



24 May 2016

Ms Susan Hopgood
Federal Secretary
Australian Education Union
shopgood@aeufederal.org.au

CC: I A Hinds, BGL Partners, by email: bgl@bglpartners.com.au

Dear Ms Hopgood,

**Australian Education Union
Financial Report for the year ended 31 December 2015 - [FR2015/410]**

I acknowledge receipt of the financial report of the Australian Education Union. The documents were lodged with the Fair Work Commission on 10 May 2016.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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.

Please note that the financial report for the year ending 31 December 2016 may be subject to an advanced compliance review.

If you have any queries regarding this letter, please contact me on (03) 8656 4698 or via email at catherine.bebbington@fwc.gov.au.

Kind regards

CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION
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Australian Education Union

Federal Office

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10 May 2016

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 2015**

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 2015 (Attachment A);
- (b) Secretary's Certificate that the document lodged is a copy of the document provided to members and presented to the meeting of the Federal Executive of the Australian Education Union on 27th April 2016 (Attachment B).

Yours sincerely,

A handwritten signature in blue 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 2015**



Australian Education Union

Federal Office

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PO Box 1158, South Melbourne, Victoria, 3205
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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 25th day of February 2016.

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 2015.

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 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	John Dixon **	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Angelo Gavrielatos ** (until 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 (to 18 February 2015)	General Division	Meredith Peace**	General Division
Maurie Mulheron (from 19 February 2015)	Deputy Federal President		
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Jarvis Ryan	General Division
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Justin Mullaly	General Division
Gary Zadkovich	General Division	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Michelle Rosicky (from 20 May 2015)	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 that 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.

The major activity of the AEU during the period was the continuation of the *I Give a Gonski* Campaign. Throughout 2015 the AEU has continued to advocate for the full six years of Gonski funding necessary to ensure all schools are resourced to the standard required for every student to be given the opportunity to succeed regardless of their family background or circumstances.

The Federal Government has remained firm on its position that the school funding provided through the Gonski model would not continue beyond year 4 and that it intends to introduce a new funding model to replace the Gonski needs based funding model. The Abbott Government's 2015 Budget provided further proof of this with no commitment made to provide funding for 2018 & 2019, years 5 and 6 of the Gonski funding reforms. Further, the Federal Government failed to deliver funding for the Gonski disability loading due in 2016. Schools funding is set to decline in real terms beyond 2017, as recurrent funding under this policy will only rise in line with CPI and increases in student enrolments. AEU predicts that the budget will cut approximately \$3.8 billion from schools by failing to fund years 5 and 6 of Gonski. Further, the Federal Government has failed to deliver the funding for the Gonski disability loading due in 2016.

The ALP in Opposition, while making general supportive comments for the model and funding, had not committed to anything substantive during 2015.

Therefore the main objective of the AEU's School Funding campaign in 2015 has remained to achieve bi-partisan support for the full funding of Gonski and the continuation of the Gonski funding model. The focus has been in eighteen electorates where AEU staff are working with principals, teachers and parents, to showcase the positive outcomes for students in the states where the Gonski funding has been in schools since 2014 (QLD, NSW and SA).

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

In the remaining states the campaign has focused on the distribution of the Gonski money to schools on the basis of student need. The Victorian Government announced in 2015 that Gonski money would begin flowing to schools in 2016.

Ensuring that full Gonski funding for students with disabilities is delivered, as promised, by the Federal Government has been a campaigning priority for the year. Evidence from educators and parents tells us that this is a huge area of unmet need in the school system across Australia. Data from the comprehensive Nationally Consistent Collection of data on Disability (NCCD) has found that more than half of students who need funded support for disability are not receiving it which places huge pressure on schools, teachers and students. Despite making a commitment to extend Gonski funding to cover all students with disability who needed funded support at school from 2016, the Federal Government still has not said when or how extra resources will be delivered. The Federal Budget provided no additional funding for the disability loading.

A Disability Action Day was held on 24 March to raise awareness of the broken promise of the Federal Government to introduce the disability loading by lobbying MPs in Canberra and attracting media coverage. The AEU joined forces with Children with Disability Australia to bring a delegation of parents and children with disability to Canberra. The AEU, CDA and parents met with Greens Senators, Labor MPs and Opposition Leader Bill Shorten to talk about shortages of funding and how this affected students. Parents were also able to raise the issue directly with their local MP.

Submissions were made to a number of Parliamentary and other Inquiries as well as appearances to these Inquiries. These included a House of Representatives Inquiry into Educational Opportunities for Aboriginal and Torres Strait Islander Students and a Senate Inquiry into current levels of access and attainment for students with disability in the school system and the impact on students and families associated with inadequate levels of support.

Another major activity was the *Stop TAFE Cuts* campaign which continued to grow throughout 2015.

The AEU campaign focused on promoting TAFE as a quality and trusted provider in communities and regions in face of destructive government policies. The AEU has also drawn attention to the increasingly corrupt activities of the private for-profit VET sector, and the destructive growth and impact of VET FEE HELP on public provision in the sector. While the activities of the for-profit providers are undermining confidence in VET overall, our campaign has focussed on re-enforcing the trust that communities have in TAFE colleges.

The Stop TAFE Cuts campaign resulted in significant improvements to ALP policy nationally, announced first at the National TAFE Day activity in Canberra in June, and then at the ALP conference in July. Funding cuts to TAFE continued to feature prominently in the media throughout the year, alongside almost weekly revelations around the behaviour of the for-profit sector. The elevation of TAFE as an issue is a testament to the hard work of activists in the TAFE campaign, and the growing crisis which has gripped the sector.

The AEU held its 2015 National TAFE Day event in Canberra on June 24. The event, and some of the associated activities were jointly sponsored by the AMWU, and supported by the ACTU. AEU and AMWU activists jointly lobbied MPs and Senators on the day. National TAFE Day activities were held around the country.

The AEU commissioned research report: *The capture of public wealth by the for-profit VET sector* was published in early 2015 and continued to be used by a range of media and stakeholders in the sector throughout the year. The AEU made submissions to both parliamentary inquiries (Private Providers, and the VET FEE HELP), and the public hearings.

The union continued to campaign for the Federal Government to commit to ongoing funding for universal access to fifteen hours of pre-school delivered by a qualified teacher for every four year old. The Federal Government announced in May that funding would be extended to 2016 and 2017. 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.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

The Union has worked with its members, its Branches and employing authorities to improve the professional status of teaching and other education workers in all sectors. It has campaigned for these objectives through advocacy and support for high standards of entry to, and rigorous courses of, Initial Teacher Education, professional standards for school teachers and principals, the introduction of professional teaching qualifications for TAFE teachers as well as for further recognition through improved remuneration and enhanced career structures for teachers and education workers generally.

Results of activities

The AEU's *I Give a Gonski* campaign helped to deliver a new national funding system, and hundreds of millions of dollars in extra funding for public schools. In NSW, Queensland and South Australia, where the funding has been in schools since 2014, 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 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 2015 members of the AEU and school communities promoted 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. The campaign has a very high profile on social media.

There is no doubt that the AEU's campaign is having a major impact on school funding policies. The Victorian Government announced in 2015 that the Gonski money would be allocated to schools for the first time in 2016, distributed on the basis of student need. During National Gonski Week, the *I give a Gonski* community mobilised and sent strong messages to their MPs. Prime Minister Malcolm Turnbull made positive comments about Gonski needs based funding. The Australia Institute conducted a ReachTEL poll on Wednesday 28 October, during Gonski week conducted in PM Turnbull's own electorate where he has a huge primary vote of almost 60%. The survey found that 80% of local people back increased funding for public schools based on the Gonski recommendations.

The AEU's *Stop TAFE Cuts* campaign continues to build a strong presence on social media, with sign-ups on the website, and on Facebook and Twitter continuing. As a result of activities held across the country around National TAFE Day and the ALP National Conference, tens of thousands of leaflets and posters were distributed. Several hundred people attended the National TAFE Day reception in Parliament House, including more than 50 politicians. We have been successful in engaging a broad cross section of the Australian community in the campaign, and on National TAFE Day a variety of BBQs, morning teas, concerts, and other gatherings, events and actions were organised. The campaign has built links with the AMWU, young Labor, Greens, CFMEU, ASU, ETU, CPSU, PSA, Unions NSW, TAFEs, and TAFE Student Associations.

The campaign for universal pre-school education for four year olds had some success with the Federal Government announcing that the funding would be extended to 2016 and 2017. This campaign will continue to ensure ongoing funding is provided beyond 2017.

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 Committees and various federal Inquiries.

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

OPERATING REPORT (Continued)

Analysis of results for the year:

The expenditure on campaigning is impacted by the three year federal election cycle. This year was the middle year of the cycle and therefore we have begun 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 twelve months in the lead up to the 2016 federal election.

	General Operations	Public Education Campaign	Total
	\$	\$	\$
Revenue	8,217,261	749,560	8,966,821
Expenses	(6,112,657)	(1,417,653)	(7,530,310)
Funds transferred	(1,600,000)	1,600,000	-
Surplus for the year	504,604	931,907	1,436,511

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."

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue from continuing operations	4	8,490,166	8,853,991
Other revenue	4	476,655	593,517
Expenses			
Administrative and other expenses	5	(552,732)	(432,264)
Capitation, affiliation fees and levies	6	(1,538,152)	(1,602,920)
Campaign and project expenses	7	(1,427,115)	(231,367)
Depreciation and amortisation	8	(14,699)	(13,883)
Employee expenses	9	(2,790,944)	(2,754,359)
ITF allocation		(88,000)	(88,000)
Legal and professional fees	10	(29,350)	(47,698)
Meeting and conference expenses	11	(363,911)	(497,971)
Publications	12	(725,407)	(708,369)
		<u>(7,530,310)</u>	<u>(6,376,831)</u>
Surplus for the year		<u>1,436,511</u>	<u>3,070,677</u>
Surplus attributable to the members		1,436,511	3,070,677
Other comprehensive income		-	-
Total comprehensive income for the year attributable to the members		<u>1,436,511</u>	<u>3,070,677</u>

AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE
ABN 16 006 296 647

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	14,517,649	12,703,035
Trade and other receivables	14	<u>165,788</u>	<u>188,473</u>
Total current assets		<u>14,683,437</u>	<u>12,891,508</u>
Non-current assets			
Available-for-sale financial assets	15	3,303,661	3,554,017
Property, plant and equipment	16	<u>42,790</u>	<u>29,353</u>
Total non-current assets		<u>3,346,451</u>	<u>3,583,370</u>
Total assets		<u>18,029,888</u>	<u>16,474,878</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	339,600	297,422
Provisions	18	<u>2,039,761</u>	<u>1,963,440</u>
Total current liabilities		<u>2,379,361</u>	<u>2,260,862</u>
Total liabilities		<u>2,379,361</u>	<u>2,260,862</u>
Net assets		<u>15,650,527</u>	<u>14,214,016</u>
FUNDS			
Reserves	19	6,855,699	5,853,792
General fund	20	<u>8,794,828</u>	<u>8,360,224</u>
Total funds		<u>15,650,527</u>	<u>14,214,016</u>

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

STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 2015

	General Fund \$	Reserves \$	Total \$
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>
Balance at 1 January 2015	8,360,224	5,853,792	14,214,016
Total comprehensive income for the year	1,436,511	-	1,436,511
Revaluation of financial assets	-	-	-
Transfer from general fund	<u>(1,001,907)</u>	<u>1,001,907</u>	<u>-</u>
Balance at 31 December 2015	<u>8,794,828</u>	<u>6,855,699</u>	<u>15,650,527</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Receipts of capitation fees and levies (inclusive of GST)	25(a)	8,311,121	8,277,544
Receipts from controlled entities		-	-
Receipts of campaign contributions from branches (inclusive of GST)	25(b)	824,514	1,289,981
Sundry receipts		432,544	476,095
Payments to suppliers and employees (inclusive of GST)		(8,184,681)	(7,223,291)
Payments to controlled entities		-	-
Interest received		232,786	240,877
Net cash inflow from operating activities	25(c)	<u>1,616,284</u>	<u>3,061,206</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(32,518)	(5,867)
Return of investment		270,844	-
Payment for investment		-	(65,940)
Net cash inflow (outflow) from investing activities		<u>238,326</u>	<u>(71,807)</u>
Cash flows from financing activities			
Repayment of borrowing		(39,996)	(96,447)
Net cash (outflow) from financing activities		<u>(39,996)</u>	<u>(96,447)</u>
Net increase in cash and cash equivalents		1,814,614	2,892,952
Cash and cash equivalents at beginning of financial year		<u>12,703,035</u>	<u>9,810,083</u>
Cash and cash equivalents at end of financial year	13(a)	<u><u>14,517,649</u></u>	<u><u>12,703,035</u></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 2015

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).

(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.

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.

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 2015:

- AASB 2014-1 Amendments to Australian Accounting Standards (including Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles and Part B: Defined Benefit Plans: Employee Contributions – Amendments to AASB 119)

The adoption of the improvements made in the 2012-2012 Cycle has required additional disclosures in our segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1: Summary of significant accounting policies (Continued)

(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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1: Summary of significant accounting policies (Continued)

(c) Revenue recognition (Continued)

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.

(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.

Reclassification

The entity may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the entity may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the entity has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1: Summary of significant accounting policies (Continued)

(e) Investment in other financial assets (Continued)

Reclassification (Continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the entity commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities

Measurement

At initial recognition, the entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the entity's right to receive payments is established.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations

Impairment

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1: Summary of significant accounting policies (Continued)

considered an indicator that the assets are impaired.

(e) Investment in other financial assets (Continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the entity may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment 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 or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1: Summary of significant accounting policies (Continued)

(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.

(i) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1: Summary of significant accounting policies (Continued)

(i) Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(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 2015**

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 2015 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 (effective from 1 January 2018)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2014, it also sets out new rules for hedge accounting. When adopted, the standard will affect the entity'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. There will be no impact on the entity'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 entity does not have any such liabilities.

(ii) AASB 15 Revenue from Contracts with customers (effective from 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. There will be no impact on the entity's financial report.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(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 2015

4: Revenue

	Notes	2015 \$	2014 \$
From continuing operations			
Affiliation fees & other levies	a	1,476,633	1,513,861
Campaign contributions from branches	b	749,560	1,172,709
Capitation fees	c	5,419,319	5,307,103
Library income		73,516	69,050
Publication income	d	111,525	132,653
Publication levy	e	659,613	658,615
		<u>8,490,166</u>	<u>8,853,991</u>
Other revenue			
Distribution received		30,923	88,425
Donations		-	-
Financial support from another reporting unit		-	-
Grants		-	-
Interest		229,046	252,107
ITF reimbursements		57,350	57,350
Rent		141,736	132,664
Sitting fees		-	8,592
Other revenue		17,600	54,379
		<u>476,655</u>	<u>593,517</u>

(a) Affiliation fees & other levies

	2015 \$	2014 \$
ACT Branch	26,697	25,955
NSW Branch	469,223	475,982
NT Branch	17,895	15,892
QLD Branch	305,437	310,150
SA Branch	104,300	105,223
TAS Branch	47,438	48,318
VIC Branch	387,798	417,546
SSTUWA for the WA Branch	117,845	114,795
	<u>1,476,633</u>	<u>1,513,861</u>

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

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

4: Revenue (Continued)

(b) Campaign contributions from branches

	2015 \$	2014 \$
ACT Branch	13,552	20,106
NSW Branch	238,184	368,718
NT Branch	9,084	12,311
QLD Branch	155,044	240,257
SA Branch	52,944	81,512
TAS Branch	24,080	37,429
VIC Branch	196,852	323,451
SSTUWA for the WA Branch	59,820	88,925
	<u>749,560</u>	<u>1,172,709</u>

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

(c) Capitation fees

	2015 \$	2014 \$
ACT Branch	97,981	90,989
NSW Branch	1,722,070	1,668,639
NT Branch	65,677	55,711
QLD Branch	1,120,968	1,087,286
SA Branch	382,785	368,878
TAS Branch	174,099	169,385
VIC Branch	1,423,240	1,463,781
SSTUWA for the WA Branch	432,499	402,434
	<u>5,419,319</u>	<u>5,307,103</u>

(d) Publication income

	2015 \$	2014 \$
Australian Educator	100,128	106,279
TAFE Teacher	11,397	26,374
	<u>111,525</u>	<u>132,653</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

4: Revenue (Continued)

(e) Publication levy

	2015	2014
	\$	\$
ACT Branch	11,926	11,292
NSW Branch	209,602	207,079
NT Branch	7,994	6,914
QLD Branch	136,439	134,933
SA Branch	46,591	45,778
TAS Branch	21,190	21,021
VIC Branch	173,230	181,656
SSTUWA for the WA Branch	52,641	49,942
	<u>659,613</u>	<u>658,615</u>

This levy from branches are for the publication of Australian Educator and TAFE Teacher.

5: Administration and other expenses

	2015	2014
	\$	\$
Communication	51,929	52,957
Consideration to employers for payroll deductions	-	-
Donations:		
Total paid that were \$1,000 or less	2,845	2,623
Total paid that exceeded \$1,000	41,500	54,500
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Insurance	47,379	31,532
Library	34,158	30,970
Occupancy costs	166,105	106,365
Penalties - via RO Act or RO Regulations	-	-
Postage, printing and stationary	62,819	63,169
Overseas travel	54,540	42,593
Website	37,478	-
Loss on disposal of fixed assets	4,382	-
Other expenses	49,597	47,555
	<u>552,732</u>	<u>432,264</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

6: Capitation, affiliation fees & levies

	Note	2015 \$	2014 \$
<i>Capitation fees</i>		-	-
<i>Affiliation fees</i>			
ACOSS		1,450	1,432
ACSA		215	-
Aust Council on Children & Media		191	191
ACTU		720,532	761,161
APHEDA		6,000	3,660
ATEA		109	136
AFTINET		200	200
Australian Anti-Base campaign		200	200
AARE		-	180
Australian Institute Employment Right		3,000	3,000
AVETRA		-	146
Education International		430,721	449,998
International Peace Bureau		-	221
Other		274	-
SNAICC		-	109
The Refugee Council of Australia		480	480
		<u>1,163,372</u>	<u>1,221,114</u>
<i>Compulsory levies</i>			
ACTU – campaign levy		374,780	381,806
<i>Total Capitation, affiliation and levies</i>		<u>1,538,152</u>	<u>1,602,920</u>

7: Campaign and project expenses

		2015 \$	2014 \$
Public education campaigns			
- Salaries & on-costs	9	1,107,888	-
- Other expenses		309,765	200,452
Total Public education campaigns		1,417,653	200,452
Research project and other campaigns		9,462	30,915
		<u>1,427,115</u>	<u>231,367</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

8: Depreciation

	Note	2015 \$	2014 \$
<i>Depreciation of non-current assets</i>			
Office equipment		10,670	9,121
Furniture, fixtures and fittings		<u>4,029</u>	<u>4,762</u>
		<u><u>14,699</u></u>	<u><u>13,883</u></u>

9: Employee expenses

		2015 \$	2014 \$
 Holders of office:			
Wages and salaries		605,719	486,880
Superannuation		74,334	71,792
Leave and other entitlements		(83,503)	283,569
Separation and redundancies		-	-
Other employee expenses		<u>6,627</u>	<u>15,520</u>
		<u><u>603,177</u></u>	<u><u>857,761</u></u>
 Employees other than holders of office:			
Wages and salaries		2,673,443	1,616,965
Salaries reimbursement received (Seconded staff)		(200,200)	-
Casual wages		24,319	5,391
Superannuation		366,134	231,278
Leave and other entitlements		159,424	(140,492)
Separation and redundancies		-	-
Other employee expenses		<u>80,714</u>	<u>-</u>
		<u><u>3,103,834</u></u>	<u><u>1,713,142</u></u>
Allocated to Public Education Campaigns	7	<u><u>(1,107,888)</u></u>	<u><u>-</u></u>
		<u><u>1,995,946</u></u>	<u><u>1,713,142</u></u>
 Other :			
Payroll tax		141,416	119,215
Workcover		31,722	25,838
Staff recruitment		9,637	10,984
Fringe benefit tax		1,110	10,129
Staff training		<u>7,936</u>	<u>17,290</u>
		<u><u>191,821</u></u>	<u><u>183,456</u></u>
Total employee expenses		<u><u>2,790,944</u></u>	<u><u>2,754,359</u></u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

10: Legal and professional fees

	2015 \$	2014 \$
Audit of the financial report	29,350	28,250
Audit of VET grant	-	1,100
Legal fees		
- litigation	-	-
- other legal matters	-	18,348
	<u>29,350</u>	<u>47,698</u>

11: Meeting and conference expenses

	2015 \$	2014 \$
Allowances - meeting and conferences	103,273	118,161
Other meeting expenses	<u>260,638</u>	<u>379,810</u>
	<u>363,911</u>	<u>497,971</u>

12: Publications

	2015 \$	2014 \$
Australian Educator	652,748	618,059
TAFE Teacher	<u>72,659</u>	<u>90,310</u>
	<u>725,407</u>	<u>708,369</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

13: Current assets – Cash and cash equivalents

	2015 \$	2014 \$
Cash on hand	3,620	3,706
Cash at bank	7,939,604	6,310,234
Term deposits	6,574,425	6,389,095
	<u>14,517,649</u>	<u>12,703,035</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>14,517,649</u>	<u>12,703,035</u>
Balances per statement of cash flows	<u>14,517,649</u>	<u>12,703,035</u>

14: Current assets – Trade and other receivables

	2015 \$	2014 \$
<i>Receivable from other reporting units</i>		
NT Branch	1,366	-
QTU	1,944	-
SSTUWA for the WA Branch	451	-
	<u>3,761</u>	<u>-</u>
Less provision for impairment of receivables	<u>-</u>	<u>-</u>
	<u>3,761</u>	<u>-</u>
<i>Others</i>		
Prepayments	55,703	63,350
Amount due from ITF	196	61,403
Net GST refund	29,073	-
Other receivables	77,055	63,720
	<u>165,788</u>	<u>188,473</u>

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Other receivables

These amounts generally arise from transactions during the usual operating activities of the entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

(iii) Fair values of trade and other receivables

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 2015

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

	2015 \$	2014 \$
Unlisted investments in unit trusts	<u>3,303,661</u>	<u>3,554,017</u>

These financial assets are carried at fair value.

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

Opening balance	3,554,017	3,488,077
Net changes	(250,356)	65,940
Increase in investment revaluation reserve	-	-
Closing balance	<u>3,303,661</u>	<u>3,554,017</u>

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

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

	2015 \$	2014 \$
Plant and equipment		
Office equipment		
At cost	55,297	93,509
Less accumulated depreciation	<u>(26,959)</u>	<u>(72,729)</u>
	<u>28,338</u>	<u>20,780</u>
Furniture, fixtures and fittings		
At cost	60,224	52,422
Less accumulated depreciation	<u>(45,772)</u>	<u>(43,849)</u>
	<u>14,452</u>	<u>8,573</u>
Total property, plant and equipment	<u><u>42,790</u></u>	<u><u>29,353</u></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 2015

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:

	Office equipment	Furniture, fittings and fixtures	Total
	\$	\$	\$
2014			
Opening net book amount	25,353	12,016	37,369
Additions	4,548	1,319	5,867
Depreciation	(9,121)	(4,762)	(13,883)
Closing net book amount	<u>20,780</u>	<u>8,573</u>	<u>29,353</u>
2015			
Opening net book amount	20,780	8,573	29,353
Additions	22,598	9,920	32,518
Disposals	(4,370)	(12)	(4,382)
Depreciation	(10,670)	(4,029)	(14,699)
Closing net book amount	<u>28,338</u>	<u>14,452</u>	<u>42,790</u>

17: Current liabilities – Trade and other payables

	2015 \$	2014 \$
<i>Unsecured:</i>		
Trade creditors	208,686	140,163
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
Net GST owed	-	12,994
Other payables and accruals	<u>130,914</u>	<u>43,063</u>
	<u>339,600</u>	<u>297,422</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 2015

18: Current liabilities – Provisions

	2015	2014
	\$	\$
Holders of office:		
Annual leave	411,064	386,648
Long service leave	360,048	467,967
Separations and redundancies	-	-
Other	-	-
	<u>771,112</u>	<u>854,615</u>
Employees other than holders of office:		
Annual leave	480,399	363,873
Long service leave	721,339	678,441
Separations and redundancies	-	-
Other	-	-
	<u>1,201,738</u>	<u>1,042,314</u>
Other provision	<u>66,911</u>	<u>66,511</u>
Total provision	<u><u>2,039,761</u></u>	<u><u>1,963,440</u></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 benefit obligations	Other provisions	Total
	\$	\$	\$
Balance at 1 January 2014	1,753,850	66,875	1,820,725
Charged to income statement	143,079	(364)	142,715
Balance at 31 December 2014	<u>1,896,929</u>	<u>66,511</u>	<u>1,963,440</u>
Charged to income statement	75,921	400	76,321
Balance at 31 December 2015	<u><u>1,972,850</u></u>	<u><u>66,911</u></u>	<u><u>2,039,761</u></u>

19: Reserves

		2015	2014
		\$	\$
Public education campaign reserve	(a)	4,633,449	3,701,542
Workers' rights campaign reserve	(b)	373,352	323,352
Available for sale investments revaluation reserve	(c)	1,714,698	1,714,698
Allocated funds reserve	(d)	134,200	114,200
		<u><u>6,855,699</u></u>	<u><u>5,853,792</u></u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

19: Reserves (Continued)

(a) Public education campaign reserve

	2015	2014
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	3,701,542	1,129,285
Funds received (note 4)	749,560	1,172,709
Funds allocated from general fund	1,600,000	1,600,000
	6,051,102	3,901,994
Funds spent (note 7)	(1,417,653)	(200,452)
Funds transferred	-	-
<i>Closing balance</i>	<u>4,633,449</u>	<u>3,701,542</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

	2015	2014
	\$	\$
Movements during the financial year:		
<i>Opening balance</i>	323,352	273,352
Funds received	-	-
Funds allocated	50,000	50,000
	373,352	323,352
Funds spent	-	-
Funds transferred	-	-
<i>Closing balance</i>	<u>373,352</u>	<u>323,352</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 2015

19: Reserves (Continued)

(c) Available for sale investment revaluation reserve

	2015	2014
	\$	\$
<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

	2015	2014
	\$	\$
<i>Movements during the financial year:</i>		
<i>Opening balance</i>	114,200	114,200
Funds allocated	20,000	-
Funds transferred	-	-
	<u>20,000</u>	-
Funds spent	-	-
Funds transferred	-	-
	<u>-</u>	<u>-</u>
<i>Closing balance</i>	<u>134,200</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

	2015	2014
	\$	\$
<i>Movements in the general funds were as follows:</i>		
Opening balance	8,360,224	7,911,804
Net surplus for the year	1,436,511	3,070,677
Transfer to reserves	<u>(1,001,907)</u>	<u>(2,622,257)</u>
Ending balance	<u>8,794,828</u>	<u>8,360,224</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 2015

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.

	2015	2014
	\$	\$
Bank autopay facility	<u>30,000</u>	<u>30,000</u>

There are no other known contingent assets or liabilities at 31 December 2015.

22: Commitments

	2015	2014
	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	37,529	63,499
Later than one year but no later than five years	<u>33,638</u>	<u>71,167</u>
	<u>71,167</u>	<u>134,666</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 2015

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 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	John Dixon **	General Division
Glenn Fowler	General Division	Pat Forward**	Deputy Federal Secretary
Angelo Gavrielatos ** (until 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 (to 18 February 2015)	General Division	Meredith Peace**	General Division
Maurie Mulheron (from 19 February 2015)	Deputy Federal President		
Sam Pidgeon	General Division	Terry Polglase	General Division
Michelle Purdy	Federal TAFE President	Jarvis Ryan	General Division
David Smith	General Division	Howard Spreadbury	Early Childhood Representative
Lynette Winch	Principals Representative	Justin Mullaly	General Division
Gary Zadkovich	General Division	Charline Emzin-Boyd	Aboriginal & Torres Strait Islander Representative
Michelle Rosicky (from 20 May 2015)	General Division		

** members of Finance Committee

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

Susan Hopgood

Pat Forward

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

24: Related party transactions

(a) Key management personnel (Continued)

(iii) Key management personnel remuneration

	2015	2014
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	449,484	580,286
Annual leave	54,986	52,480
Total short-term employee benefits	<u>504,470</u>	<u>632,766</u>
Post-employment benefits:		
Superannuation	74,334	71,792
Total post-employment benefits	<u>74,334</u>	<u>71,792</u>
Other long-term benefits:		
Long-service leave	(107,918)	137,683
Total other long-term benefits	<u>(107,918)</u>	<u>137,683</u>
Termination benefits	125,664	-
	<u>125,664</u>	<u>-</u>
Total	<u>596,550</u>	<u>842,241</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 2015

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).

	2015	2014
	\$	\$
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	57,350	57,350
<i>Rent received</i>		
From the Federation of Education Unions Unit trust	141,736	132,664
<i>Purchases of goods and services:</i>		
<i>Outgoings paid</i>		
To the Federation of Education Unions Unit trust	166,105	106,365
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	440,468	303,070

(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 2015, the entity has not recorded any impairment of receivables relating to those owed by related parties and declared person or body (2014: \$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 2015

25: Cash flow information

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

	2015	2014
	\$	\$
ACT Branch	150,265	141,060
NSW Branch	2,640,984	2,586,871
NT Branch	100,723	86,372
QLD Branch	1,719,128	1,685,606
SA Branch	587,043	571,867
TAS Branch	266,999	262,599
VIC Branch	2,182,695	2,269,282
SSTUWA for the WA Branch	663,284	623,887
	<u>8,311,121</u>	<u>8,227,544</u>

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

	2015	2014
	\$	\$
ACT Branch	14,907	22,117
NSW Branch	262,002	405,591
NT Branch	9,992	13,542
QLD Branch	170,548	264,283
SA Branch	58,238	89,662
TAS Branch	26,488	41,172
VIC Branch	216,537	355,797
SSTUWA for the WA Branch	65,802	97,817
	<u>824,514</u>	<u>1,289,981</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

25: Cash flow information (Continued)

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

	2015 \$	2014 \$
Surplus for the year	1,436,511	3,070,677
<i>Non-cash flows in surplus</i>		
Depreciation	14,699	13,883
Loss on disposals of fixed assets	4,382	-
Non-cash distribution	(20,489)	-
<i>Changes in assets and liabilities</i>		
(Increase) Decrease in trade and other receivables	(9,449)	3,351
Increase (Decrease) in payables	114,309	(169,419)
Increase in provisions	76,321	142,714
Cash flows from operations	<u>1,616,284</u>	<u>3,061,206</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 2015

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	2015	2014
		\$	\$
Summarised balance sheet			
Current assets		1,590,658	2,940,100
Non-current assets		1,382,809	-
Total assets		2,973,467	2,940,100
Current liabilities		103,227	104,135
Total liabilities		103,227	104,135
Net assets		2,870,240	2,835,965
Summarised income and expenditure statement			
		2015	2014
		\$	\$
REVENUE			
Contributions	a	708,865	706,028
Investment income		76,845	82,685
Other income		-	100,574
TOTAL REVENUE		785,710	889,287
TOTAL EXPENDITURE		751,435	603,822
EXCESS OF REVENUE OVER EXPENDITURE		34,275	285,465

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

28: International Trust Fund (Continued)

Summarised cash flows	2015 \$	2014 \$
Net cash inflow from operating activities	66,804	166,325
Net cash (outflow) from financing activities	<u>(2,917)</u>	<u>158,086</u>
Net increase in cash and cash equivalents	<u>63,887</u>	<u>324,411</u>
(a) Contributions	2015	2014
	\$	\$
ACT Branch	14,021	13,250
NSW Branch	150,000	150,000
Federal Fund	88,000	88,000
NT Branch	7,868	8,021
QLD Branch	100,000	100,000
SA Branch	60,000	60,000
TAS Branch	16,000	16,000
VIC Branch	192,000	192,000
SSTUWA for the WA Branch	80,976	78,757
	<u>708,865</u>	<u>706,028</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2015	2014
<i>Effect on results:</i>	\$	\$
Increase of interest rates by 2%	290,280	253,987
Decrease of interest rates by 2%	(290,280)	(253,987)

(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:

	2015	2014
	\$	\$
Cash at bank		
AA- Rating	7,939,604	6,310,234
Term deposits		
AA- Rating	6,574,425	6,389,095

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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:

2015

	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		-	-	-	-	-	3,620	3,620
Cash at bank	0.48	7,939,604	-	-	-	-	-	7,939,604
Deposits at bank	2.57	-	6,574,425	-	-	-	-	6,574,425
Other receivables Available for sale financial assets		-	-	-	-	-	110,085	110,085
		-	-	-	-	-	3,303,661	3,303,661
		<u>7,939,604</u>	<u>6,574,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,417,366</u>	<u>17,931,395</u>
Financial Liabilities								
Trade & other payables		-	-	-	-	-	339,600	339,600
		-	-	-	-	-	339,600	339,600
Net Financial Assets		<u>7,939,604</u>	<u>6,574,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,077,766</u>	<u>17,591,795</u>

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 Available for sale financial assets		-	-	-	-	-	125,123	125,123
		-	-	-	-	-	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								
Trade & other payables		-	-	-	-	-	297,422	297,422
		-	-	-	-	-	297,422	297,422
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>

(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 2015

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 2015 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 2015 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 2015 \$	Fair value 2015 \$	Carrying amount 2014 \$	Fair value 2014 \$
Financial Assets				
Cash and cash equivalents	14,517,649	14,517,649	12,703,305	12,703,305
Trade and other receivables	165,788	165,788	188,473	188,473
Total	14,683,437	14,683,437	12,891,508	12,891,508
Financial Liabilities				
Trade and other payables	339,600	339,600	297,422	297,422
Total	339,600	339,600	297,422	297,422

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015. 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$		\$		\$		\$	
Assets								
Available-for-sale financial assets	-	-	3,303,661	3,554,017	-	-	3,303,661	3,554,017
Financial assets through profit and loss	-	-	-	-	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>3,303,661</u>	<u>3,554,017</u>	<u>-</u>	<u>-</u>	<u>3,303,661</u>	<u>3,554,017</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2015 or 2014.

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 2015**

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 25/2/2016, 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 2015:

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 – Federal Secretary

Dated : 25/2/16

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 2015, 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.



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 2015 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

25 February 2016
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 25 February 2016 at which the Executive passed a resolution concerning the accounts as presented.
3. The copy of the AEU Financial Report being lodged is the document that was provided to members on the AEU website www.aeufederal.org.au on and from 15th March 2016. 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*.
4. The copy the full report being lodged is the document presented to the meeting of the Federal Executive of the AEU on 27th April 2016.



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SUSAN LOUISE HOPGOOD

10th May 2016