



24 May 2019

Glenn Fowler
Branch Secretary
Australian Education Union-ACT Branch
Sent via email: glenn.fowler@aeuact.org.au

CC: pmiller@vincents.com.au

Dear Glenn Fowler,

**Australian Education Union-ACT Branch
Financial Report for the year ended 31 December 2018 – (FR2018/330)**

I acknowledge receipt of the financial report of the Australian Education Union-ACT Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 16 May 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2018 may be subject to an advanced compliance review.

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

General purpose financial report (GPFR)

Fair value measurement disclosures

Australian Accounting Standard *AASB 13 Fair Value Measurement (AASB 13)* details the reporting disclosures required for assets and liabilities that are measured at fair value.

Note 15 *Fair Value Measurement* of the GPFR discloses financial assets and non-financial assets (Land and Buildings) and liabilities at fair value. However, additional non-financial assets disclosures required by AASB 13 paragraphs 91 to 93 are not included.

Please ensure in future years that all the disclosures required by AASB 13 are included the notes to the financial statements.

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed.

Item 21 of the reporting guidelines (**RGs**) states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements and the body of the notes:

- "Agreeing to receive financial support from another reporting unit to continue as a going concern" and "agreeing to provide financial support to another reporting unit to ensure they continue as a going concern" are disclosed in both the officer's declaration statement and Note 2.15;
- "Receiving capitation fees from another reporting unit" and "receiving any other revenue from another reporting unit" are disclosed in the statement of comprehensive income, the officer's declaration statement and Note 4A;
- "Receiving revenue via compulsory levies" is disclosed in the statement of comprehensive income, the officer's declaration statement and Note 4B;
- "Receiving donations or grants" is disclosed in the statement of comprehensive income, the officer's declaration statement and Note 4;
- "Receiving revenue from undertaking recovery of wages activity" is disclosed in both the statement of comprehensive income and the officer's declaration statement;
- "Incurring fees as consideration for employers making payroll deductions of membership subscriptions" is disclosed in both the officer's declaration statement and Note 5D;
- "Paying a grant that was \$1,000 or less" and " paying a grant that exceeded \$1,000" are disclosed in both the officer's declaration statement and Note 5E;
- "Having a payable in respect of legal costs relating to litigation" and "having a payable in respect of legal costs relating to other legal matters" are disclosed in both the officer's declaration statement and Note 8B;
- "Having a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch" and "transferring to or withdrawing from a fund (other than the general fund), account, asset or controlled entity" are disclosed in both the officer's declaration statement and Note 10B; and
- "Receiving cash flows from another reporting units and/or controlled entity" is disclosed in both the officer's declaration statement and Note 11B.

Please note that nil activities only need to be disclosed once.

I also note that the officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- Paying legal costs relating to litigation (RG14(j)(i)); and
- Having another entity administer the financial affairs of the reporting unit (RG19).

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

Inconsistency in disclosure of financial information

The statement of change in equity and Note 10A *Funds* disclosed a balance within the general fund of \$2,008,476. However, the officer's declaration statement includes nil activity disclosure for having a balance within the general fund.

I also note that the statement of cash flows and Note 11B *Cash flow information* disclosed cash outflows to the Australian Education Union – Federal office of \$186,330. The officer's declaration

statement, however also has a nil activity disclosure for providing cash flows to another reporting unit and/or controlled entity.

In future years, please ensure that items within the financial report are disclosed consistently.

Operating report

Prescribed information in Operating report

Regulation 159(c) requires an operating report to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position. The ROC takes the words “at any time” to mean that all persons, whether they held their position for the full year or for part of the year, must be included.

I note that the names of Emma Cox appeared in the previous year’s operating report but did not appear in this year’s operating report. There was no indication in the operating report that Emma Cox had resigned during, or at the end of, the previous year, and without any such indication the question arises whether their names have been inadvertently omitted.

In future years, please ensure that all persons are included and the periods for which they held their position are clearly indicated.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely



Kylie Ngo
Registered Organisations Commission

Australian Education Union ACT Branch

ABN 98 106 001 142

Financial Statements

For the Year Ended 31 December 2018

Australian Education Union ACT Branch

ABN 98 106 001 142

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Independent Audit Report to the Members of Australian Education Union ACT Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Education Union ACT Branch (the Registered Organisation), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report of the Registered Organisation presents fairly, in all material aspects, the financial position of Australian Education Union ACT Branch as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (i) the Australian Accounting Standards; and
- (ii) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

Basis for Opinion


We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Organisation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Registered Organisation are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Committee of Management are responsible for assessing the Registered Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Registered Organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Registered Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. I declare that I am an auditor registered under the Registered Organisations Act.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. We did not locate any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. Therefore our opinion on the financial report is not modified.

Vincent's Audit Pty Ltd



**Phillip W Miller CA
Director**

Canberra

Dated this 10th day of April 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/24

Australian Education Union ACT Branch

ABN 98 106 001 142

Certificate by Prescribed Designated Officer

I, GLENN FOWLER, being the SECRETARY of Australian Education Union - ACT Branch certify that:

- that the documents lodged herewith are copies of the full report for the Australian Education Union - ACT Branch for the period ended 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 14-05-2019; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 8-05-2019 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: 16 / 5 / 2019

Australian Education Union ACT Branch

ABN 98 108 001 142

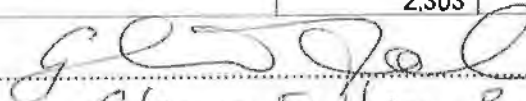
Report Required Under Subsection 255(2A)

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Descriptive form

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	1,507,823	1,400,965
Advertising	NIL	NIL
Operating costs	2,492,503	2,529,065
Donations to political parties	NIL	NIL
Legal costs	2,303	10,904

Signature of designated officer:



Name and title of designated officer:

Glenn Fowler, Branch Secretary

Australian Education Union ACT Branch

Operating Report

For the Year Ended 31 December 2018

The committee presents its report on the reporting unit for the financial year ended 31 December 2018.

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 union was to obtain and secure for its members the best possible conditions and proper and sufficient remuneration and to guard them against 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, and technical and further 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.

Secondly, the AEU-ACT's services as a lobby group on behalf of the industry and provides a voice for the collective interests of teachers in the education industry.

Thirdly, the AEU-ACT has developed strong relationships with key local and federal parliamentary figures, and with senior public servants in relevant government departments and agencies.

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 surplus of the union amounted to \$7,614. The figure represents a true and fair view of the results achieved during the reporting period.

Non-Financial Operating Result

1. In 2018 we bargained with the ACT Government on the common core conditions, including those of our School Assistant members and an offer was accepted by our members at the end of 2018. We also prepared logs of claims for School and CIT teachers and bargained on their behalf.
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 schools funding campaign and the TAFE campaign.
3. The union participated actively in the submission and consultation phases of the ACT Government's "Future of Education" process.
4. The Branch worked with the Directorate, on the implementation of its Occupational Violence Policy and Plan.
5. The Branch worked with the Minister and Directorate to achieve a number of positive outcomes related to teacher professionalism.
6. The 2018 Public Education Dinner was held at the Hyatt Hotel in late May, and was again a sell-out, attracting member support and public interest.
7. Members were supported at their worksites throughout the year regarding individual and collective issues.

Australian Education Union ACT Branch

Operating Report

For the Year Ended 31 December 2018

8. In terms of office structure, the leadership team consists of a Lead Organiser, Senior Industrial Officer and Business Manager. Our structure continues to serve us very well.
9. In 2018, the Branch maintained a strong presence on Twitter and especially Facebook, growing our follower base, using it to share news and opinions, promote events, support petitions, celebrate achievements and successes and build a community of share commitment to public education.
10. In 2018 Branch Executive elections took place for the Branch Secretary and Branch President, which were conducted at the end of the year for a start date of 1 January 2019.
11. All Branch Executive members including Senior Officers and AEU Staff with financial duties have received or are receiving approved financial/governance training.
12. Our New Educator Conference was held in Canberra on 1 & 2 March and the Fitzroy Falls Leaders Retreat weekend was held on 12-13 April 2018. Further to this, training in professional and industrial matters has been provided to members at the Yarramundi Cultural Centre and in Kingston, including Teacher Quality Institute training, School Assistant Workshop training, Fundamental and Advanced Representative training and Campaign training.
13. During 2018 four loans for members in need from the Member Welfare Fund were approved to a total of \$15,500. Two loans were repaid in full.
14. AEU women attending the 2018 Federal Women's Conference themed 'Finding your way through the labyrinth' was held Morocco from 5-7 February 2018. The conference included interactive workshops which included how to lead by example for a healthy work-life balance, mentoring, unconscious bias, voice and public speaking.
15. We implemented a new website providing streamlined member access to a greater range of member only content and features the ability to join online.

Significant changes in financial affairs

In the opinion of the committee members there were only minor changes in the financial affairs that occurred during the 2018 financial year under review, providing a balance between long-term deposits and investment portfolio management at a moderate risk level.

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 the 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 3566.

Australian Education Union ACT Branch

Operating Report

For the Year Ended 31 December 2018

Number of employees

12.4 full-time equivalent employees were employed by the ACT Branch during the 2018 financial reporting period.

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

Glenn Fowler
Branch Secretary
From 1 January 2018 to 31 December 2018
Occupation: Branch Secretary

Angela Burroughs
Branch President
From 1 January 2018 to 31 December 2018
Occupation: Teacher

Roger Amey
Branch Vice President
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Sarah Warren
Branch Vice President
1 January 2018 – 31 December 2018
Occupation: Teacher

Karen Noble
TAFE Vice President
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Peter Curtis
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Shane Gorman
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Principal

Benjamin Godwin
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Australian Education Union ACT Branch

Operating Report For the Year Ended 31 December 2018

Cherie Connors
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Katie Slater
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Holly Godfree
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Tania Blak
General Membership Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

Karl-Erik Paasonen
General Membership Representative
From 14 March 2018 – 31 December 2018
Occupation: Teacher

Anne Brown
TAFE Representative
From 1 January 2018 – 31 December 2018
Occupation: Teacher

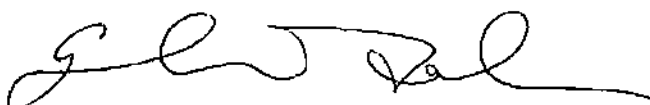
Benjamin Zywczyk
School Assistant
From 21 February 2018 – 31 December 2018
Occupation: School Assistant

Ninetta McCauley
School Assistant Alternate
From 21 February 2018 – 31 December 2018
Occupation: School Assistant

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 2018.

Signature of designated officer:



Name and title of designated officer: Glenn Fowler (Branch Secretary)

Dated: 10 April 2019

Australian Education Union ACT Branch

Committee of Management Statement

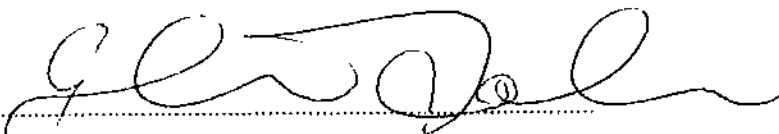
31 December 2018

On 10 / 04 / 2019 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 2018:

The Australian Education Union- ACT Branch 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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act); 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;
- (c) 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
- (d) 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 Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; 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.

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

Signature of designated officer: 

Name and title of designated officer: ..Glenn Fowler – ACT Branch Secretary

Dated:10 April 2019.....

Australian Education Union ACT Branch

ABN 98 106 001 142

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2018

		2018	2017
	Note	\$	\$
Revenue			
Membership subscription*		2,389,498	2,407,957
Capitation fees and other revenue from another reporting unit*	4A.	-	-
Levies	4B.	-	-
Interest	4C.	2,670	3,245
Rental income	4D.	43,745	43,014
Advertising income		12,753	13,904
Total revenue		2,448,666	2,468,120
Other income			
Grants and/or donations*	4E.	-	-
Event income	4F.	24,255	18,664
Other income	4G.	14,525	1,518
Revenue from recovery of wages activity*		-	-
Paid parental leave		12,671	-
Total other income		51,451	20,182
Total income		2,500,117	2,488,302
Expenses			
Employee benefits expense	5A.	(1,717,343)	(1,595,391)
Capitation fees and other expense to another reporting unit*	5B.	(106,971)	(101,740)
Affiliation fees	5C.	(43,962)	(34,475)
Administration expenses	5D.	(424,148)	(479,343)
Grants or donations	5E.	(8,900)	(7,450)
Depreciation and amortisation expense	5F.	(52,976)	(34,996)
Finance costs	5G.	(7,081)	(10,968)
Legal cost	5H.	(2,303)	(10,904)
Accounting fees		(32,119)	(30,231)
Audit fees	13.	(15,500)	(15,400)
Bad Debts		(3,071)	-
Write-down and impairment of assets	5I.	-	(150,432)
Campaigns	5J.	(23,745)	(13,421)
Dther expenses	5K.	-	-
Members and professional development course	5L.	(54,384)	(44,314)
Total expenses		(2,492,503)	(2,529,065)
Total comprehensive income for the year		7,614	(40,763)

The Registered Organisation has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

Australian Education Union ACT Branch

ABN 98 106 001 142

Statement of Financial Position

As At 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6A	477,123	206,835
Trade and other receivables	6B	41,148	67,229
Other assets	6C	63,937	76,185
TOTAL CURRENT ASSETS		582,208	350,249
NON-CURRENT ASSETS			
Land and buildings	7A	1,394,341	1,415,000
Plant and equipment	7B	38,608	40,110
Other non-current assets	7C	389,635	497,905
TOTAL NON-CURRENT ASSETS		1,822,584	1,953,015
TOTAL ASSETS		2,404,792	2,303,264
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8A	33,786	6,340
Other payables	8B	168,608	132,205
Employee provisions	9A	147,650	113,358
TOTAL CURRENT LIABILITIES		350,044	251,903
NON-CURRENT LIABILITIES			
Employee provisions	9A	46,272	31,304
TOTAL NON-CURRENT LIABILITIES		46,272	31,304
TOTAL LIABILITIES		396,316	283,207
NET ASSETS		2,008,476	2,020,057
EQUITY			
General funds	10A	371,312	390,505
Retained earnings	10A	1,637,164	1,629,552
TOTAL EQUITY		2,008,476	2,020,057

The Registered Organisation has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

Australian Education Union ACT Branch

ABN 98 106 001 142

Statement of Changes in Equity For the Year Ended 31 December 2018

	Revaluation Reserve	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 January 2017	282,389	1,670,315	1,952,704
Surplus / (deficit)	-	(40,765)	(40,765)
Transfer to/from revaluation reserve	10A. 108,117	-	108,117
Closing balance as at 31 December 2017	390,506	1,629,550	2,020,056
Surplus / (deficit)	-	7,614	7,614
Transfer to/from revaluation reserve	10A. (19,194)	-	(19,194)
Closing balance as at 31 December 2018	371,312	1,637,164	2,008,476

The Registered Organisation has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

The accompanying notes form part of these financial statements.

Australian Education Union ACT Branch

ABN 98 106 001 142

Statement of Cash Flows

For the Year Ended 31 December 2018

	2018	2017
Note	\$	\$
OPERATING ACTIVITIES:		
Cash received	-	-
Receipts from customers	2,772,478	2,670,001
Interest received	16	3,245
Cash used		
Employees	(1,633,206)	(1,463,025)
Suppliers	(743,586)	(1,027,901)
Payment to other reporting units/controlled entity(s)	(186,330)	(175,739)
Net cash from (used by) operating activities	11 <u>209,372</u>	<u>6,581</u>
INVESTING ACTIVITIES:		
Cash received		
Proceeds from sale of plant and equipment	-	-
Other	-	-
Cash used		
Purchase of plant and equipment	(30,815)	(9,609)
Purchase of land and buildings	-	(128,191)
Purchase of investments	(8,269)	(500,000)
Proceeds for investments	100,000	-
Net cash from (used by) investing activities	<u>60,916</u>	<u>(637,800)</u>
Net increase/(decrease) in cash and cash equivalents held	270,288	(631,219)
Cash and cash equivalents at beginning of year	<u>206,835</u>	<u>838,054</u>
Cash and cash equivalents at end of financial year	6A <u><u>477,123</u></u>	<u><u>206,835</u></u>

The accompanying notes form part of these financial statements.

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

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Notes to the Financial Statements For the Year Ended 31 December 2018

1. Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Registered Organisation has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 January 2018.

As part of the adoption of AASB 9, the Registered Organisation adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Registered Organisation's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Registered Organisation has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 January 2018.

Classification of financial assets

The financial assets of the Registered Organisation have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Transition adjustments

Notes to the table:

(i) Increase in expected credit losses for trade receivables

The move to the expected credit loss model under AASB 9 has increased the provision for trade receivables at the adoption date.

(ii) Cost of hedging adjustment

AASB 9 allows these costs, in certain circumstances to be recognised in other comprehensive income and accumulated in a separate component of equity rather than through profit or loss immediately. The initial value of the foreign currency basis spread will be amortised to profit or loss over the related hedging period.

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Notes to the Financial Statements For the Year Ended 31 December 2018

1. Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

Note	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139	Reclassification	Re-measure-ments	Carrying amount under AASB 9
			\$	\$	\$	\$
Financial assets						
Equity securities (i)	Available for sale	FVOCI - equity	397,905	-	-	397,905
Trade and other receivables	Loans and receivables	Amortised cost	43,047	-	-	43,047
Cash and cash equivalents	Loans and receivables	Amortised cost	206,835	-	-	206,835
Term deposits (ii)	Held to maturity	Amortised cost	100,000	-	-	100,000
Total financial assets			747,787	-	-	747,787
Financial liabilities						
Trade payables	Other financial liabilities	Other financial liabilities	6,340	-	-	6,340

Notes to the table:

(i) Reclassify investments from Available for Sale to FVOCI - equity

The Registered Organisation previously classified investments as available for sale with changes in value being taken through a financial asset reserve. On adoption of AASB 9, investments with a fair value of \$397,905 were reclassified from the financial asset reserve to the financial asset at fair value through OCI reserve since they are not held for trading.

(ii) Reclassification from Held to Maturity to Amortised Cost

Term deposits that would previously have been classified as held to maturity are now classified at amortised cost. The Registered Organisation intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these assets.

2. Summary of Significant Accounting Policies

2.1. 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.

2.2. Comparative amounts

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

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies

2.3. Significant accounting judgements and estimates

The following 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.

Accounting estimates - Impairment of Assets

The Registered Organisation assesses impairment at the end of each reporting period by evaluating conditions specific to the Registered Organisation that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Accounting estimates - Provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

2.4. New Australian Accounting Standards

Adoption of new and revised accounting standards

- AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash Generating Specialised Assets of Not-for-Profit Entities, which amends AASB 136 Impairment of Assets to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and clarify that not-for-profit entities holding non-cash-generating specialised assets at fair value in accordance with AASB 13 Fair Value Measurement under the revaluation model in AASB 116 Property, Plant and Equipment no longer need to consider AASB 136. Not-for-profit entities holding such assets at cost may determine recoverable amounts using current replacement cost in AASB 13 as a measure of fair value for the purposes of AASB 136. The entity does not hold specialised assets, there is no impact on the financial statements.
- AASB 2016-2 Amendment to Australian Accounting Standards – Disclosure Initiative Amendments to AASB 107, which amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and no-cash changes. The Australian Education Union - ACT Branch has provided the information for both current and comparative period in Note 11.

Future Australian Accounting Standards Requirements

- AASB 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. This standard applies to annual reporting periods beginning on or after 1 January 2019.
- AASB 15 *Revenue from Contracts with Customers* sets out the principles for the recognition, presentation and disclosure of revenue from contracts with customers. The objective is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. This standard applies to annual reporting periods beginning on or after 1 January 2019.
- AASB 1058 *Income of Not-for-profit Entities* clarifies and simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15 Revenue from Contracts with Customers. The objective is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value and the receipt of volunteer services. This standard applies to annual reporting periods beginning on or after 1 January 2019.

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Notes to the Financial Statements For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies

2.5. Revenue and other income

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

Donations

Donations and bequests are recognised as revenue when received.

Subscriptions

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

Rental income

Investment property revenue is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

Other income

Other income is recognised on an accruals basis when the Registered Organisation is entitled to it.

2.6. Gains

Sale of assets

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

2.7. Capitation fees and levies

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

2.8. 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. The 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.

2.9. Cash and cash equivalents

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 statement of financial position.

2.10. Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

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Notes to the Financial Statements For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies

2.11. Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2.12. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Registered Organisation, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

2.13. Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Registered Organisation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

For current year

Financial instruments are recognised initially on the date that the Registered Organisation becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Registered Organisation classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Registered Organisation changes

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies

2.13. Financial instruments

Financial assets

its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Registered Organisation's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Registered Organisation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Registered Organisation's historical experience and informed credit assessment and including forward looking information.

The Registered Organisation uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Registered Organisation uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Registered Organisation in full, without recourse to the Registered Organisation to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Registered Organisation in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Registered Organisation has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Registered Organisation renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

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Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Summary of Significant Accounting Policies

2.13. Financial instruments

Financial liabilities

The Registered Organisation measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Registered Organisation comprise trade payables, bank and other loans and finance lease liabilities.

2.14. Provisions

Provisions are recognised when the Registered Organisation has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

2.15. 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.

3. Events after the end of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Registered Organisation, the results of those operations or the state of affairs of the Registered Organisation in future financial years.

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Notes to the Financial Statements For the Year Ended 31 December 2018

4. Income

4A. Capitation fees and other revenue from other operating units*

	2018	2017
	\$	\$
AEU - Federal office	-	-
Total capitation fees and other revenue from other operating units	-	-

4B. Levies*

Levies	-	-
Total levies	-	-

4C. Interest

Deposits	2,670	3,245
Total interest	2,670	3,245

4D. Rental revenue

Properties	43,745	43,014
Total rental income	43,745	43,014

4E. Grants or donations*

Grants	-	-
Donations	-	-
Total grants or donations	-	-

4F. Event and project revenue

Public education week event	24,255	17,868
Women's fund event income	-	795
Total event and project revenue	24,255	18,663

4G. Other income

Investment income	14,525	1,518
Total other income	14,525	1,518

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Notes to the Financial Statements For the Year Ended 31 December 2018

5. Expenses

5A. Employee expenses

	2018	2017
	\$	\$
Holders of office:		
Basic	120,888	111,978
Superannuation contributions	35,683	33,694
Leave pay provision charge	43,929	44,476
Other employee expenses	9,020	4,278
Subtotal employee expenses holders of office	<u>209,520</u>	<u>194,426</u>
Employees other than office holders		
Basic	1,066,462	1,052,589
Superannuation contributions	207,323	190,043
Leave pay provision charge	206,642	116,481
Other employee expenses	27,396	41,852
Subtotal employee expenses employees other than office holders	<u>1,507,823</u>	<u>1,400,965</u>
Total employee expenses	<u>1,717,343</u>	<u>1,595,391</u>

5B. Capitation fees*

Capitation fees	106,971	101,740
Total capitation fees	<u>106,971</u>	<u>101,740</u>

5C. Affiliation fees

Australian Education Union - Federal office	15,829	16,868
Trades and Labour Council ACT	28,133	17,607
Total affiliation fees	<u>43,962</u>	<u>34,475</u>

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

5. Expenses

5D. Administration expenses

	2018	2017
	\$	\$
Consideration to employers for payroll deductions*	-	-
Compulsory levies*		
Publication levy - Australian educator	11,606	11,036
Publication levy - TAFE teacher	621	630
ACTU campaign levy	20,606	19,486
Education international	8,379	6,926
Public education	13,624	13,256
Fees/allowances - meeting and conferences	27,609	23,582
Conference and meeting expenses	53,544	53,478
Property expenses	71,994	77,409
Subscriptions	2,454	1,555
Office expenses	36,423	40,123
Payroll and FBT expenses	(14,205)	13,145
Other expenses	4,152	14,836
Recruitment	845	10,852
Information communications technology	57,284	67,375
Insurances	33,184	34,101
Special interest and event	51,100	40,372
Marketing and promotions	44,928	51,181
Total administration expenses	424,148	479,343

5E. 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	800	350
Total paid that exceeded \$1,000	8,100	7,100
Total grants or donations	8,900	7,450

5F. Depreciation and amortisation

Depreciation		
Land and buildings	20,659	11,553
Property, plant and equipment	32,316	23,443
Total depreciation	52,975	34,996

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

5. Expenses

5G. Finance costs

	2018	2017
	\$	\$
Bank	7,081	9,260
Overdrafts/loans	-	1,709
Total finance costs	<u>7,081</u>	<u>10,969</u>

5H. Legal costs*

Other legal matters	2,303	10,904
Total legal costs	<u>2,303</u>	<u>10,904</u>

5I. Write-down and impairment of assets

Asset write-downs and impairment of:	-	-
Other	-	150,432
Total write-down and impairment of assets	<u>-</u>	<u>150,432</u>

5J. Campaigns

Federal campaigns	4,540	554
Research and submissions	-	-
Branch campaigns	19,203	12,867
Total campaigns	<u>23,743</u>	<u>13,421</u>

5K. Other expenses

Penalties - via RO Act or the Fair work Act 2009*	-	-
Total other expenses	<u>-</u>	<u>-</u>

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Notes to the Financial Statements For the Year Ended 31 December 2018

5. Expenses

5L. Members and professional development costs

	2018	2017
	\$	\$
Members and executive training	19,009	11,903
Members benefits	14,781	14,029
Professional development costs	20,594	18,383
Total	54,384	44,315

6. Current assets

6A. Cash and Cash Equivalents

Cash on hand	310	500
Cash at bank	476,813	206,335
Total cash and cash equivalents	477,123	206,835

6B. Trade and other receivables

Receivables from other reporting unit*		
Australian education union - Federal office	-	-
Total receivables from other reporting unit	-	-
Other receivables		
Trade receivables	14,772	43,047
Investment income receivables	1,853	1,518
Members welfare loan	24,523	22,665
Total other receivables	41,148	67,230
Total trade and other receivables (net)	41,148	67,230

6C. Other current assets

Prepayments	61,210	69,960
Other receivables	2,727	6,225
Total other current assets	63,937	76,185

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

7. Non-current assets

7A. Land and buildings

	2018	2017
	\$	\$
Land and buildings		
At fair value	1,415,000	1,415,000
Accumulated depreciation	(20,659)	-
Total land and buildings	1,394,341	1,415,000

Reconciliation of opening and closing balances of Land and Buildings

	2018	2017
	\$	\$
Gross book value	1,415,000	1,440,497
Accumulated depreciation and impairment	-	(442,051)
Net book value 1 January	1,415,000	998,446
Additions:	-	-
By purchases	-	-
Revaluations	-	110,119
Depreciation expense	(20,659)	(7,842)
Other movement - transfer from property improvements	-	314,277
Net book value 31 December	1,394,341	1,415,000
Net book value 31 December represented by:	-	-
Gross book value	1,415,000	1,415,000
Accumulated depreciation and impairment	(20,659)	-
Net book value 31 December	1,394,341	1,415,000

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 (1st July 2017), the properties' fair values are based on valuations performed by MMJ Valuation and property consultants, an accredited independent valuer.

Significant unobservable valuation input	Amount
Price per square metre	[\$4,367]

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

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Notes to the Financial Statements For the Year Ended 31 December 2018

7. Non-current assets

7B. Plant and equipment

	2018	2017
	\$	\$
Plant and equipment		
At cost	235,696	204,881
Accumulated depreciation	(197,088)	(164,771)
Total plant and equipment	<u>38,608</u>	<u>40,110</u>

Reconciliation of opening and closing balances of Land and Buildings

	2018	2017
	\$	\$
Gross book value	204,881	195,273
Accumulated depreciation and impairment	(164,771)	(141,328)
Net book value 1 January	<u>40,110</u>	<u>53,945</u>
By purchase	30,815	9,609
Depreciation expense	(32,317)	(23,444)
Net book value 31 December	<u>38,608</u>	<u>40,110</u>
Net book value as of 31 December represented by:		
Gross book value	235,696	204,881
Accumulated depreciation and impairment	(197,088)	(164,771)
Net book value 31 December	<u>38,608</u>	<u>40,110</u>

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

7. Non-current assets

7C. Other non-current assets

	2018	2017
	\$	\$
Term deposits	-	100,000
Managed investments	389,635	397,905
Total other non-current assets	389,635	497,905

8. Current liabilities

8A. Trade payables

Trade creditors and accruals	33,786	6,340
Subtotal trade creditors	33,786	6,340
Payable to other reporting unit*		
AEU Federal office	-	-
Subtotal payables to other reporting unit	-	-
Total trade payables	33,786	6,340

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

8B. Other payables

Superannuation payable	31,227	24,313
Consideration to employers for payroll deductions*	-	-
Legal costs*	-	-
Litigation	-	-
Other legal matters	-	-
FBT payable	-	255
GST payable	48,145	44,969
PAYG payable	75,486	47,268
Accrued expenses	13,750	15,400
Total other payables	168,608	132,205
Total other payables are expected to be settled in:	-	-
No more than 12 months	168,326	132,205
More than 12 months	-	-
Total other payables	168,326	132,205

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

9. Provisions

9A. Employee Provisions*

	2018	2017
	\$	\$
Office holders:		
Annual leave	10,657	5,874
Long service leave	35,037	28,441
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions - office holders	45,694	34,315
Employee other than office holders:		
Annual leave	98,151	79,043
Long service leave - current	3,805	-
Long service leave - non-current	46,272	31,304
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions -employee other than office holders	148,228	110,347
Total employee provisions	193,922	144,662
Current	147,650	113,358
Non-current	46,272	31,304
Total employee provisions	193,922	144,662

Australian Education Union ACT Branch

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**Notes to the Financial Statements
For the Year Ended 31 December 2018**

10. Equity

10A. Funds

	2018	2017
	\$	\$
Asset revaluation reserve		
Balance as at start of the year	390,506	282,389
Transferred to reserves	-	108,117
Transferred out of reserve	(19,194)	-
Balance as at end of year	<u>371,312</u>	<u>390,506</u>
General account/ retained earnings		
Balance as at start of the year	1,629,550	1,670,315
Surplus/(deficit) for the year	7,614	(40,765)
Transferred out of reserve	-	-
Balance as at end of year	<u>1,637,164</u>	<u>1,629,550</u>
Total reserves	<u>2,008,476</u>	<u>2,020,056</u>

10B. Other specific disclosures - Funds*

Compulsory levy/voluntary contribution fund - if invested in assets

Other fund(s)

Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	<u>-</u>	<u>-</u>

Australian Education Union ACT Branch

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Notes to the Financial Statements For the Year Ended 31 December 2018

11. Cash Flow

11A. Cash flow reconciliation

	2018	2017
	\$	\$
Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:		
Cash and cash equivalents as per:		
Cash flow statement	477,123	206,835
Cash and cash equivalents	477,123	206,835
Difference	-	-
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	7,614	(40,764)
Adjustments for Non-cash items		
Depreciation/amortisation	52,975	34,996
Impairment of asset	-	150,431
- impairment of receivables	(3,071)	-
Changes in assets and liabilities:		
(Increase)/decrease in net receivables	26,081	(39,689)
(Increase)/decrease in prepayments	12,248	(9,394)
Increase/(decrease) in supplier payables	27,446	4,147
Increase/(decrease) in other payables	36,819	(115,300)
Increase/(decrease) in provisions	49,260	22,154
Net cash from (used by) operating activities	209,372	6,581

11B. Cash flow information*

Cash inflows		
AEU Federal office	-	-
Total cash inflows	-	-
Cash outflows		
AEU Federal office	186,330	175,739
Total cash outflows	182,175	170,210

Australian Education Union ACT Branch

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Notes to the Financial Statements For the Year Ended 31 December 2018

12. Related Parties

12A. 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.

	2018	2017
	\$	\$
Revenue received from AEU - Federal office includes the following		
Income	-	-
Capitation and levies paid to AEU - Federal office includes the following:		
Capitation fees	106,971	101,740
Publication levy - Australian educator	11,606	11,036
Publication levy - TAFE teacher	621	630
ACTU campaign levy	20,606	19,486
Education international	8,379	6,926
Public education	13,624	13,256
	<u>161,807</u>	<u>153,074</u>
Loans to members includes the following:		
Members welfare loan	24,523	22,665

Terms and conditions of transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties 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 2018, 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 (2017: \$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.

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Notes to the Financial Statements For the Year Ended 31 December 2018

12. Related Parties

12B. Key Management Personnel Remuneration for the reporting period

	2018	2017
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	184,495	178,425
Annual leave accrued	-	2,148
Performance bonus	-	-
Total short-term employee benefits	184,495	180,573
Post-employment benefits		
Superannuation	35,683	33,694
Total Post-employment benefits	35,683	33,694
Other long-term benefits		
Long service leave	29,612	(3,193)
Total other long-term benefits	29,612	(3,193)
Termination benefits	-	-
Total	249,790	211,074

13. Auditors' Remuneration

Value of services provided		
Financial statement audit service	15,500	15,400
Other services	-	-
Total	15,500	15,400

Australian Education Union ACT Branch

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Notes to the Financial Statements For the Year Ended 31 December 2018

14. Financial Instruments

14A. Categories of financial instruments

	2018	2017
	\$	\$
Financial assets		
Term deposits	-	100,000
Managed investments	389,635	397,905
Cash at bank	477,123	206,835
Receivables:		
Trade receivables	14,772	43,047
Investment income receivables	1,853	1,518
Members welfare loan	24,523	22,665
Carrying amount of financial assets	907,906	771,970
Financial liabilities		
Trade payables	33,786	6,340
Accrued expenses	13,750	15,400
Total	13,750	15,400
Carrying amount of financial liabilities	47,536	21,740

The Registered Organisation has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

14B. Net income and expense from financial assets

	2018	2017
	\$	\$
Short term investments		
interest received	2,670	3,245
Investment income	14,525	1,518
Net gain/(loss) from financial assets	17,195	4,763

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Notes to the Financial Statements For the Year Ended 31 December 2018

14. Financial Instruments

14C. Credit risk

Credit risk is the risk of financial loss to the branch if a customer or counter party to a financial instrument fails to meet their contractual obligations.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2018	2017
	\$	\$
Financial Assets		
Term deposits	-	100,000
Investments	389,635	397,905
Cash and cash equivalents	477,123	206,835
Trade receivables	14,772	43,047
Investment income receivables	1,853	1,518
Members welfare loan	24,523	22,665
Total	907,906	771,970
Financial Liabilities		
Trade and other payables	33,786	6,340
Accrued expenses	13,750	15,400
Total	47,536	21,740

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired	Past due or impaired	Not past due nor impaired	Past due or impaired
	2018	2018	2017	2017
	\$	\$	\$	\$
2018				
Term deposits	-	-	100,000	-
Managed investments	389,635	-	397,905	-
Cash at bank	477,123	-	206,835	-
Trade debtors	14,772	-	43,046	-
Investment income receivable	1,853	-	1,518	-
Members welfare loan	24,523	-	22,666	-
Total	907,906	-	771,970	-

Australian Education Union ACT Branch

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Notes to the Financial Statements For the Year Ended 31 December 2018

14. Financial Instruments

Ageing of financial assets that were past due but not impaired for 2018

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
AEU Federal office	-	-	-	-	-
Others	8,772	-	-	6,000	14,772
Total	8,772	-	-	6,000	14,772

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
AEU Federal office	-	-	-	-	-
Others	39,668	-	-	3,379	43,047
Total	39,668	-	-	3,379	43,047

14D. Liquidity risk

Liquidity risk is the risk that the branch will not be able to fund its obligations as they fall due.
Contractual maturities for financial liabilities

	On demand	< 1 year	1-2 years	2-5 years	> 5 Years	Total
	\$	\$	\$	\$	\$	\$
2018						
Trade creditors	-	47,536	-	-	-	47,536
Total	-	47,536	-	-	-	47,536
	On demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
	\$	\$	\$	\$	\$	\$
2017						
Trade creditors	-	21,740	-	-	-	21,740
Total	-	21,740	-	-	-	21,740

14E. Market risk

Market risks generally include interest rate risk, price risk, and currency risk. The Branch is exposed mainly to interest rate risk in relation to the returns received from its Cash and Cash Equivalents and Managed Investments. All are domestic investments so there are no currency risks in relation to those investments held by the Branch.

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Notes to the Financial Statements For the Year Ended 31 December 2018

14. Financial Instruments

14E. Market risk

Interest rate risk

The method and assumption used for sensitivity analysis for 2018 and 2017, are the same and illustrate the effect that a 2% change in interest rates will have on the Branch's profit and loss and Equity for both years. The change is equivalent to the approximate CPI variation during both years.

Sensitivity analysis of the risk that the entity is exposed to for 2018

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$	Equity \$
Cash and cash equivalents interest rate risk		2,6	2,6
Managed investments interest rate risk		1,8	1,8

Sensitivity analysis of the risk that the entity is exposed to for 2017

Risk variable	Change in risk variable %	Effect on	
		Profit and loss \$	Equity \$
Cash and cash equivalents interest rate risk	1.57	-	3,245
Managed investments interest rate risk	1.00	-	1,517

14F. Price risk

The Branch is exposed to equity securities price risk through the investment portfolio. This arises from investments held by the Union and classified on the statement of financial position as fair value through profit and loss. The Union is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Union diversifies its portfolio

15. Fair Value Measurement

15A. 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 was assessed to be insignificant.

Australian Education Union ACT Branch

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Notes to the Financial Statements For the Year Ended 31 December 2018

15. Fair Value Measurement

15A. Financial assets and liabilities

- 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 Group 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 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Assets and liabilities not measured at fair value but for which fair value is disclosed

The following table contains the carrying amounts and related fair values for the Australian Education Union – ACT Branch's financial assets and liabilities

	Carrying amount 2018 \$	Fair value 2018 \$	Carrying amount 2017 \$	Fair value 2017 \$
Financial assets				
Term deposits	-	-	100,000	100,000
Managed investments	389,635	389,635	397,905	397,905
Cash and cash equivalents	477,123	477,123	206,835	206,835
Trade receivables	14,772	14,772	43,047	43,047
Investment income receivables	1,853	1,853	1,518	1,518
Members welfare loan	24,523	24,523	22,665	22,665
Land and buildings	1,394,341	1,394,341	1,415,000	1,415,000
Total	2,302,247	2,302,247	2,186,970	2,186,970
Financial liabilities				
Trade payables	33,786	33,786	6,340	6,340
Accrued expenses	13,750	13,750	15,400	15,400
	47,536	47,536	21,740	21,740

16. 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 Commissioner:

1. A member of a reporting unit, or the Commissioner, 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).

Australian Education Union ACT Branch

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Officer Declaration Statement For the Year Ended 31 December 2018

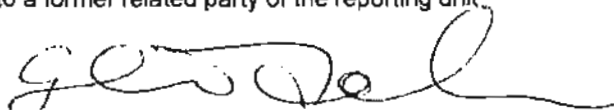
I, Glenn Fowler, being the Secretary of the ACT Branch of the Australian Education Union, declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

(Note: delete items that appear elsewhere in the audited report)

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay any other expense to another reporting unit
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- make a payment to a former related party of the reporting unit.

Signed by the officer:



Dated: 09 April 2019



21 January 2019

Mr Glenn Richard Fowler
Branch Secretary
Australian Education Union-ACT Branch
By Email: aeuact@aeuact.org.au

Dear Mr Fowler,

**Re: Lodgement of Financial Report - [FR2018/330]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Education Union-ACT Branch (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

GPO Box 2983, Melbourne VIC 3001
Telephone: 1300 341 665 | Email: regorgs@roc.gov.au
Website: www.roc.gov.au

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our [website](#).

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A [fact sheet](#) is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

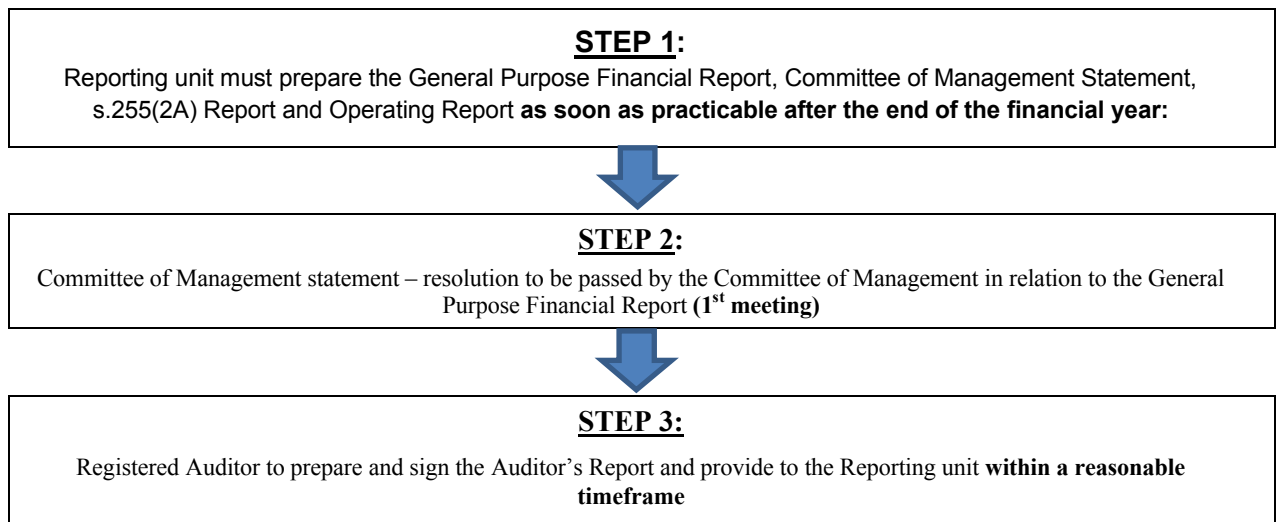


Fact sheet

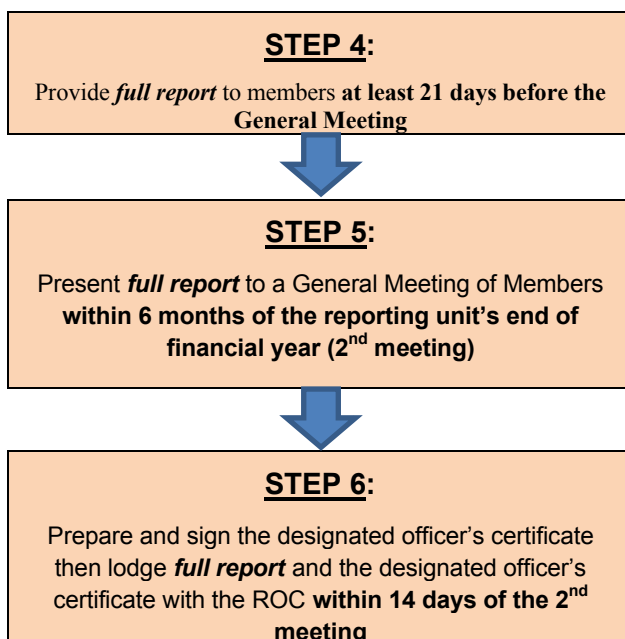
Summary of financial reporting timelines – s.253 financial reports

General Information:

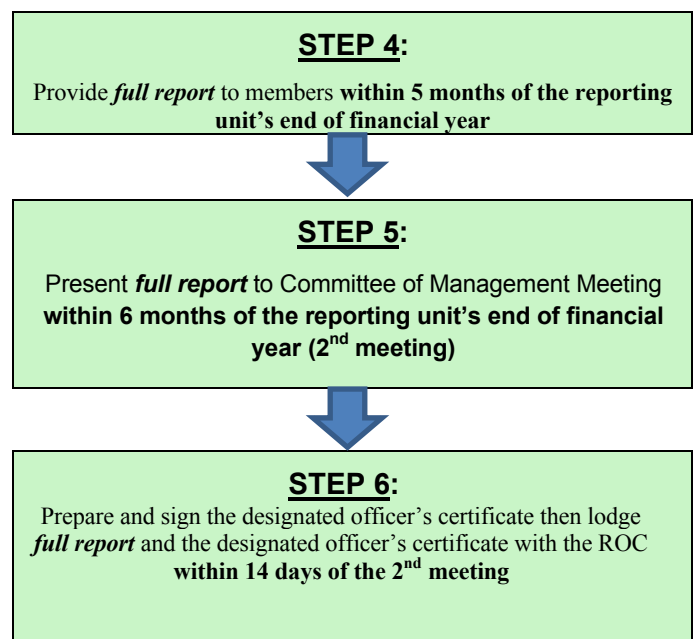
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT
AT **GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT
COMMITTEE OF MANAGEMENT MEETING
(Special rules must be in the rulebook to use this process)



Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The Fair Work (Registered Organisations) Act 2009 (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within 90 days of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
<p>X Only reporting units must lodge the Statement.</p>	<p>✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.</p>
<p>X Employees can sign the Statement.</p>	<p>✓ The statement must be signed by an elected officer of the relevant branch.</p>
<p>X Statements can be lodged with the financial report.</p>	<p>✓ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.</p>

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer’s declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

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