at fair value.

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

Opening balance	3,488,077	3,488,077
Additions	65,940	-
Increase in investment revaluation reserve	-	-
Closing balance	<u>3,554,017</u>	<u>3,488,077</u>

(a) The unit trust represents a 21.9% investment in the FEU which owns the building occupied by the AEU Federal Office.

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

	2014 \$	2013 \$
Plant and equipment		
Office equipment		
At cost	93,509	88,961
Less accumulated depreciation	<u>(72,729)</u>	<u>(63,608)</u>
	<u>20,780</u>	<u>25,353</u>
Furniture, fixtures and fittings		
At cost	52,422	51,103
Less accumulated depreciation	<u>(43,849)</u>	<u>(39,087)</u>
	<u>8,573</u>	<u>12,016</u>
Total property, plant and equipment	<u>29,353</u>	<u>37,369</u>

(a) Non-current assets pledged as security

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

16: Non-current assets – Property, plant and equipment (Continued)

(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:

2013	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
Opening net book amount	23,019	17,126	40,145
Addition	14,315	-	14,315
Depreciation	<u>(11,981)</u>	<u>(5,110)</u>	<u>(17,091)</u>
Closing net book amount	<u>25,353</u>	<u>12,016</u>	<u>37,369</u>

2014	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
Opening net book amount	25,353	12,016	37,369
Addition	4,548	1,319	5,867
Depreciation	<u>(9,121)</u>	<u>(4,762)</u>	<u>(13,883)</u>
Closing net book amount	<u>20,780</u>	<u>8,573</u>	<u>29,353</u>

17: Current liabilities – Trade and other payables

	2014 \$	2013 \$
<i>Unsecured:</i>		
Trade creditors	140,163	116,516
Legal cost payables		
- other legal matters	-	-
- litigation	-	-
Amount payables to other reporting units	-	-
Consideration to employers for payroll deductions	-	-
Amount due to FEU Unit Trust	101,202	-
Amount due to ITF	-	154,974
Net GST owed	12,994	171,673
Other payables and accruals	<u>43,063</u>	<u>77,450</u>
	<u>297,422</u>	<u>520,613</u>

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

18: Current liabilities – Provisions

	2014	2013
	\$	\$
Holders of office:		
Annual leave	550,601	498,121
Long service leave	756,359	707,584
Separations and redundancies	-	-
Other	-	-
	<u>1,306,960</u>	<u>1,205,705</u>
Employees other than holders of office:		
Annual leave	199,921	181,038
Long service leave	390,048	367,107
Separations and redundancies	-	-
Other	-	-
	<u>589,969</u>	<u>548,145</u>
Other provision	<u>66,511</u>	<u>66,875</u>
Total provision	<u>1,963,440</u>	<u>1,820,725</u>

(a) Employee benefits - long service leave

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

	Employee entitlement	Other provisions	Total
	\$	\$	\$
Balance at 1 January 2013	1,591,725	66,875	1,658,600
Charged to income statement	<u>162,125</u>	-	<u>162,125</u>
Balance at 31 December 2013	1,753,850	66,875	1,820,725
Charged to income statement	<u>143,079</u>	<u>(364)</u>	<u>142,715</u>
Balance at 31 December 2014	<u>1,896,929</u>	<u>66,511</u>	<u>1,963,440</u>

19: Reserves

	2014	2013
	\$	\$
Public education campaign reserve	(a) 3,701,542	1,129,285
Workers' rights campaign reserve	(b) 323,352	273,352
Available for sale investments revaluation reserve	(c) 1,714,698	1,714,698
Allocated funds reserve	(d) 114,200	114,200
	<u>5,853,792</u>	<u>3,231,535</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

19: Reserves (Continued)

(a) Public education campaign reserve

	2014	2013
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	1,129,285	1,727,418
Funds received (note 4)	1,172,709	2,198,441
Funds allocated from general fund	1,600,000	1,600,000
	3,901,994	5,525,859
Funds spent (note 7)	(200,452)	(4,396,574)
Funds transferred	-	-
<i>Closing balance</i>	<u>3,701,542</u>	<u>1,129,285</u>

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

(b) Workers rights campaign reserve

	2014	2013
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	273,352	273,352
Funds received	-	-
Funds allocated	50,000	-
	-	-
Funds spent	-	-
Funds transferred	-	-
<i>Closing balance</i>	<u>323,352</u>	<u>273,352</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

19: Reserves (Continued)

(c) Available for sale investment revaluation reserve

	2014	2013
	\$	\$
<i>Movements during the financial year:</i>		
Opening balance	1,714,698	1,714,698
Revaluation	-	-
Closing balance	<u>1,714,698</u>	<u>1,714,698</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.

(d) Allocated funds reserve

	2014	2013
	\$	\$
<i>Movements during the financial year:</i>		
<i>Opening balance</i>	114,200	114,200
Funds allocated	-	-
Funds transferred	-	-
Funds spent	-	-
Funds transferred	-	-
<i>Closing balance</i>	<u>114,200</u>	<u>114,200</u>

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

20: General funds

	2014	2013
	\$	\$
<i>Movements in the general funds were as follows:</i>		
Opening balance	7,911,804	7,420,862
Net surplus (deficit) for the year	3,070,677	(107,191)
Transfer to reserves	<u>(2,622,257)</u>	598,133
Ending balance	<u>8,360,224</u>	<u>7,911,804</u>

Apart from those recorded in the financial statements, no specific funds or accounts have been operated as part of the Federal Fund in respect of compulsory levies or voluntary contributions (Refer Note 28).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

21: Contingencies

Details of contingent liabilities where the probability of future payments is not considered remote are set out below. Provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2014	2013
	\$	\$
Bank autopay facility	<u>30,000</u>	<u>30,000</u>

There are no other known contingent assets or liabilities at 31 December 2014.

22: Commitments

	2014	2013
	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	63,499	36,696
Later than one year but no later than five years	<u>71,167</u>	<u>107,030</u>
	<u>134,666</u>	<u>143,726</u>

General description of leasing arrangement:

Leases are for photocopiers, postage meters and rental property.

23: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

24: Related party transactions

(a) Key management personnel

Members of Executive

(i) The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The names of the Federal Executive in office at any time during or since the end of the financial year are:

Federal Executive from 1 January 2014 to 28 February 2014

<i>Name</i>	<i>Position</i>	<i>Name</i>	<i>Position</i>
Kevin Bates **	General Division	Julie Brown	General Division
Carolyn Clancy	General Division	Matthew Cranitch	General Division
Jenny Diamond **	General Division	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Pat Forward**	Deputy Federal Secretary	Glenn Fowler	General Division
Angelo Gavrielatos **	Federal President	Anne Gisborne **	General Division
Correna Haythorpe **	Deputy Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Maurie Mulheron	General Division
Justin Mullaly	General Division	Meredith Peace**	General Division
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Darcel Russell (term ended 31 Jan 2014)	Deputy Federal Secretary
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Gary Zadkovich	General Division

Federal Executive from 1 March 2014 to 29 February 2016

<i>Name</i>	<i>Position</i>	<i>Name</i>	<i>Position</i>
Erin Aulich	General Division	Kevin Bates **	General Division
Julie Brown	General Division	Pat Byrne	General Division
Carolyn Clancy	General Division	Matthew Cranitch (resigned 23 May 2014)	General Division
Jenny Diamond (resigned 19 Aug 2014) **	General Division	John Dixon (from 13 Sept 2014)**	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Angelo Gavrielatos ** (resigned 1 Feb 2015)	Federal President	Correna Haythorpe ** (Deputy Federal President until 31 January 2015 and elected Federal President 1 Feb 2015)	Federal President
Susan Hopgood **	Federal Secretary	Joan Lemaire	General Division
Maurie Mulheron	General Division	Meredith Peace**	General Division
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Jarvis Ryan (from 1 August 2014)	General Division
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Justin Mullaly	General Division
Gary Zadkovich	General Division		

** members of Finance Committee

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

24: Related party transactions

(a) Key management personnel (Continued)

Members of Executive (Continued)

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

Susan Hopgood

Pat Forward

Darcel Russell

(iii) Key management personnel remuneration

	2014	2013
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	1,370,063	1,373,324
Annual leave accrued	52,480	23,215
Total short-term employee benefits	<u>1,422,543</u>	<u>1,396,539</u>
Post-employment benefits:		
Superannuation	190,139	181,948
Total post-employment benefits	<u>190,139</u>	<u>181,948</u>
Other long-term benefits:		
Long-service leave	48,773	35,129
Total other long-term benefits	<u>48,773</u>	<u>35,129</u>
Termination benefits	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Total	<u>1,661,455</u>	<u>1,613,616</u>

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

(v) There were no transactions between key management personnel or the committee of management and the AEU-Federal Office other than those relating to their membership of the AEU-Federal Office and reimbursement by the AEU-Federal Office in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

24: Related party transactions (Continued)

(b) Transactions with related parties

Sales of goods and services:

Capitation fees and levies received

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

	2014	2013
	\$	\$
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	57,350	57,500
<i>Rent received</i>		
From the Federation of Education Unions Unit trust	132,664	128,448
<i>Purchases of goods and services:</i>		
<i>Outgoings paid</i>		
To the Federation of Education Unions Unit trust	106,365	118,372
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	303,070	305,819

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

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

(d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the entity has not recorded any impairment of receivables relating to those owed by related parties and declared person or body (2013: \$Nil). This assessment is undertaken each financial year examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

25: Cash flow information

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

	2014	2013
	\$	\$
ACT Branch	141,060	136,986
NSW Branch	2,586,871	3,292,713
NT Branch	86,372	79,580
QLD Branch	1,685,606	1,603,054
SA Branch	571,867	557,641
TAS Branch	262,599	254,449
VIC Branch	2,269,282	2,001,967
SSTUWA for the WA Branch	623,887	598,385
	<u>8,227,544</u>	<u>8,524,775</u>

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

	2014	2013
	\$	\$
ACT Branch	22,117	25,004
NSW Branch	405,591	1,022,466
NT Branch	13,542	13,024
QLD Branch	264,283	434,170
SA Branch	89,662	179,262
TAS Branch	41,172	41,642
VIC Branch	355,797	547,669
SSTUWA for the WA Branch	97,817	207,928
	<u>1,289,981</u>	<u>2,417,165</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

25: Cash flow information (Continued)

(c) Reconciliation of cash flow from operations with the surplus (deficit) for the year

	2014	2013
	\$	\$
Surplus (Deficit) for the year	3,070,677	(107,191)
<i>Non-cash flows in surplus (deficit)</i>		
Depreciation	13,883	17,091
Write-back of bad debts provisions	-	(10,000)
<i>Changes in assets and liabilities</i>		
Decrease in trade and other receivables	3,351	829,053
(Decrease) in payables	(169,419)	(93,297)
Increase in provisions	142,714	162,125
Cash flows from operations	<u>3,061,206</u>	<u>797,781</u>

26: Wage recovery activities

All wage recovery activity has resulted in payments being made directly to members by employers. The AEU-Federal Office has not derived any revenue in respect of these activities.

27: Other information

(i) Going Concern

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

(ii) Financial Support

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

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

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

- an amalgamation under part 2 of Chapter 3, of the RO Act;
- a restructure of the Branches of the organisation;
- a determination by the General Manager under s245(1) of the RO Act;
- a revocation by the General Manager under s249(1) of the RO Act;

(iv) Acquisition of assets and liability as part of a business combination:

If assets and liabilities were acquired during the financial year as part of a business combination, the requirement of the Australian Accounting Standards will be complied with. No such acquisition has occurred during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

28: International Trust Fund

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

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

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

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

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

	Note	2014	2013
		\$	\$
Summarised balance sheet			
Current assets		2,940,100	1,514,571
Non-current assets		<u>-</u>	<u>1,257,839</u>
Total assets		<u>2,940,100</u>	<u>2,772,410</u>
Current liabilities		<u>104,135</u>	<u>221,910</u>
Total liabilities		<u>104,135</u>	<u>221,910</u>
Net assets		<u>2,835,965</u>	<u>2,550,500</u>
Summarised income and expenditure statement			
		2014	2013
		\$	\$
REVENUE			
Contributions	a	706,028	673,018
Investment income		82,685	84,357
Other income		<u>100,574</u>	<u>-</u>
TOTAL REVENUE		<u>889,287</u>	<u>757,375</u>
TOTAL EXPENDITURE		<u>603,822</u>	<u>614,735</u>
EXCESS OF REVENUE OVER EXPENDITURE		<u>285,465</u>	<u>142,640</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

28: International Trust Fund (Continued)

Summarised cash flows	2014 \$	2013 \$
Net cash inflow from operating activities	166,325	167,356
Net cash (outflow) from financing activities	<u>158,086</u>	<u>(138,883)</u>
Net increase in cash and cash equivalents	<u><u>324,411</u></u>	<u><u>28,473</u></u>

(a) Contributions

	2014 \$	2013 \$
ACT Branch	13,250	11,000
NSW Branch	150,000	150,000
Federal Fund	88,000	88,000
NT Branch	8,021	8,021
QLD Branch	100,000	80,000
SA Branch	60,000	55,000
TAS Branch	16,000	14,000
VIC Branch	192,000	192,000
SSTUWA for the WA Branch	<u>78,757</u>	<u>74,997</u>
	<u><u>706,028</u></u>	<u><u>673,018</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

29: Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

(a) Market risk

(i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

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

Sensitivity analysis

As at 31 December 2014 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2014	2013
<i>Effect on results:</i>	\$	\$
Increase of interest rates by 2%	5,042	5,212
Decrease of interest rates by 2%	(5,042)	(5,212)

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

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

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

	2014	2013
	\$	\$
Cash at bank		
AA- Rating	6,310,234	3,621,079
Term deposits		
AA- Rating	6,389,095	6,185,343

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

29: Financial risk management (Continued)

(c) Liquidity risk

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

Maturity profile of financial instruments

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

2014

	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		-	-	-	-	-	3,706	3,706
Cash at bank	0.89	6,310,234	-	-	-	-	-	6,310,234
Deposits at bank	3.24	-	6,389,095	-	-	-	-	6,389,095
Other receivables		-	-	-	-	-	125,123	125,123
Available for sale financial assets		-	-	-	-	-	3,554,017	3,554,017
		<u>6,310,234</u>	<u>6,389,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,682,846</u>	<u>16,382,175</u>
Financial Liabilities								
Other payables		-	-	-	-	-	297,422	297,422
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,422</u>	<u>297,422</u>
Net Financial Assets		<u>6,310,234</u>	<u>6,389,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,385,424</u>	<u>16,084,753</u>

2013

	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		-	-	-	-	-	3,661	3,661
Cash at bank	0.31	3,621,079	-	-	-	-	-	3,621,079
Deposits at bank	3.34	-	6,185,343	-	-	-	-	6,185,343
Other receivables		-	-	-	-	-	97,163	97,163
Available for sale financial assets		-	-	-	-	-	3,488,077	3,488,077
		<u>3,621,079</u>	<u>6,185,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,588,901</u>	<u>13,395,323</u>
Financial Liabilities								
Other payables		-	-	-	-	-	520,613	520,613
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,613</u>	<u>520,613</u>
Net Financial Assets		<u>3,621,079</u>	<u>6,185,343</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,068,288</u>	<u>12,874,710</u>

(d) Offsetting financial assets and financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

30: Fair value measurement

(a) Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2014 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2014 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

	Carrying amount 2014 \$	Fair value 2014 \$	Carrying amount 2013 \$	Fair value 2013 \$
Financial Assets				
Cash and cash equivalents	12,703,305	12,703,305	9,810,083	9,810,083
<i>Trade and other receivables</i>	188,473	188,473	149,148	149,148
Total	12,891,508	12,891,508	9,959,231	9,959,231
Financial Liabilities				
Trade and other payables	297,422	297,422	520,613	520,613
Total	297,422	297,422	520,613	520,613

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

30: Fair value measurement (Continued)

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

- Available-for-sale financial assets

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

(b) Fair value hierarchy

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

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

(i) Recognised fair value measurements

The following table presents the entity's assets and liabilities measured and recognised at fair value at 31 December 2014. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new rules.

	Level 1		Level 2		Level 3		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$		\$		\$		\$	
Assets								
Available-for-sale financial assets	-	-	3,554,017	3,488,077	-	-	3,554,017	3,488,077
Financial assets through profit and loss	-	-	-	-	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>3,554,017</u>	<u>3,488,077</u>	<u>-</u>	<u>-</u>	<u>3,554,017</u>	<u>3,488,077</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2014 or 2013.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

30: Fair value measurement (Continued)

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

(i) Recurring fair value measurements

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

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

Specific valuation techniques used to value financial instruments include:

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

(ii) Non-recurring fair value measurements

The entity does not have assets in this category.

COMMITTEE OF MANAGEMENT STATEMENT

On 19/2/15, the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2014:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the General Manager;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - b. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - e. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - f. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management

Designated Officer Susan Hopgood
Susan Hopgood – Federal Secretary

Dated : 19/2/15

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 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Committee of Management Statement.

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, and for such internal control as the Committee of Management determines as necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, 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.

Opinion

In our opinion:

- the general purpose financial report of Australian Education Union – Federal Office presents fairly, in all material respects, the financial position of Australian Education Union – Federal Office as at 31 December 2014 and the results of its operations, its changes in equity and cash flows for the year then ended, in accordance with any of the following that apply to the entity:
 - a) the Australian Accounting Standards; and
 - b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.
- the Committee of Management's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.



BGL Partners
Chartered Accountants



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

Approved auditor

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

19 February 2015
Melbourne

AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE
ABN 16 006 296 647

CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014



Australian Education Union

Federal Office

Ground Floor, 120 Clarendon Street, Southbank, Victoria, 3006
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Federal Secretary : Susan Hopgood
Federal President : Correna Haythorpe

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Relationship of the concise financial report to the full financial reports

The financial report is an extract from the full financial report for the year ended 31 December 2014. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report. These concise financial statements cover the Australian Education Union - Federal Office as an individual entity.

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

The full financial report and auditor's report will be sent to members on request, free of charge. Please contact the Australian Education Union - Federal Office and a copy will be forwarded to you.

The committee of management has resolved on 19th of February 2015 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 REPORT

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

The concise financial report has been derived from the full financial report for the year ended 31 December 2014 of the Australian Education Union - Federal Office and cannot be expected to provide as full an understanding of the financial performance, financial position and investing activities of the reporting unit as the full report. 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 the Australian Education Union - Federal Office's financial statements and the information contained in the concise financial report has been derived from the full 2014 financial report of the Australian Education Union - Federal Office.

Statement of Profit or Loss and Other Comprehensive Income

A surplus of \$3,070,677 was made for the current year compared with a deficit of \$ 107,191 last year. The surplus is mainly attributable to the collection of campaign funds during the year ended 31 December 2014 which will only be spent in the 2015 calendar year.

Balance Sheet

Total assets increased by 22% or \$2,990,201 from \$13,484,677 at 31 December 2013 to \$16,474,878 at 31 December 2014 mainly due to an increase in cash on hand related to the campaign funds collected but not spent by the year end. Total liabilities decreased by \$80,476 or 3% from \$2,341,338 at 31 December 2013 to \$ 2,260,862 at 31 December 2014. The decrease occurred despite an increase in provisions for employee entitlements as trade and other creditors decreased by a larger amount.

The net result was an overall increase in members' funds of \$3,070,677. Within the reserves, there was a net transfer to the Public Education Campaign Reserve of \$ 2,572,257 from the General Fund reflecting the net amount collected for the campaign but not yet spent at year end.

Statement of Cash Flows

Net cash inflows from operations increased by \$2,263,425 from \$ 797,781 for the 2013 financial year to \$3,061,206 for the 2014 financial year. The increase is mainly due to the unspent Public Education Campaign funding.

Overall cash balances increased by \$2,892,952 for the year ended 31 December 2014, with cash on hand and at bank at 31 December 2014 being \$12,703,035 (2013: \$9,810,083).

Signed in accordance with a resolution of the Committee of Management

Designated Officer



Susan Hopgood – Federal Secretary

Dated

19/2/15

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

OPERATING REPORT

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 31 December 2014.

Members of executive

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

Federal Executive from 1 January 2014 to 28 February 2014

Name	Position	Name	Position
Kevin Bates **	General Division	Julie Brown	General Division
Carolyn Clancy	General Division	Matthew Cranitch	General Division
Jenny Diamond **	General Division	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Pat Forward**	Deputy Federal Secretary	Glenn Fowler	General Division
Angelo Gavrielatos **	Federal President	Anne Gisborne **	General Division
Correna Haythorpe **	Deputy Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Maurie Mulheron	General Division
Justin Mullaly	General Division	Meredith Peace**	General Division
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Darcel Russell (term ended 31 Jan 2014)	Deputy Federal Secretary
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Gary Zadkovich	General Division

Federal Executive from 1 March 2014 to 29 February 2016

Name	Position	Name	Position
Erin Aulich	General Division	Kevin Bates **	General Division
Julie Brown	General Division	Pat Byrne	General Division
Carolyn Clancy	General Division	Matthew Cranitch (resigned 23 May 2014)	General Division
Jenny Diamond (resigned 19 Aug 2014) **	General Division	John Dixon (from 13 Sept 2014)**	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Angelo Gavrielatos ** (resigned 1 Feb 2015)	Federal President	Correna Haythorpe ** (Deputy Federal President until 31 January 2015 and elected Federal President 1 Feb 2015)	Federal President
Susan Hopgood **	Federal Secretary	Joan Lemaire	General Division
Maurie Mulheron	General Division	Meredith Peace**	General Division
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Jarvis Ryan (from 1 August 2014)	General Division
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Justin Mullaly	General Division
Gary Zadkovich	General Division		

** members of Finance Committee

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

OPERATING REPORT (Continued)

Significant changes in state of financial affairs

There have been no significant changes in the state of financial affairs of the AEU-Federal Office occurred during the financial year.

Review of principal activities and results of operations

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

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

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

The AEU Federal Executive set the following strategic objectives :

- Increase Government funding to public schools, early childhood education centres and TAFE institutes.
- Enhance and support the professional status of AEU members in public education.
- Protect and promote quality teaching and learning.
- Protect and enhance the industrial rights of AEU members.
- Promote human rights and social justice.

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

Throughout 2014 the AEU has continued to advocate for the full six years of Gonski funding necessary to ensure all schools are funded to the resource standard required for every student to be given the opportunity to succeed regardless of their family background or circumstances. The *I give a Gonski* campaign has also focused on campaigning at the national, state and local level against the cuts to education and advocating for the Abbott Government to honour their election commitment to introduce a needs based disability loading in 2015. At the state and territory level the campaign has focused on ensuring the additional Gonski money promised as part of the Gonski reforms was distributed to schools on the basis of student need.

The *Stop TAFE Cuts* campaign continued to grow throughout 2014. Campaigning focussed on the House of Representatives and Senate inquiries into TAFE. The AEU continued to work closely with the AMWU and the ACTU to maximise broader union participation in the campaign. Both the AMWU and the ACTU and Adult Learning Australia co-sponsored activities around National TAFE Day on June 18, including a reception in Parliament House, and a seminar on the impact of the budget on young people at Canberra Institute of Technology.

The AEU commissioned research into the activities of private for-profit providers in the VET sector towards the end of 2014. And the report: *The capture of public wealth by the for-profit VET sector* was published in early 2015

OPERATING REPORT (Continued)

Review of principal activities and results of operations (continued)

The union campaigned for the Abbott Government to commit to fund in 2015 universal access to fifteen hours of pre-school delivered by a qualified teacher for every four year old. In the face of attacks on the sector more broadly through the uncertainty created by this funding vacuum and the Productivity Commission report and draft NFQ Regulatory Impact Statement recommending the lowering of minimum staff qualifications, decreasing educator-to-child ratios and reduction of standards, the union has focussed on building support from parents and the community. Increasing access and participation of Aboriginal and Torres Strait Islander children in early childhood education continues to be a major focus of the union's work in this sector.

The union has worked with members, Branches and employing authorities to improve the status of the profession in all sectors, through advocacy and support for the Professional Standards for Teachers, introduction of professional qualifications for TAFE Teachers and Early Childhood teachers as well as further recognition through improved remuneration for teachers and education workers, improved working conditions and representation on various professional bodies such as AITSL.

Results of activities

The AEU's I Give a Gonski campaign helped to deliver a new national funding system, five government agreements and hundreds of millions of dollars in extra funding for public schools. In NSW, Tasmania and South Australia, where the funding is starting to flow, the benefits are already visible, through increased resourcing in schools, better outcomes and increased levels of job satisfaction being reported by members.

Despite the agenda of the federal government to dismantle the Gonski funding model and back down on its commitment to fully fund the Gonski reforms, the AEU, together with parents and the broader community have successfully campaigned for to ensure that fairer funding for schools remains on the political agenda. The impact of the high profile Gonski campaign continues to be enormous. The fair funding for schools and the full implementation of Gonski is high on the issues of voters' both at a national and at state level.

Throughout this year members of the AEU and school communities continued to promote the positive outcomes for students of increased funding. Across Australia parents, teachers and principals have spoken of the importance of fair and equitable funding for their schools, and of the demonstrated connection between additional resourcing for schools and improved student outcomes.

A national Gonski Tour resulted in increased awareness and support for the full implementation of the Gonski reforms and also resulted in hundreds of submissions from parents, teachers and principals throughout the country to the Senate Inquiry into School Funding. AEU members participated in a National Gonski week of activities, lobbying local politicians, talking to their school communities.

The AEU's *Stop TAFE Cuts* campaign continues to build a strong presence on social media, and the *Do Your Block* activity held across the country in September saw the distribution of over 100,000 leaflets and letters. We have been successful in engaging a broad cross section of the Australian community in the campaign, including a number of students groups who have been very keen to engage with us. The AEU made submissions to both parliamentary inquiries, and the public hearings.

TAFE cuts and the impact of government privatisation policies on the sector featured prominently in both the Victorian and the Queensland elections, largely as a result of the AEU's campaigning activities.

The campaign for universal pre-school education for four year olds was successful with the federal government extending the funding for 2015. This campaign will continue to ensure ongoing funding is provided beyond 2015. Submissions and community campaigning in response to the Productivity Commission draft report have resulted in a raised awareness in the community of the importance of qualified teachers and other staff in all early child education and care centres as well as the importance of high standards.

OPERATING REPORT (Continued)

Results of activities (continued)

Throughout the financial year the AEU has successfully enhanced and supported the professional status of AEU members in public education through professional development and training and conferences, representation of members on professional bodies and to employers; made submissions and appeared before Commonwealth of Australia Parliamentary Committee and various federal Inquiries.

The AEU federal office has coordinated, researched and informed Branches on matters relating to industrial matters including support for salaries and conditions which have resulted in increased salaries and improved conditions across the country.

Analysis of results for the year:

The expenditure on campaigning is impacted by the three year federal election cycle. It is quite usual for the initial year following an election to be a year of consolidation and planning leading to a more active campaign in the next two years. 2014 was such a year – much of the expenditure on the campaigns have focused on planning, evaluation and raising awareness of the impact of the newly elected government policies.

The next two years of the election cycle will require a much more active campaign, particularly focussing on local community campaigning in targeted electorates, to promote and advocate for a continuation of the new fairer funding model for schools based on student need This will be significant in convincing the electorate of the choices in the election to maintain schools funding aimed at achieving equitable education outcomes.

The public education funds which the AEU holds will provide the resources necessary to conduct such a campaign over the next two years in the lead up to the 2016 federal election.

	General Operations	Public Education Campaign	Total
	\$	\$	\$
Revenue	8,274,799	1,172,709	9,447,508
Expenses	(6,176,379)	(200,452)	(6,376,831)
Funds transferred	(1,600,000)	1,600,000	-
Surplus for the year	<u>498,420</u>	<u>2,572,257</u>	<u>3,070,677</u>

OPERATING REPORT (Continued)

Right of members to resign

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

"17 - Resignation from membership and termination of eligibility

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

OPERATING REPORT (Continued)

Membership and employee numbers

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis at 31 December 2014 was 18.3 (2013: 20)

The number of members across 8 branches at 31 December 2014 was 189,468 (2013: 193,532).

Superannuation trustees

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

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

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer:



Name of designated officer:

Susan Hopgood

Title of designated officer:

Federal Secretary

Date:

19/2/15

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Revenue from continuing operations	3	9,447,508	10,127,356
Expenses			
Administrative and other expenses		(432,264)	(449,176)
Capitation, affiliation fees and levies		(1,602,920)	(1,404,967)
Campaign and project expenses		(231,367)	(4,432,634)
Depreciation and amortisation		(13,883)	(17,091)
Employee expenses		(2,754,359)	(2,656,277)
ITF allocation		(88,000)	(88,000)
Legal and professional fees		(47,698)	(28,928)
Meeting and conference expenses		(497,971)	(405,353)
Publications		(708,369)	(652,121)
VET Grant expenses		-	(100,000)
		<u>(6,376,831)</u>	<u>(10,234,547)</u>
Surplus (Deficit) for the year		3,070,677	(107,191)
Surplus (Deficit) attributable to the members		3,070,677	(107,191)
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the members		<u>3,070,677</u>	<u>(107,191)</u>

The above statement of profit or loss and other 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 31 DECEMBER 2014

	2014	2013
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	12,703,035	9,810,083
Trade and other receivables	<u>188,473</u>	<u>149,148</u>
Total current assets	<u>12,891,508</u>	<u>9,959,231</u>
Non-current assets		
Available-for-sale financial assets	3,554,017	3,488,077
Property, plant and equipment	<u>29,353</u>	<u>37,369</u>
Total non-current assets	<u>3,583,370</u>	<u>3,525,446</u>
Total assets	<u>16,474,878</u>	<u>13,484,677</u>
LIABILITIES		
Current liabilities		
Trade and other payables	297,422	520,613
Provisions	<u>1,963,440</u>	<u>1,820,725</u>
Total current liabilities	<u>2,260,862</u>	<u>2,341,338</u>
Total liabilities	<u>2,260,862</u>	<u>2,341,338</u>
Net assets	<u>14,214,016</u>	<u>11,143,339</u>
FUNDS		
Reserves	5,853,792	3,231,535
General fund	<u>8,360,224</u>	<u>7,911,804</u>
Total funds	<u>14,214,016</u>	<u>11,143,339</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 FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

	General Fund \$	Reserves \$	Total \$
Balance at 1 January 2013	7,420,862	3,829,668	11,250,530
Total comprehensive income for the year	(107,191)	-	(107,191)
Revaluation of financial assets	-	-	-
Transfer from general fund	598,133	(598,133)	-
Balance at 31 December 2013	<u>7,911,804</u>	<u>3,231,535</u>	<u>11,143,339</u>
Balance at 1 January 2014	7,911,804	3,231,535	11,143,339
Total comprehensive income for the year	3,070,677	-	3,070,677
Revaluation of financial assets	-	-	-
Transfer from general fund	(2,622,257)	2,622,257	-
Balance at 31 December 2014	<u>8,360,224</u>	<u>5,853,792</u>	<u>14,214,016</u>

The above statement of changes in funds 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 31 DECEMBER 2014

	2014	2013
	\$	\$
Cash flows from operating activities		
Receipts of capitation fees and levies (inclusive of GST)	8,277,544	8,524,775
Receipts of campaign contributions from branches (inclusive of GST)	1,289,981	2,471,165
Sundry receipts	480,189	484,587
Payments to suppliers and employees (inclusive of GST)	(7,223,291)	(10,957,396)
Interest received	240,877	274,650
Net cash inflow from operating activities	<u>3,061,206</u>	<u>797,781</u>
Cash flows from investing activities		
Payment for property, plant and equipment	(5,867)	(14,315)
Payment for investment	(65,940)	-
Net cash (outflow) from investing activities	<u>(71,807)</u>	<u>(14,315)</u>
Cash flows from financing activities		
Repayment (advance) of borrowing	(96,447)	138,881
Net cash (outflow) inflow from financing activities	<u>(96,447)</u>	<u>138,881</u>
Net increase in cash and cash equivalents	2,892,952	922,347
Cash and cash equivalents at beginning of financial year	<u>9,810,083</u>	<u>8,887,736</u>
Cash and cash equivalents at end of financial year	<u>12,703,035</u>	<u>9,810,083</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 31 DECEMBER 2014

1: Summary of significant accounting policies

(a) Basis of preparation

The concise financial reports have been prepared in accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 and Accounting Standard AASB 1039 "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 the AEU-Federal Office as the general purpose financial report of the the AEU-Federal Office.

(b) Basis of accounting

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: Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009* the attention of members is drawn to the provisions of subsection (1) to (3) of sections 272, which read as follows:

Information to be provided to members or the General Manager of Fair Work Commission:

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

(2) the application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

3: Revenue

	2014	2013
	\$	\$
From continuing operations		
<i>Service revenue</i>		
Affiliation fees & other levies	1,513,861	1,352,694
Campaign contributions from branches	1,172,709	2,198,441
Capitation fees	5,307,103	5,114,092
Library income	69,050	66,459
Publication income	132,653	115,158
Publication levy	658,615	634,762
	<u>8,853,991</u>	<u>9,481,606</u>
<i>Other revenue</i>		
Distribution received	88,425	-
Donations	-	-
Financial support from another reporting unit	-	-
Grants	-	100,000
Interest	252,107	260,638
ITF reimbursements	57,350	57,500
Rent	132,664	128,448
Sitting fees	8,592	23,933
Other revenue	54,379	75,231
	<u>593,517</u>	<u>645,750</u>
	<u>9,447,508</u>	<u>10,127,356</u>

4: Contingencies

Details of contingent liabilities where the probability of future payments is not considered remote are set out below. Provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2014	2013
	\$	\$
Bank autopay facility	<u>30,000</u>	<u>30,000</u>

There are no other known contingent assets or liabilities at 31 December 2014.

5: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6: International Trust Fund

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

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

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

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

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

	Note	2014	2013
		\$	\$
Summarised balance sheet			
Current assets		2,940,100	1,514,571
Non-current assets		-	1,257,839
Total assets		<u>2,940,100</u>	<u>2,772,410</u>
Current liabilities		<u>104,135</u>	<u>221,910</u>
Total liabilities		<u>104,135</u>	<u>221,910</u>
Net assets		<u>2,835,965</u>	<u>2,550,500</u>
Summarised income and expenditure statement			
		2014	2013
		\$	\$
REVENUE			
Contributions	a	706,028	673,018
Investment income		82,685	84,357
Other income		100,574	-
TOTAL REVENUE		<u>889,287</u>	<u>757,375</u>
TOTAL EXPENDITURE		<u>603,822</u>	<u>614,735</u>
EXCESS OF REVENUE OVER EXPENDITURE		<u>285,465</u>	<u>142,640</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6: International Trust Fund (Continued)

Summarised cash flows	2014 \$	2013 \$
Net cash inflow from operating activities	166,325	167,356
Net cash (outflow) from financing activities	<u>158,086</u>	<u>(138,883)</u>
Net increase in cash and cash equivalents	<u>324,411</u>	<u>28,473</u>

(a) Contributions

	2014 \$	2013 \$
ACT Branch	13,250	11,000
NSW Branch	150,000	150,000
Federal Fund	88,000	88,000
NT Branch	8,021	8,021
QLD Branch	100,000	80,000
SA Branch	60,000	55,000
TAS Branch	16,000	14,000
VIC Branch	192,000	192,000
SSTUWA for the WA Branch	<u>78,757</u>	<u>74,997</u>
	<u>706,028</u>	<u>673,018</u>

COMMITTEE OF MANAGEMENT STATEMENT

On 19/2/15, the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2014:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. the financial statements and notes comply with the reporting guidelines of the General Manager;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
4. there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - b. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation; and
 - e. where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - f. where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
6. No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Committee of Management

Designated Officer S Hopgood
Susan Hopgood – Federal Secretary

Dated : 19/2/15

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 the Australian Education Union – Federal Office comprises the balance sheet as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended and related notes, derived from the audited financial report of the Australian Education Union – Federal Office for the year ended 31 December 2014. 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 is responsible for the preparation of the concise financial report in accordance with Australian Accounting Standards AASB 1039 *Concise Financial Reports* and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the Committee of Management determine is necessary to enable the preparation of the concise financial report that is free from material misstatement, whether due to fraud or error.

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 31 December 2014. Our audit report on the financial report for the year was signed on the 19th of February 2015 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 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.

Opinion

In our opinion:

- the concise financial report of the Australian Education Union – Federal Office for the year ended 31 December 2013 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the Fair Work (Registered Organisations) Act 2009
- the Committee of Management's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.



BGL Partners
Chartered Accountants



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

Approved auditor

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

19 February 2015
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 19 February 2015 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 acting as the Committee of Management, resolves that members will be provided with a copy of the Concise Financial Report for the financial period ended 31 December 2014 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 on and from 23rd February 2015. Notification of the report's availability on the website was printed in the Autumn edition of the national magazine of the Union, the *Australian Educator*.
5. The copy the full report being lodged is the document presented to the meeting of the Federal Executive of the AEU on 23rd April 2015.



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SUSAN LOUISE HOPGOOD
4th May 2015