



8 June 2016

Mr Glenn Fowler
Branch Secretary
ACT Branch
Australian Education Union
aeuact@aeuact.org.au

CC: Mr Phillip Miller, MCS audit Pty Ltd, by email: admin@mcsaccounting.com.au

Dear Mr Fowler,

**Australian Education Union - ACT Branch
Financial Report for the year ended 31 December 2015 - [FR2015/437]**

I acknowledge receipt of the financial report of the Australian Education Union - ACT Branch. The documents were lodged with the Fair Work Commission on 9 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.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The FWC will confirm these concerns have been addressed prior to filing next year's report.

Report must be presented to the Committee of Management

There appears to have been some confusion with the process of presenting a report to the Committee of Management.

- The Committee of Management must pass the resolution that forms the Committee of Management Statement and that must be signed by an officer.
- The Auditor can then finish their audit and sign the auditor's statement.
- The Final full report including the signed Committee of Management Statement and the Signed Auditor's Statement are then presented to a meeting of the Committee of Management before being lodged with the Commission.

I note branch rule 36(D) which the branch does not seem to have complied with this financial year. It is a requirement that the financial report be presented to the Branch Executive (the Branch Committee of Management) under s266(3) in the first meeting of March. This is a very short timeframe and this financial year the branch presented its report to the committee of management

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on 7 June 2016. The branch may wish to consider whether it can comply with this timeframe into the future and, if not, whether the timeframe in the rules should be extended (or removed).

'Other Receivables'

Further information was received from the branch concerning the 'other receivable' within the accounts and why the branch did not consider the amount a doubtful debt. It appears that the branch is in the midst of civil proceedings to recover the amounts.

Loans, Grants and Donations statement

A Loans, Grants and Donations statement was lodged with the FWC as required under subsection 237(1) of the RO Act. A figure for donations that exceeded \$1,000 was also supplied in the financial report however this figure for donations is different to the figure supplied on the Loans, Grants and Donations Statement.

Please ensure that the figures in next year's financial report and loans, grants and donations statement are the same.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

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

Tel: 03 8656 4698

Fax: 03 9655 0410

catherine.bebbington@fwc.gov.au

11 Exhibition Street, Melbourne Victoria 3000
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AUSTRALIAN EDUCATION UNION – ACT BRANCH

ABN: 98 106 001 142

s.268 *Fair Work (Registered Organisations) Act 2009*

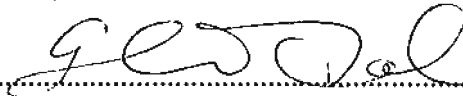
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER²

Certificate for the period ended 31 December 2015

I Glenn Fowler being the Branch Secretary of the Australian Education Union – ACT Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Education Union – ACT Branch for the period ended 31 December 2015 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on _____ day of _____ 2016; and
- that the full report was presented to [a *general meeting of the branch council OR a meeting of the committee of management*] of the Australian Education Union – ACT Branch on 7th day of JUNE 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Glenn Fowler

Title of prescribed designated officer: Branch Secretary

Dated: 7th June 2016

² Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

AUSTRALIAN EDUCATION UNION – ACT BRANCH

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

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Introduction

This document contains a financial report of Australian Education Union – ACT Branch – a reporting unit as defined under section 242 of the *Fair Work (Registered Organisations) Act 2009* (RO Act), with a reporting date of 31 December 2015.

The enclosed financial report has been prepared in accordance with the requirements of the Australian Accounting Standards and the RO Act including the section 253 Reporting Guidelines issued 13 June 2014.

Australian Accounting Standards applicable as at 31 December 2015

This financial report illustrates Australian Accounting Standards which apply to annual reporting periods beginning on or after 1 July 2014.

In addition, the disclosure requirements of the following Australian Accounting Standards are not applicable to the Australian Education Union – ACT Branch and have therefore not been dealt with in the model financial report:

AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards

AASB 4 Insurance Contracts

AASB 6 Exploration for and Evaluation of Mineral Resources

AASB 111 Construction Contracts

AASB 129 Financial Reporting in Hyperinflationary Economies

AASB 134 Interim Financial Reporting

AASB 141 Agriculture

AASB 1023 General Insurance Contracts

AASB 1038 Life Insurance Contracts

AASB 1039 Concise Financial Reports

AASB 1049 Whole of Government and General Government Sector Financial Reporting

AASB 1050 Administered Items

AASB 1051 Land Under Roads

AASB 1052 Disaggregated Disclosures

AAS 25 Financial Reporting by Superannuation Plans

Interpretation 12 Service Concession Arrangements

Interpretation 13 Customer Loyalty Programs

Interpretation 15 Agreements for the Construction of Real Estate

Interpretation 17 Distributions of Non-Cash Assets to Owners

Interpretation 107 Introduction of the Euro

Interpretation 110 Government Assistance — No Specific Relation to Operating Activities

Interpretation 129 Service Concession Arrangements: Disclosures

Interpretation 131 Revenue — Barter Transactions Involving Advertising Services

Interpretation 132 Intangible Assets — Web Site Costs

Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities

Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry

Interpretation 1047 Professional Indemnity Claims Liabilities in Medical Defence Organisations

Interpretation 1055 Accounting for Road Earthworks

In addition, as the Australian Education Union - ACT Branch is considered to be a not-for-profit entity, the following Australian Accounting Standards have been adopted:

AASB 10 Consolidated Financial Statements

AASB 11 Joint Arrangements

AASB 12 Disclosure of Interests in Other Entities

Impact of first time adoption of AASB 10, 11 and 12 by not-for-profit entities

Registered organisations should determine the existence of investees by analysing existing relationships with other entities.

Note that the terms 'investor' and 'investee' are not specifically defined in the context of AASB 10, but are used to express a relationship between two entities. Registered organisations may control an entity or 'investee', even if there is no financial interest in the investee.

Voting rights are often not a common feature when determining control for not-for-profit entities. Not-for-profit entities should consider the following in determining whether control over another entity exists under AASB 10:

- Relevant activities and who has control over them
- Existing or future administrative or statutory arrangements that may give rise to rights / control (or change the previous control assessment)
- Whether rights are substantive or protective in nature and whether the rights are presently exercisable or will be exercisable when decisions about relevant activities are being made
- Exposure or rights to financial and non-financial returns (direct or indirect) and the ability to influence those returns
- Whether the investor is exercising its decision-making abilities as a principal or agent

The assessment of control requires significant judgment in many instances, and depends on the specific facts and circumstances. If control exists, the reporting unit will be required to consolidate the investee it controls. The existence of control must be reassessed each reporting period.

AASB 11 applies to registered organisations having joint control¹ over an investee and sets out a new framework for the accounting for joint operations and joint ventures, including removal of the option to use proportionate consolidation.

AASB 12 requires additional disclosures for entities classified as structured entities, as well as associates and jointly controlled entities. AASB 12 recognises that voting rights are often not a common feature when determining control for a not-for-profit.

An entity will meet the definition of structured entity if it has some or all of the following features:

1) it is established by means other than administrative arrangement or statutory provision; 2) it has restricted activities, 3) having a narrow and well-defined objective; and 4) with financial support needed due to insufficient equity by itself.

Allowed alternative treatments

In some cases, an Australian Accounting Standard permits more than one accounting treatment for a transaction or event. Preparers of financial statements should select the treatment that is most relevant to their business and the relevant circumstances as their accounting policy.

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, requires an entity to select and apply its accounting policies consistently for similar transactions, events and/or conditions, unless an Australian Accounting Standard specifically requires or permits

¹ Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control (AASB 11 Appendix A).

categorisation of items for which different policies may be appropriate. Where an Australian Accounting Standard requires or permits such categorisation, an appropriate accounting policy is selected and applied consistently to each category. Therefore, once a choice of one of the alternative treatments has been made, it becomes an accounting policy and must be applied consistently. Changes in accounting policy should only be made if required by a standard or interpretation, or if the change results in the financial statements providing more reliable and relevant information.

Abbreviations

The following abbreviations are used in the model financial report:

AASB	Australian Accounting Standards Board
FBT	Fringe Benefit Tax
GPFR	General Purpose Financial Report
GST	Goods and Services Tax
RO Act	<i>Fair Work (Registered Organisations) Act 2009</i>
RO Regulations	<i>Fair Work (Registered Organisations) Regulations 2009</i>



Principal Phillip W Miller CA
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Web www.mcsaudit.com.au
ASIC Authorised Audit Company No. 408893

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN EDUCATION UNION – ACT BRANCH
ABN: 98 106 001 142**

Report on the Financial Report

I have audited the accompanying general purpose financial report of Australian Education Union – ACT Branch for the year ended 31 December 2015, comprising the Statement of Comprehensive Income, Statement of Financial Position as at 31 December 2015, Statement of Changes in Equity, Cash Flow Statement, Notes to and forming part of the Financial Statements and the Committee of Management Statement.

Committee's Responsibility for the Financial Report

The Branch's Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal controls as the Committee of Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

As part of the audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. Those Auditing Standards require that I 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian professional accounting bodies.

Emphasis of Matter

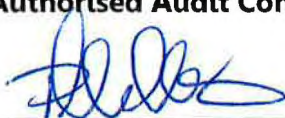
Without qualification, I draw attention to Note 5C to the financial statements which outlines the total of funds misappropriated by a former employee of the Australian Education Union – ACT Branch. The total amounts of the funds detected as being misappropriated during the 2011 and 2014 years are included in the financial statements as other receivables.

Auditors Opinion

In my opinion, the financial report presents fairly, in all material respects the financial position of Australian Education Union – ACT Branch as of 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Australian accounting standards and the *Fair Work (Registered Organisations) Act 2009*.

Name of Firm: MCS Audit Pty Ltd
Chartered Accountants
Authorised Audit Company

Name of director:



Phillip W Miller CA
Registered Company Auditor
Public Practice Certificate Holder

Address: Unit 1, 37 Geils Court, Deakin ACT 2600

Dated:

6 May 2016.

AUSTRALIAN EDUCATION UNION – ACT BRANCH

ABN: 98 106 001 142

s.268 Fair Work (Registered Organisations) Act 2009

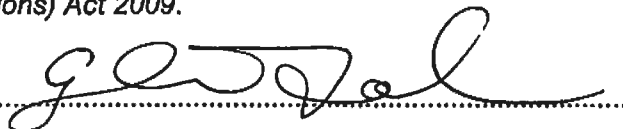
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER²

Certificate for the period ended 31 December 2015

I Glenn Fowler being the Branch Secretary of the Australian Education Union – ACT Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Education Union – ACT Branch for the period ended 31 December 2015 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 6th day of May 2016; and
- that the full report was presented to [*a general meeting of the branch council OR a meeting of the committee of management*] of the Australian Education Union – ACT Branch on 3rd day of May 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:.....



Name of prescribed designated officer: Glenn Fowler

Title of prescribed designated officer: Branch Secretary

Dated: 3 May 2016

² Regulation 162 of the Fair Work (Registered Organisations) Regulations 2009 defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:

- (a) the secretary; or
- (b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

AUSTRALIAN EDUCATION UNION – ACT BRANCH

ABN: 98 106 001 142

OPERATING REPORT

for the period ended 31 December 2015

The committee presents its report on the reporting unit for the financial year ended 31 December 2015.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

Principal Activities

During the year the principal continuing activities of the Association was to obtain and secure for its members the best possible conditions and proper and sufficient remuneration and to guard them against any hardship, oppression or injustice in connection with their employment. And to foster, protect and promote the interests of government and public education, including kindergarten and preschool education, infants and primary education, secondary education, technical and further education, education at universities and colleges of advanced education and recurrent education.

Results of the Principal Activities

The Australian Education Union – ACT Branch (AEU-ACT) is a federally registered Union and provides a wide range of industrial relations services to assist members to comply with employment issues, regulatory and legislative matters.

Significant changes in the nature of the principal activities

In the opinion of the committee members there were no significant changes in the nature of these principal activities that occurred during the financial year under review.

Financial Operating Result

The operating deficit of the Association amounted to \$119,929 (2014: surplus of \$73,371). This figure represents a true and fair view of the results achieved during the reporting period.

Non-Financial Operating Result

1. A Teaching Staff Enterprise Agreement was signed between the AEU and the ACT Education Directorate in 2015, an agreement which delivered a range of improvements in conditions and salaries for our teacher and school leader members. Extra school psychologist positions were won. The most far-reaching benefit was the provision of the equivalent of almost 60 administrative positions for schools to support the agreement and guidelines for teacher workload reduction. The employer conceded formally for the first time that excessive teacher workload is a problem that needs to be solved. Agreement was reached on the sorts of tasks that teachers should be focussing on as their core roles, those in which their involvement should be limited to the educational and not administrative elements and those that teachers should never be doing.
2. On the national stage, the ACT Branch has participated actively in national campaigns regarding federal government policy, notably on early childhood education funding, the Gonski schools funding campaign and vocational education and training.
3. The Branch participated actively in the consultation process preceding the release of the landmark "Schools For All: Report of the Expert Panel on Students with Complex Needs and Challenging Behaviour.

4. Members were concerned at the Education Directorate's removal of nurses from specialist schools and the introduction with inadequate levels of staff consultation of the Healthcare Access at Schools program. Specifically, school assistants and teachers were concerned that they were not sufficiently qualified, supported or recognised for managing the complex healthcare needs of students with disabilities. After a public campaign, the AEU became heavily involved in negotiating a new version of the program and that is progressing slowly but generally positively.
5. Whilst there have been no enterprise bargaining negotiations for AEU members at the Canberra Institute of Technology (TAFE) we have continued to support members at the sub-branch or site level, and to galvanise them around the national Stop TAFE Cuts campaign.
6. The 2015 Public Education Dinner was held at the National Press Club on the 29 May. Public Education Week Launch was held again in 2015. The AEU hosted a Music and Arts Showcase over the period of one day on the 22 May at the Tuggeranong Hyperdome. This event promoted public education to the broader community, gaining significant interest.
7. The AEU at Branch and federal level asked members to complete a number of online surveys which assisted with various campaigns.
8. In terms of office structure, we continue to make adjustments to support our organising model. We trialed a model of two Industrial Support Officers to assist members in the first instance with workplace issues. This had mixed success and by the end of the year was being reviewed. We added a fourth organiser position for the first time.
9. In 2015, AEU – ACT Branch continued a strong presence on Facebook and Twitter, growing our follower base, using it to share news and opinions, promote events, support petitions, celebrate achievements and successes and build a community of shared commitment to public education.
10. Branch Executive elections took place for the General Representative positions and eight candidates were elected. Vice President elections were being conducted at the end of the year for a start date 1 January 2016. The President and Secretary were re-elected at the end of 2014 and commenced their terms on 1 January 2015.
11. During 2015 numerous Branch Executive Members attended financial management training. The internal policy manual continues to serve us well. There is much attention within the Branch office to satisfy all requirements of the Fair Work Act 2009.
12. Our Birrigai Leaders Retreat weekend was held on 27 & 28 March 2015. Further to this, training in professional and industrial matters has been provided to members in central locations and at workplaces.
13. The AEU continues to participate in the School Assistant Review and to build our base of School Assistant membership and activism.
14. The AEU continued its campaign against newspapers publishing crude league tables based on students' NAPLAN results which unfairly denigrate certain schools. There was reason to believe that the public and the newspapers were starting to shift their position to a more acceptable one.

15. During 2015 four loans for members in need from the Member Welfare Fund were approved to a total of \$18,000. Two loans 23 & 31 (M090263 & M140054) were repaid in full.
16. AEU women attending the Federal Women's Conference heard from experts in their field regarding issues relevant to assisting the AEU put into context the programs, policies and affirmative action strategies that we employ in our union activities. There were presentations on the ongoing arguments on the disadvantages that women and girls experience both in education, the world of work and more generally in our community globally.
17. Ingrid Bean was the recipient of the 2015 Anna Stewart program, and she spent a week working out of the AEU Branch office, receiving advice from women in other unions, goal-setting for her own sub-branch and conducting research into issues pertinent to women educators.
18. Lisa Styles was awarded the Bill Book Activist Program Scholarship and spent a week in the office to better appreciate the work of organisers and how that connects with the aspirations of teacher and school assistant members in schools.
19. Design work has been commenced for a complete refurbishment of the AEU ACT Branch office. The intention is for the office to be fully refurbished during 2016.

Significant changes in financial affairs

In the opinion of the committee members there were no significant changes in the financial affairs that occurred during the financial year under review.

Right of members to resign

All members of the Union have the right to resign from the Union in accordance with Rule 34 (c) of the Union Rules, (and section 174 of the Fair Work (Registered Organisations) Act 2009); namely, by providing written notice of changes to their membership within 28 days of the change occurring.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

No members were involved in trusteeships or directorships on behalf of the Association as directors of any superannuation fund where the criterion for the officer or member to be the trustee is that the person is an officer or member of a registered organisation.

No members were a director of a company or a member of a board on behalf of the Association.

Number of members

The number of persons that were at the end of financial year recorded in the register of members for sec. 230 of the Fair Work (Registered Organisations) Act 2009 and who are taken to be members of the Branch under sec. 244 of the Fair Work (Registered Organisations) Act 2009 was 3,465.

A register of members of the Branch has been kept and maintained during the immediately preceding calendar year (2014) as required by ss230 (1) (a) and (2).

Number of employees

11.75 full-time equivalent employees were employed by the ACT Branch during the 2015 financial reporting period.

Names of Committee of Management members and period positions held during the financial year

Glenn Fowler
Branch Secretary
From 1 January 2015 to 31 December 2015
Occupation: Branch Secretary

Lana Read
Branch President
From 1 January 2015 to 31 December 2015
Occupation: Principal

Nina Leuning
Branch Vice President
From 1 January 2015 – 28 July 2015
Occupation: Teacher

Angela Burroughs
Branch Vice President
From 28 July 2015 – 31 December 2015
Occupation: Teacher

Roger Amey
Branch Vice President
From 1 January 2015 – 31 December 2015
Occupation: Teacher

Karen Noble
TAFE Vice President
From 1 January 2015 – 31 December 2015
Occupation: Teacher

Shane Gorman
General Membership Representative
From 1 January 2015 – 31 December 2015
Occupation: Principal

Theresa Carroll
General Membership Representative
From 1 January 2015 – 31 December 2015
Occupation: Teacher

Fiona Stevenson
General Membership Representative
From 1 January 2015 – 31 December 2015
Occupation: Teacher

Emma Cox
General Membership Representative
From 28 July 2015 – 31 December 2015
Occupation: Teacher

Susan Thomson
General Membership Representative
From 8 December 2015 – 31 December 2015
Occupation: Teacher

Suki Dorras-Walker
General Membership Representative

From 28 July 2015 – 31 December 2015
Occupation: Teacher

Philippa O'Shea
General Membership Representative
From 28 July 2015 – 31 December 2015
Occupation: Teacher

Peter Curtis
Preschool Representative (+ Preschool Alternate Representative)
From 1 January 2015 – 28 July 2015
Occupation: Teacher

Anne Brown
TAFE Representative
From 1 January 2015 – 31 December 2015
Occupation: Teacher

Mark Hemmingsen
TAFE Alternate Representative
From 1 January 2015 – 3 March 2015
Occupation: Teacher

The address for all persons is 40 Brisbane Avenue BARTON ACT 2600.

There were no new branches or divisions established and no branches or divisions ceased to operate in 2015.

Signature of prescribed designated officer: .....

Name of prescribed designated officer: Glenn Fowler

Title of prescribed designated officer: Branch Secretary

Dated: 3 May 2016

AUSTRALIAN EDUCATION UNION – ACT BRANCH

ABN: 98 106 001 142

COMMITTEE OF MANAGEMENT STATEMENT

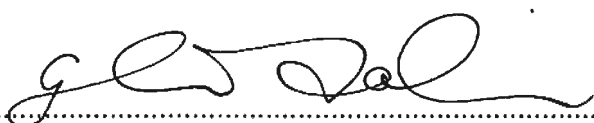
for the period ended 31 December 2015

On the 3rd day of May 2016 the committee of management of the Australian Education Union – ACT Branch 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:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) 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;
- (d) 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
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) 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
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) 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 consistent manner with each of the other reporting units of the organisation; and
 - (v) 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 has been provided to the member or General Manager; and
 - (vi) 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.
- (f) the reporting unit has not derived revenue from undertaking recovery of wages activity, include the statement '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.

Signature of prescribed designated officer: .....

Name of prescribed designated officer: Glenn Fowler

Title of prescribed designated officer: Branch Secretary

Dated: 3 May 2016

AUSTRALIAN EDUCATION UNION – ACT BRANCH
ABN: 98 106 001 142
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue			
Membership subscription*		2,052,502	1,989,849
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	23,108	37,115
Rental revenue	3D	45,104	39,571
Advertising		19,509	5,568
Total revenue		2,140,223	2,072,103
Other Income			
Grants and/or donations	3E	-	-
Event and project revenue	3F	23,300	30,114
Total other income		23,300	30,114
Total income		2,163,523	2,102,217
Expenses			
Employee expenses	4A	1,521,544	1,341,870
Capitation fees	4B	109,882	90,989
Affiliation fees	4C	38,519	49,181
Administration expenses	4D	410,802	415,840
Grants or donations	4E	5,350	3,300
Depreciation and amortisation	4F	35,249	32,362
Finance costs	4G	10,806	9,887
Legal costs	4H	16,511	6,055
Accounting fees		37,869	4,200
Audit fees	12	42,000	12,000
Campaigns	4I	32,274	30,492
Members and professional development cost	4J	22,646	32,670
Other expenses	4K	-	-
Total expenses		2,283,452	2,028,846
Profit (loss) for the year		(119,929)	73,371
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss		-	-
Gain on revaluation of land & buildings		-	-
Total comprehensive income for the year		(119,929)	73,371

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

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

AUSTRALIAN EDUCATION UNION – ACT BRANCH
ABN: 98 106 001 142
STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	1,160,346	1,174,181
Trade and other receivables	5B	73,552	44,349
Other current assets	5C	85,750	79,406
Total current assets		1,319,648	1,297,936
Non-Current Assets			
Land and buildings	6A	1,014,391	1,030,290
Plant and equipment	6B	45,456	54,368
Total non-current assets		1,059,846	1,084,658
Total assets		2,379,495	2,382,594
LIABILITIES			
Current Liabilities			
Trade payables	7A	16,389	60,544
Other payables	7B	298,597	280,507
Employee provisions	8	170,537	59,829
Total current liabilities		485,523	400,880
Non-Current Liabilities			
Employee provisions	8	58,713	50,303
Total non-current liabilities		58,713	50,303
Total liabilities		544,236	451,183
Net assets		1,835,259	1,931,411
EQUITY			
Revaluation of leasehold land and building reserve	9	282,389	282,389
Prior year adjustments		23,777	7,091
Retained earnings (accumulated deficit)		1,529,093	1,641,931
Total equity		1,835,259	1,931,411

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

AUSTRALIAN EDUCATION UNION – ACT BRANCH
ABN: 98 106 001 142
STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2015

	Notes	Asset revaluation reserve \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2014		282,389	1,568,560	1,850,949
Adjustment for errors		-	7,091	7,091
Profit for the year		-	73,371	73,371
Transfer to/from other fund	9	-	-	-
Closing balance as at 31 December 2014		282,389	1,649,022	1,931,411
Adjustment for errors		-	23,777	23,777
Profit for the year		-	(119,929)	(119,929)
Transfer to/from other fund	9	-	-	-
Closing balance as at 31 December 2015		282,389	1,552,870	1,835,259

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

AUSTRALIAN EDUCATION UNION – ACT BRANCH
ABN: 98 106 001 142
CASH FLOW STATEMENT
for the period ended 31 December 2015

	Notes	2015 \$	2014 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	10B	-	-
Interest		23,108	37,115
Other		2,317,607	2,166,523
Cash used			
Employees		1,402,426	1,406,260
Suppliers		778,147	566,653
Payment to AEU Federal Office	10B	163,540	138,055
Net cash from (used by) operating activities	10A	(3,398)	92,670
Cash used			
Purchase of plant and equipment		(10,437)	(20,437)
Purchase of land and buildings		-	(163,636)
Net cash used by investing activities		(10,437)	(184,073)
Net increase (decrease) in cash held		(13,835)	(91,403)
Cash & cash equivalents at the beginning of the reporting period		1,174,181	1,265,584
Cash & cash equivalents at the end of the reporting period		1,160,346	1,174,181
	5A		

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

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Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian Education Union – ACT Branch is a not-for-profit entity.

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.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standards, which have been adopted for the first time this financial year:

- AASB 10 *Consolidated Financial Statements* redefines the concept of control. AASB 10 replaces the consolidation requirements of SIC-12 Consolidation—Special Purpose Entities and AASB 127 Consolidated and Separate Financial Statements and is effective for not-for-profit entities with annual periods beginning on or after 1 January 2014. The adoption of this Standard did not have an impact on the Australian Education Union – ACT Branch.
- AASB 11 *Joint Arrangements* sets out a new framework for the accounting for joint ventures, including removal of the option to use proportionate consolidation. The adoption of this Standard did not have an impact on the Australian Education Union – ACT Branch.
- AASB 12 *Disclosures of Interests in Other Entities* is a disclosure standard that includes all of the disclosure requirements for subsidiaries, joint arrangements, associates and consolidated and unconsolidated structured entities.

Future Australian Accounting Standards Requirements

There are no new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on Australian Education Union – ACT Branch.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.8 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination as part of a broader restructuring when it has

developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.9 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.10 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when the Australian Education Union – ACT Branch entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.13 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method,

and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit's right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.16 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent

that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2015	2014
Land & buildings	40 years	40 years
Plant and equipment	3 to 5 years	3 to 5 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.17 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.18 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset

would be replaced if the Australian Education Union ACT Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.19 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.20 Taxation

Australian Education Union – ACT Branch 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.

1.21 Fair value measurement

The Australian Education Union – ACT Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 14.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Australian Education Union – ACT Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and

best use or by selling it to another market participant that would use the asset in its highest and best use.

The Australian Education Union – ACT Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Australian Education Union – ACT Branch determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Australian Education Union – ACT Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.22 Going concern

Australian Education Union – ACT Branch is not reliant on any of the agreed financial support to continue on a going concern basis.

Australian Education Union – ACT Branch has not agreed to provide anyone with financial support to ensure they can continue on a going concern basis.

1.23 Acquire an asset or a liability

The entity has not acquired an asset or a liability during the financial year as a result of:

- a) an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the entity form part) was the amalgamated organization; or
- b) a restructure of the branches of the organisation; or
- c) a determination by the General Manager under subsection 245(1) of the RO Act of an alternative reporting structure for the organisation; or
- d) a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1); or
- e) as part of a business combination.

1.24 Financial affairs

The entity's financial affairs are not administrated by any other entity during the financial year.

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2015, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Australian Education Union – ACT Branch.

	2015	2014
	\$	\$
Note 3 Income		
Note 3A: Capitation fees*		
AEU – Federal Office	-	-
Total capitation fees	<u>-</u>	<u>-</u>
Note 3B: Levies*		
Levies	-	-
Total levies	<u>-</u>	<u>-</u>
Note 3C: Interest		
Deposits	23,108	37,115
Total interest	<u>23,108</u>	<u>37,115</u>
Note 3D: Rental revenue		
Properties	45,104	39,571
Total rental revenue	<u>45,104</u>	<u>39,571</u>
Note 3E: Grants or donations*		
Grants	-	-
Donations	-	-
Total grants or donations	<u>-</u>	<u>-</u>
Note 3F: Event and project revenue		
Public education week event	18,845	20,864
NWEP project	4,455	-
Hall school project	-	9,250
Total event and project revenue	<u>23,300</u>	<u>30,114</u>

	2015	2014
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses*		
Holders of office:		
Wages and salaries	186,946	147,886
Superannuation	46,384	30,331
Leave and other entitlements	68,386	493
Separation and redundancies	-	-
Other employee expenses	5,275	-
Subtotal employee expenses holders of office	<u>306,991</u>	<u>178,710</u>
Employees other than office holders:		
Wages and salaries	707,635	890,598
Superannuation	152,661	156,601
Leave and other entitlements	327,267	89,764
Separation and redundancies	-	24,788
Other employee expenses	26,990	1,409
Subtotal employee expenses employees other than office holders	<u>1,214,553</u>	<u>1,163,653</u>
Total employee expenses	<u>1,521,544</u>	<u>1,341,870</u>

Note 4B: Capitation fees*

Australian Education Union – Federal Office	109,882	90,989
Total capitation fees	<u>109,882</u>	<u>90,989</u>

Note 4C: Affiliation fees*

Australian Education Union – Federal Office	21,373	13,250
Unions ACT	-	30,920
Trades and labour council ACT	17,146	5,011
Total affiliation fees/subscriptions	<u>38,519</u>	<u>49,181</u>

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

	2015	2014
	\$	\$
Note 4D: Administration expenses		
Consideration to employers for payroll deductions*	-	-
Compulsory levies*		
Australian educator publication levy	11,209	10,557
TAFE publication levy	718	735
ACTU campaign levy	20,328	6,546
Fees/allowances - meeting and conferences*	19,804	18,104
Conference and meeting expenses*	42,157	36,104
Contractors/consultants	4,458	8,221
Property expenses	58,962	68,562
Subscriptions	2,111	19,409
Office expenses	50,144	43,466
Payroll tax and fringe benefits tax expenses	-	1,595
Other expenses	3,713	141
Recruitment	-	9,671
Information communications technology	49,938	33,776
Insurances	43,147	54,309
Special interest and event	38,667	43,472
Marketing and promotions	65,446	61,172
Subtotal administration expense	410,802	415,840
Operating lease rentals:		
Minimum lease payments	-	-
Total administration expenses	410,802	415,840

Note 4E: Grants or donations*

Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	1,350	1,300
Total paid that exceeded \$1,000	4,000	2,000
Total grants or donations	5,350	3,300

Note 4F: Depreciation and amortisation

Depreciation		
Land & buildings	15,900	15,900
Property, plant and equipment	19,349	16,462
Total depreciation	35,249	32,362

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

	2015	2014
	\$	\$
Note 4G: Finance costs		
Bank charges	10,690	9,376
Interest paid	116	511
Total finance costs	10,806	9,887

Note 4H: Legal costs*

Litigation	-	-
Other legal matters	16,511	6,055
Total legal costs	16,511	6,055

Note 4I: Campaigns

Federal campaigns	2,352	12,945
Election campaigns	-	10,287
Research and submissions	273	-
Branch campaigns	29,649	7,260
Total campaigns	32,274	30,492

Note 4J: Members and professional development costs

Members and executive training	14,555	7,460
Members benefits	-	3,727
Professional development costs	8,091	21,483
Total members and professional development costs	22,646	32,670

Note 4K: Other expenses

Penalties - via RO Act or RO Regulations*	-	-
Total other expenses	-	-

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

2015	2014
\$	\$

Note 5 Current Assets

Note 5A: Cash and Cash Equivalents

Cash at bank	334,829	376,183
Cash on hand	778	587
Short term deposits	824,739	797,411
Total cash and cash equivalents	1,160,346	1,174,181

Note 5B: Trade and Other Receivables

Receivables from other reporting unit*

Australian Education Union – Federal Office	1,987	1,156
Total receivables from other reporting unit	1,987	1,156

Less provision for doubtful debts*

Australian Education Union – Federal Office	-	-
Total provision for doubtful debts	-	-
Receivable from other reporting unit (net)	1,987	1,156

Other receivables:

Other trade receivables	33,536	8,472
Accrued interests	7,065	11,320
Members welfare loan	30,964	23,401
Total other receivables	71,565	43,193
Total trade and other receivables (net)	73,552	44,349

Note 5C: Other Current Assets

Prepayments	22,037	30,098
Other receivables	63,713	49,308
Total other current assets	85,750	79,406

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

2015 2014
\$ \$

Note 6 Non-current Assets

Note 6A: Land and buildings

Land and buildings:		
fair value	1,440,497	1,440,497
accumulated depreciation	(426,106)	(410,207)
Total land and buildings	1,014,391	1,030,290

Reconciliation of the Opening and Closing Balances of Land and Buildings

As at 1 January		
Gross book value	1,440,497	1,276,861
Accumulated depreciation and impairment	(410,207)	(394,307)
Net book value 1 January	1,030,290	882,554
Additions:		
By purchase	-	163,636
Depreciation expense	(15,899)	(15,900)
Net book value 31 December	1,014,391	1,030,290
Net book value as of 31 December represented by:		
Gross book value	1,440,497	1,440,497
Accumulated depreciation and impairment	(426,106)	(410,207)
Net book value 31 December	1,014,391	1,030,290

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

Cost	1,158,018	1,158,108
Accumulated depreciation and impairment	(426,106)	(410,207)
Net carrying amount	731,912	747,901

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation (11 December 2009), the properties' fair values are based on valuations performed by Steven Flannery AAPI, an accredited independent valuer.

Significant unobservable valuation input

Example: Price per square metre

Range

[\$2 932 – \$3 858]

A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

2015 2014
\$ \$

Note 6B: Plant and equipment

Plant and equipment:		
at cost	167,986	157,549
accumulated depreciation	(122,530)	(103,181)
Total plant and equipment	45,456	54,368

Reconciliation of the Opening and Closing Balances of Plant and Equipment

As at 1 January		
Gross book value	157,549	145,237
Accumulated depreciation and impairment	(103,181)	(86,720)
Net book value 1 January	54,368	58,517
Additions:		
By purchase	10,437	20,437
Depreciation expense	(19,349)	(16,461)
Website design book value adjustments*	-	(8,125)
Net book value 31 December	45,456	54,368
Net book value as of 31 December represented by:		
Gross book value	167,986	157,549
Accumulated depreciation and impairment	(122,530)	(103,181)
Net book value 31 December	45,456	54,368

Website Design Book Value Adjustment 2014*

The total cost of the website development was \$32,500. 75% of the total cost (\$24,375) has been paid in 2013. The remaining 25% of the total cost (\$8,125) was due and payable in 2014. The website developer went into receivership in 2014 and didn't finish the last stage of the development. So the organisation didn't have to pay the rest of the invoice. The cost base of the website development has been reduced to \$24,375 in 2014 year.

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	16,389	60,544
Subtotal trade creditors	16,389	60,544
Payables to other reporting unit*		
AEU Federal Office	-	-
Subtotal payables to other reporting unit	-	-
Total trade payables	16,389	60,544

Settlement is usually made within 30 days.

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

	2015	2014
	\$	\$
Note 7B: Other payables		
Superannuation	68,479	44,372
Consideration to employers for payroll deductions*	-	-
Legal costs*	-	-
Prepayments received/unearned revenue	102,863	108,097
ATO payable	47,378	-
PAYG payable	31,884	29,451
GST payable	34,793	85,387
Other	13,200	13,200
Total other payables	298,597	280,507

Total other payables are expected to be settled in:

No more than 12 months	298,597	280,507
More than 12 months	-	-
Total other payables	298,597	280,507

Note 8 Employee Provisions*

Office Holders:

Annual leave	8,145	5,095
Long service leave	39,561	10,580
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—office holders	47,706	15,675

Employees other than office holders:

Annual leave	79,507	38,903
Long service leave	102,037	55,554
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—employees other than office holders	181,544	94,457
Total employee provisions	229,250	110,132

Current	170,537	59,829
Non Current	58,713	50,303
Total employee provisions	229,250	110,132

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

2015	2014
\$	\$

Note 9 Equity – Funds

Assets revaluation reserve		
Balance as at start of year	282,389	282,389
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	282,389	282,389
General account / retained earnings		
Balance as at start of year	1,649,022	1,568,560
Transferred to reserve	23,777	80,462
Transferred out of reserve	(119,929)	-
Balance as at end of year	1,552,870	1,649,022
Total Reserves	1,835,259	1,931,411

Note 10 Cash Flow

Note 10A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:

Cash and cash equivalents as per:

Cash flow statement	1,160,346	1,174,181
Balance sheet	1,160,346	1,174,181
Difference	-	-

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	(119,929)	73,371
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Adjustments for non-cash items

Depreciation/amortisation	35,249	32,362
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Changes in assets/liabilities

(Increase)/decrease in net receivables	(43,608)	(73,092)
(Increase)/decrease in prepayments	8,061	18,609
Increase/(decrease) in supplier payables	(765)	40,484
Increase/(decrease) in other payables	(25,300)	42,658
Increase/(decrease) in employee provisions	119,117	(56,938)
Prior year adjustments	23,777	7,091
Website development book value adjustment	-	8,125
Net cash from (used by) operating activities	(3,398)	92,670

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

	2015	2014
	\$	\$
Note 10B: Cash flow information*		
Cash inflows		
AEU Federal Office	-	-
Total cash inflows	<u>-</u>	<u>-</u>
Cash outflows		
AEU Federal Office	163,540	138,055
Total cash outflows	<u>163,540</u>	<u>138,055</u>

Note 11 Related Party Disclosures

Note 11A: Related Party Transactions for the Reporting Period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from AEU – Federal Office includes the following:

Income	-	-
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Expenses paid to AEU – ACT Federal Office includes the following:

Capitation fees	89,961	90,989
Publication levy – Australian Educator	11,208	10,557
TAFE publication levy	718	735
ACTU subscriptions	12,569	11,685
Education international fund	7,352	7,724
ACTU campaign fund	-	6,546
ACTU levy	20,328	-
International trust fund	21,373	-
Federal campaign	31	-
Public education campaign	-	9,819
Total expenses	<u>163,540</u>	<u>138,055</u>

Loans to members includes the following:

Members welfare loan	30,964	23,401
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Terms and conditions of transactions with related parties

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

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 yearend 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 Australian Education Union – ACT Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2014: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The loan provided to members receives a rate of interest of 0% and is repayable in a fortnightly basis.

2015	2014
\$	\$

Note 11B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits

Salary (including annual leave taken)	252,014	160,159
Annual leave accrued	3,050	6,618
Total short-term employee benefits	255,064	166,777

Post-employment benefits:

Superannuation	46,384	30,331
Total post-employment benefits	46,384	30,331

Other long-term benefits:

Long-service leave	5,543	4,867
Total other long-term benefits	5,543	4,867

Termination benefits

Total	306,991	201,975
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Note 12 Remuneration of Auditors

Value of the services provided

Financial statement audit services	12,000	12,000
Other Services	30,000	-
Total remuneration of auditors	42,000	12,000

Other services consist of re-audit of financial statements for the years ended from 2008 to 2013, regarding employment issues uncovered in 2014 audit.

Note 13 Financial Instruments

Note 13A: Categories of Financial Instruments

Financial Assets

Cash and cash equivalents:

Cash at bank	335,607	376,770
Total	335,607	376,770

Short term investments:

Bank deposits	824,739	797,411
Total	824,739	797,411

Receivables:

Trade debtors	35,523	9,628
Total	35,523	9,628

Loans:

Members welfare loan	30,964	23,401
Total	30,964	23,401

Carrying amount of financial assets

1,226,833	1,207,210
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	2015	2014
	\$	\$
Financial Liabilities		
Accounts payables:		
Trade creditors	16,389	60,544
Total	16,389	60,544
Other financial liabilities:		
Accrued expenses	13,200	13,200
Total	13,200	13,200
Carrying amount of financial liabilities	29,589	73,744

Note 13B: Net Income and Expense from Financial Assets

Short term investments

Interest revenue	23,108	37,115
Net gain/(loss) short term investments	23,108	37,115

Loans

Interest revenue	-	-
Net gain/(loss) from loans	-	-
Net gain/(loss) from financial assets	23,108	37,115

Note 13C: Net Income and Expense from Financial Liabilities

The net income/expense from financial liabilities not at fair value from profit and loss is \$0 (2014: \$0).

Note 13D: Financial Risk Management

Financial Risk Management Policies

The Council's overall risk management strategy seeks to assist the Australian Education Union - ACT Branch in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Council on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

a. Credit Risk

The Australian Education Union - ACT Branch does not have any material credit risk exposure as its major source of revenue is the receipt of member subscriptions and sponsorship income.

Credit Risk Exposures

The maximum exposures to credit risk by class of recognised financial assets (net of any provisions) are presented in the Statement of Financial Position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Council policy.

Ageing of financial assets that were past due but not impaired for 2015

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
AEU Federal Office	831	-	-	1,156	1,987
Others	13,568	3,822	-	16,146	33,536
Total	14,399	3,822	-	17,302	35,523

b. Liquidity Risk

Liquidity risk arises from the possibility that the Australian Education Union - ACT Branch might encounter difficulty in setting its debt or otherwise meeting its obligations in relation to financial liabilities. The Australian Education Union - ACT Branch manages the risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operation, investing and financing activities;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realization profile of financial assets.

Contractual maturities for financial liabilities 2015

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Trade creditors	-	29,589	-	-	-	-
Total	-	29,589	-	-	-	-

a. Market Risk

i: Interest rate risk

Reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed assets. Such risks is managed through diversification of investments across asset classes.

li: Price risk

The Australian Education Union - ACT Branch does not have any material price risk.

Note 14 Fair Value Measurement – Financial Assets and Liabilities

Management of the Australian Education Union - ACT Branch 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 table contains the carrying amounts and related fair values for the Australian Education Union - ACT Branch's financial assets and liabilities:

	Fair value 2015 \$	Fair value 2014 \$
Financial Assets		
Cash at bank	335,607	376,770
Short term deposits	824,739	797,411
Trade debtors	35,523	9,628
Loans	30,964	23,401
Total	1,226,833	1,207,210
Financial Liabilities		
Accounts payables	16,389	60,544
Others	13,200	13,200
Total	29,589	73,744

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The hierarchy consist on the following levels:

Fair value hierarchy – 31 December 2015

	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value	\$	\$	\$
Available for sale financial assets	-	-	-
Held to maturity financial assets	-	824,739	-
Total	-	824,739	-

Fair value hierarchy – 31 December 2014

	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value	\$	\$	\$
Available for sale financial assets	-	-	-
Held to maturity financial assets	-	797,411	-
Total	-	797,411	-

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

Note 15: 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 subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

- (1) A member of a reporting unit, or the General Manager, 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).

