

19 July 2016

Mr John Dixon
Branch Secretary
New South Wales Teachers Federation (NSWTF) Branch
Australian Education Union
dixon@nswtf.org.au



CC: Andrew Rigele, Grant Thornton Audit, Andrew.rigele@au.gt.com
CC: Susan Hopgood, National Secretary, shopgood@aeufederal.org.au

Dear Mr Dixon,

**Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch
Financial Report for the year ended 31 December 2015 - [FR2015/409]**

I acknowledge receipt of the financial report of the Australian Education Union - New South Wales Teachers Federation (NSWTF) Branch. The documents were lodged on 13 April 2016.

Our initial correspondence raised concerns with the financial report. The branch's offer to meet to discuss the varying interpretations of the AASB was appreciated and, following the consultations, the branch and its auditor expressed a willingness to work towards a mutually agreed solution which resulted in a revised financial report being lodged on 28 June 2016. The notes contained in the revised report appear to succinctly summarise the factual situations that resulted in the acquisition of the assets and liabilities of the state entity and the lodging of the revised report.

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

I note that prior to the revised report being lodged there was a concern with the figures in the loans, grants and donations statement. This statement has also been filed. Please ensure that next year's financial report reflects the figures in the loans, grants and donations statement.

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

Reporting Requirements

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

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

Kind regards



CATHERINE BEBBINGTON
Regulatory Compliance Branch

FAIR WORK COMMISSION

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AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

ABN: 86 600 150 697

FINANCIAL STATEMENTS
31 DECEMBER 2015

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

COMMITTEE OF MANAGEMENT STATEMENT

The financial report was previously finalised on 5 April 2016. Upon lodgement with the Fair Work Commission on 13 April 2016 discussions have taken place around the disclosure of the acquisition of assets and liabilities of NSW Teachers Federation as at 13 August 2015. The financial report has been amended to reflect this accounting treatment which can be noted in Note 1c and Note 24 of this financial report. The comparative figures for 2014 have been restated to reflect the previous audited figures of the Australian Education Union rather than that of the combined entity and the acquisition treated as of acquisition date in 2015. There have been no further amendments other than as noted.

On the 27 June 2016 the Committee of Management (the Executive) of the Australian Education Union New South Wales Teachers Federation Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2015:

The Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009, there has been compliance.
- (f) where the reporting unit has not derived revenue from undertaking recovery of wages activity, include the statement 'no revenue has been derived from undertaking recovery of wages activity during the reporting period'.

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

Signature of designated officer: M Vos

Name and title of designated officer: Margaret Vos Custodian

Dated: 27/6/16

OPERATING REPORT

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

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

The principal activity of the entity during the financial year was promotion of union activities within the education sector. No significant change in the nature of these activities occurred during the year.

The Australian Education Union New South Wales Teachers Federation Branch Executive set the following strategic objectives for the year 2014- 2015:

- Increase Government funding to public schools and TAFE institutes.
- Enhance and support the professional status of Australian Education Union New South Wales Teachers Federation Branch members in public education.
- Protect and promote quality teaching and learning.
- Protect and enhance the industrial rights of Australian Education Union New South Wales Teachers Federation Branch members.
- Promote human rights and social justice.

The principal activities of the Australian Education Union New South Wales Teachers Federation Branch during the financial year have focussed on the achievement of these strategic objectives.

In relation to the first objective, the Australian Education Union New South Wales Teachers Federation Branch “I give a Gonski” campaign at the national, state and school community level focussed on getting community and government support for the replacement of the existing inequitable federal schools funding model by a new funding model based on the findings of the Gonski Schools Funding review Panel, i.e. funding all schools to the resource standard necessary for every student to be given the opportunity to succeed regardless of their family background or circumstances. The AEU campaigned hard for the election of a federal government which would commit to and honour a better education for all Australian children.

In the face of the increasing privatisation of TAFE, the Stop TAFE Cuts campaign was prosecuted by the Australian Education Union New South Wales Teachers Federation Branch Campaigning focussed on the House of Representatives inquiry into TAFE. The Australian Education Union New South Wales Teachers Federation Branch worked closely with the AEU Federal Office and the ACTU to maximise broader union participation and the number of submissions to this inquiry, As part of building the campaign, and in order to maximise the profile of the inquiry, we nominated 3 June National TAFE Day and activities were held in TAFE campuses around the country.

The union has worked with members employing authorities to improve the status of the profession in all sectors through advocacy and support for the Professional Standards for Teachers, introduction of professional qualifications for TAFE Teachers as well as further recognition through improved remuneration for teachers and education workers, improved working conditions and representation on various professional bodies such as the Board of Studies and The NSW Institute of Teachers (now named BOSTES).

The Australian Education Union New South Wales Teachers Federation Branch has, in conjunction with the AEU Federal office and the broader trade union movement, made various submissions to Inquiries in relation to the industrial relations legislation.

Significant changes in financial affairs

During 2015 the AEU NSW Branch became the Australian Education Union New South Wales Teachers Federation Branch and the NSW Teachers Federation (the state registered organisation) was de-registered by the NSW Industrial Commission and the Australian Education Union New South Wales Teachers Federation Branch was registered as a federal organisation in the state jurisdiction. This resulted in the transfer of all assets and liabilities of the NSW Teachers Federation to the new entity of Australian Education Union New South Wales Teachers Federation Branch.

Right of members to resign

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

“17 – Resignation from membership and termination of eligibility

(1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.

(1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:

- (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are:
 - (i) seconded by their employer to non-teaching duties, or
 - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority
- (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or
- (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
- (d) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);

provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.

(2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.

(3) A member may resign from the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.

(4) A notice of resignation from membership takes effect:-

- (a) where the member ceases to be eligible to become a member of the Union-
 - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member; which is later; or
- (b) in any other case –
 - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice; whichever is later.

OPERATING REPORT

Rights of members to resign (continued)

- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a period before the member's resignation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- (6) A notice delivered to the relevant Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (7) A notice of resignation that has been received at the office of the relevant Branch Secretary is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (8) A resignation from membership is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (9) A relevant Branch Secretary may accept a resignation from membership which is not effected in accordance with this Rule.
- (10) Where the relevant Branch Secretary accepts a resignation in accordance with the previous sub-rule the relevant Branch Secretary shall inform the member in writing that his/her resignation has been accepted.
- (11) On receipt of a written notice from a member that he/she has become ineligible for membership of the Union or a notice of resignation or on acceptance of a resignation which is not effected in accordance with this Rule, the Branch Secretary shall, as soon as possible notify the Federal Secretary that the member has become ineligible for membership or that the member has resigned."

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

No officer or member of the organisation holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members

The number of financial members at 31 December 2015 was 58,591 (2014: 59,457)

Number of employees

The number of employees at 31 December 2015 was 154 (2014: 162)

OPERATING REPORT

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

a) Office Holders

The names of the people who held positions as Officers during the year are:

John Dixon	Branch Secretary
Rod Brown	Deputy Branch Secretary
Maxine Sharkey	Deputy Branch Secretary
Michelle Rosicky	Deputy Branch Secretary
David Wynne	Deputy Branch Secretary

The names of the people who held positions as Executive during the year are:

Maurie Mulheron	President	
Gary Zadkovich	Deputy President	
Joan Lemaire	Senior Vice-President	
Denis Fitzgerald	Vice President	Elected 10-March-15
Gemma Ackroyd	Vice President	Elected 10-March-15
Tim Mulroy	Vice President	Elected 10-March-15
Geoff Turnbull	Vice President	Elected 20-May-15
Dianne Byers	Custodian	Elected 10-March-15
Margaret Vos	Custodian	Elected 10-March-15
Ben Ballard	ATSI Member's Roll	Elected 10-March-15
Kathryn Bellach	Association Representative	Elected 10-March-15
Philip Cooke	Association Representative	Elected 10-March-15
Kylie Dawson	Association Representative	Elected 20-May-15
Jennifer Mace	Association Representative	Elected 10-March-15
Mike Morgan	Association Representative	Elected 10-March-15
Michael Sciffer	Association Representative	Elected 10-March-15
Phil von Schoenberg	Association Representative	Elected 10-March-15
Natasha Watt	Association Representative	Elected 10-March-15

Signature of designated officer:..... *M Vos*

Name and title of designated officer:..... *Margaret Vos*

Dated:..... *27/6/16*

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

CERTIFICATED BY PRESCRIBED DESIGNED OFFICER

Certificate for the period ended 31 December 2015

I, John Dixon, being the Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch certify:

- that the documents lodged herewith are copies of the full financial statement for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2015 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full financial statement was provided to members of the reporting unit on 27th June 2016; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 27th June 2016 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:.....



Name of prescribed designated officer:.....

JOHN DIXON

Title of prescribed designated officer:.....

Branch Secretary

Dated:.....

27/6/16

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
REVENUE			
Subscriptions:			
- Membership	3G	10,704,884	2,720,420
- Public Education Fund Levy		518,502	-
Total Subscriptions		11,223,386	2,720,420
Capitation fees	3A	-	-
Legal Fee Income		416,967	-
Grant Income	3E	-	5,000
Other Income		254,200	29,416
Rental Income	3D	339,250	-
Donations		-	-
Interest Received	3C	267,231	791
Total Other Revenue		1,277,648	35,207
TOTAL REVENUE		12,501,034	2,755,627
Net gain on acquisition of NSW Teachers Federation	24	28,080,461	-
Share of net profit from associate		-	-
Net Gain on Disposal of Fixed Assets	3F	9,590	-
EXPENSES			
Remuneration – Officers (Includes Termination Payments)		395,514	-
Remuneration – Employees		5,348,744	-
Superannuation Contributions		735,164	-
Payroll Tax and Related Costs		371,473	-
Annual Leave Expense		632,396	-
Long Service Leave Expense		169,304	-
Total Remuneration and On Costs	4A	7,652,595	-
Capitation Fees	4B	572,237	2,720,420
Affiliations Fees	4C	53,815	-
Amortisation Expense	4F	64,274	-
Depreciation Expense	4F	512,646	-
Donations Paid	4E	4,383	-
Grants Paid	4E & 15	70,425	-
Meetings, Conferences and Related Expenses		473,620	-
Professional Expenses		185,841	3,600
Total of Other IRA Regulations Disclosures		1,937,241	2,724,020

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
Other Travel and Related Expenses		192,509	9,715
Motor Vehicle Expenses		76,977	-
Financial Expenses		70,562	70
Provision for Doubtful Debts		65,430	-
Insurances		191,453	-
Office Occupancy Expenses		213,057	-
Repairs and Maintenance		279,148	-
Stationery and Supplies		63,037	-
Rentals and Equipment		45,203	-
Associations Disbursements		98,252	-
Publication Expenses		455,780	-
Library Expenses		14,751	-
Media		51,237	-
Telephone		120,710	-
Postage		53,610	-
Ballot Expenses		5,932	-
General Expenses		245,631	58
Teachers Relief Expense		202,154	-
Consultants Expense / Speakers Lecture		96,419	29,357
Total Other Administration Expenses		2,541,852	39,200
Total Administration Expenses	4D	4,479,093	-
TOTAL EXPENSES		12,131,688	2,763,220
Profit/(Loss) Before Income Tax		28,459,397	(7,593)
Income Tax Expense	2	(31,401)	-
Deferred Tax Expense		50,181	-
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		28,478,177	(7,593)
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss.		-	-
Actuarial Gain/(Loss) on Defined Benefit Plans	14	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		-	(7,593)
TOTAL COMPREHENSIVE INCOME/(LOSS)		28,478,177	(7,593)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	5A	4,715,999	5,856
Trade and Other Receivables	5B	1,188,549	5,065
Financial Assets	6	26,837,769	-
Current Tax Assets	11	-	-
Other Current Assets	7	1,282,979	-
TOTAL CURRENT ASSETS		<u>34,025,296</u>	<u>10,921</u>
NON CURRENT ASSETS			
Financial Assets	6	136,160	-
Property, Plant and Equipment	8	25,376,111	-
Deferred Tax Assets	11	81,024	-
Intangible Assets	9	212,443	-
TOTAL NON CURRENT ASSETS		<u>25,805,739</u>	<u>-</u>
TOTAL ASSETS		<u>59,831,035</u>	<u>10,921</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	2,491,331	3,665
Short-Term Provisions	13	7,479,588	-
TOTAL CURRENT LIABILITIES		<u>9,970,919</u>	<u>-</u>
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	11	334,179	-
Financial Liabilities	12	-	-
Long-Term Provisions	13	6,940	-
Retirement Benefit Obligations	14	21,033,564	-
TOTAL NON CURRENT LIABILITIES		<u>21,374,683</u>	<u>-</u>
TOTAL LIABILITIES		<u>31,345,602</u>	<u>3,665</u>
NET ASSETS		<u>28,485,433</u>	<u>7,256</u>
EQUITY			
General Fund		6,103,767	-
Special Reserve 1984 Annual Conference		18,009,000	-
Public Education Fund		4,372,666	-
Retained earnings		-	7,256
TOTAL EQUITY		<u>28,485,433</u>	<u>7,256</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

	General Fund	Special Reserve 1984 Conference	Public Education Fund	Retained earnings	Total
	\$	\$	\$	\$	\$
CONSOLIDATED					
Balance at 1 January 2014	-	-	-	14,849	14,849
Total Comprehensive gain for the Year	-	-	-	(7,593)	(7,593)
Transfers to and from Reserves					
-Special Reserve 1984 Annual Conference	-	-	-	-	-
- Public Education Fund	-	-	-	-	-
Balance at 31 December 2014	-	-	-	7,256	7,256
Total Comprehensive loss for the Year				28,478,177	28,478,177
Transfers to and from Reserves					
- Special Reserve 1984 Annual Conference	-	18,009,000	-	(18,009,000)	-
- General Fund	6,103,767	-	-	(6,103,767)	-
- Public Education Fund	-	-	4,372,666	(4,372,666)	-
Balance at 31 December 2015	6,103,767	18,009,000	4,372,666	-	28,485,433

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members		13,091,241	2,720,420
Receipts from Other		1,010,417	34,416
Payments to Suppliers and Employees		(12,722,407)	(2,769,192)
Interest Received		116,553	791
Income Tax Payments		600	-
Net Cash Provided by Operating Activities	18(b)	<u>1,496,404</u>	<u>(13,656)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash from acquisition	24	3,364,865	-
Proceeds from Financial Assets		30,390	-
Payment for Property, Plant and Equipment		(284,230)	-
Payment for Intangible Assets		(3,195)	-
Proceeds from Sale of Property, Plant and Equipment		105,909	-
Net Cash Provided by Investing Activities		<u>3,213,739</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-	-
Net Cash Used in Financing Activities		<u>-</u>	<u>-</u>
Net (Decrease)/Increase in Cash Held		4,710,143	(13,565)
Cash at the Beginning of the Year		5,856	19,421
Cash at the End of the Year	18(a)	<u>4,715,999</u>	<u>5,856</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

RECOVERY OF WAGES ACTIVITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash assets in respect of recovered money at beginning of year		
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	<u>-</u>	<u>-</u>
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
Name of other reporting unit of the organisation:		
Australian Education Union	49,155	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	<u>49,155</u>	<u>-</u>
Cash assets in respect of recovered money at end of year	<u>49,155</u>	<u>-</u>
Number of workers to which the monies recovered relates	1	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 New South Wales Teachers Federation 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.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies adopted have been consistently applied, unless otherwise stated.

a) **Basis of Preparation**

Reporting Basis and Conventions

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 New South Wales Teachers Federation Branch is a not-for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

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

New and revised standards that are effective for annual periods beginning on or after 1 January 2015

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2015. Information on the more significant standard(s) is presented below.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010–2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011–2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination. Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Australian Education Union New South Wales Teachers Federation Branch and entities controlled by the Australian Education Union New South Wales Teachers Federation Branch (its subsidiaries). Control is achieved where the Australian Education Union New South Wales Teachers Federation Branch is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the Australian Education Union New South Wales Teachers Federation Branch.

Specifically, the Australian Education Union New South Wales Teachers Federation Branch controls an investee if and only if the Australian Education Union New South Wales Teachers Federation Branch has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Australian Education Union New South Wales Teachers Federation Branch has less than a majority of the voting or similar rights of an investee, the Australian Education Union New South Wales Teachers Federation Branch considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Australian Education Union New South Wales Teachers Federation Branch re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Australian Education Union New South Wales Teachers Federation Branch obtains control over the subsidiary and ceases when the Australian Education Union New South Wales Teachers Federation Branch loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Australian Education Union New South Wales Teachers Federation Branch gains control until the date the Australian Education Union New South Wales Teachers Federation Branch ceases to control the subsidiary.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Australian Education Union New South Wales Teachers Federation Branch and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Australian Education Union New South Wales Teachers Federation Branch.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Australian Education Union New South Wales Teachers Federation Branch ownership interests in subsidiaries that do not result in the Australian Education Union New South Wales Teachers Federation Branch losing control are accounted for as equity transactions. The carrying amounts of the Australian Education Union New South Wales Teachers Federation Branch interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Australian Education Union New South Wales Teachers Federation Branch.

When the Australian Education Union New South Wales Teachers Federation Branch loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Australian Education Union New South Wales Teachers Federation Branch had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

c) Acquisition of NSW Teachers Federation and resubmission of financial report

On 13th August 2015 Australian Education Union (NSW Branch) acquired the assets and liabilities of New South Wales Teachers Federation for no consideration. New South Wales Teachers Federation was subsequently deregistered pursuant to the NSW Industrial Relations Act 1996. Australian Education Union (NSW Branch) was then renamed Australian Education Union New South Wales Teachers Federation Branch.

It was deemed that AASB 3 'Business Combinations' would not be applied to the above transaction and a pooling of interest methodology would be applied. This methodology sets out the acquisition of all assets and liabilities at book value at the time of acquisition as set out in Note 24. As there was no purchase price the surplus of the net assets has been reflected as a gain within the statement of profit and loss.

The financial report was previously finalised on 5 April 2016. Upon lodgement with the Fair Work Commission on 13 April 2016 discussions have taken place around the disclosure of the acquisition of assets and liabilities of NSW Teachers Federation as at 13 August 2015. The financial report has been amended to reflect this accounting treatment which can be noted in Note 1c and Note 24 of this financial report. The comparative figures for 2014 have been restated to reflect the previous audited figures of the Australian Education Union rather than that of the combined entity and the acquisition treated as of acquisition date in 2015. There have been no further amendments other than as noted.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property Plant and Equipment

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

Property

Freehold land and buildings are measured at cost, less depreciation for buildings and impairment losses.

Strata title property is measured at cost, less depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Executives to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Discount factors are determined individually for each cash generating unit and reflect management's assessment of respective risk profiles, such as market and asset specific risk factors. Where the future economic benefits of an asset are not primarily dependant on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

Depreciation

The depreciable amount of all fixed assets including building, but excluding freehold land, is depreciated on either straight-line or reducing balance basis over their useful lives to the Federation from the time the asset is held ready for use. The depreciation rates used for each class of asset are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Freehold land	Nil %
Buildings	2.5%
Leasehold Improvements	20%
Plant and Equipment	10%
Office Equipment	10-25%
Computer Equipment	40%
Motor Vehicles	25%
Strata Plan – Buildings	2.5%
Art Work	1%

e) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software

Software is measured on the cost basis less amortisation and impairment losses.

The carrying amount of software is reviewed annually by the Executives to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

<u>Class of Intangible Asset</u>	<u>Amortisation Rate</u>
Software	40%

Amortisation

The amortisable amount of software is amortised on a straight-line basis over its useful life to the Group from the time the asset is held ready for use.

f) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined Benefit Plans

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation ('DBO') at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth and mortality. Discount rates are determined by reference to market yields at the end of the reporting periods on government bonds that have terms to maturity approximating to the terms of the related pension liability.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income. They are included as a separate component of equity in the statement of financial position and in the statement of changes in equity. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Income Tax

No provision for income tax is necessary for the Australian Education Union New South Wales Teachers Federation Branch (parent entity), as it is exempt from tax under Sec 23(f) of the Income Tax Assessment Act.

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowable items. It is calculated using the tax rates that have been enacted or are substantially enacted at balance sheet date.

Deferred tax for the consolidated entity is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below. During the year certain financial assets have been appropriately classified as amortised cost which represents the investment strategy for these assets. The reclassification is not material and comparatives have been adjusted to reflect this change.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held to Maturity Investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised costs using the effective interest rate method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-Sale Financial Assets

Available-for-sale financial assets include any financial assets other than those included in the above categories or those at fair value through profit and loss. Available-for-sale financial assets are reflected at fair value, except where they do not have a quoted market price in an active market, in which case they are carried at cost.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

i) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j) Revenue Recognition

Membership subscription revenue is recognised in the financial period to which the membership applies. Membership revenue received in advance is recognised as a liability at balance date.

Legal fee revenue is recognised when the service is rendered and the time is incurred. Unbilled revenue is recognised as an asset termed "work in progress" which is included within other current assets. Provision is made against work in progress balances to the extent that they are not considered to be recoverable.

Rental income is recognised upon the Federation's right to receive the income in accordance with the lease contract.

Donation income is recognised upon the receipt of funds.

Interest income is recognised on a proportional basis taking into account the applicable interest rates on the financial assets.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Financial Risk management objectives and policies

The consolidated entity's principal financial instrument comprises receivables, payables and bank loans, cash and short term deposits.

The consolidated entity manages its exposure to key financial risks including interest rate in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

m) Risk Exposure and Responses

The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated entity uses different methods of measure and manages different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rate prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's investments. The level of investment is disclosed in Note 19(c).

n) Future Change in Accounting Standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. Australian Education Union New South Wales Teachers Federation Branch has considered all pending Australian Accounting Standards issued up to the current reporting date and believe that they have no significant impact on the financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Critical Accounting estimates and judgements

The Executive evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key estimates

Impairment

The consolidated entity assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the consolidated entity that may be indicative of impairment triggers.

Recoverable amounts and relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

Provision for impairment of receivables

No impairment has been recognised for the total receivables amount outstanding as at balance date. 60% of the total balance outstanding of \$503,416 as at balance date is 91 days plus past due and is predominantly made up of legal cases receivables, the majority of which are matters relating to workers compensation cases which are fully recoverable on settlement of the matters.

Superannuation

The consolidated entity makes employer contributions to defined benefit schemes that are accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the financial statements. These actuarial assumptions include discounted rates, assumed rates of return, salary increases and mortality rates and are disclosed in detail within Note 15.

p) Leases

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

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

q) Cash

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Fair value measurement

The Australian Education Union New South Wales Teachers Federation Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

NOTE 2: INCOME TAX EXPENSE

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:
Prima facie tax payable on profit/(loss) before income tax at 30% (2013: 30%)

	CONSOLIDATED	
	2015	2014
	\$	\$
For the taxable entity in the Group		
(Profit) / Loss before income tax	109,897	-
Prima facie tax expense / (income)	(32,969)	-
Add: assessable & non-deductible items	417,127	-
Less: deductible & non-assessable items	<u>(402,938)</u>	<u>-</u>
Current year tax expense / (Income)	<u>(18,780)</u>	<u>-</u>
Deferred tax assets & liabilities		
Increase/(decrease) in deferred tax assets	(5,003)	-
(Increase)/decrease in deferred tax liabilities	65,215	-
 The Applicable Weighted Average Effective Tax Rate	 17%	 -%

NOTE 3: AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2015	2014
	\$	\$
Audit of Financial Reports	81,200	3,600
Taxation Services	3,800	-
Other Assurance Services	<u>2,500</u>	<u>-</u>
	<u>87,500</u>	<u>3,600</u>

NOTE 3A: CAPITATION FEES INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Capitation fees	-	-
Education International	-	-
ACTU Campaigns	-	-
ACTU Subscriptions	-	-
Public Education Campaign	<u>-</u>	<u>-</u>
Total capitation fees	<u>-</u>	<u>-</u>

NOTE 3B: LEVIES INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
AEU Levy 1 (Australian Educator)	-	-
AEU Levy 2 (TAFE Teacher)	-	-
AEU Federal Election Levy	<u>-</u>	<u>-</u>
Total levies	<u>-</u>	<u>-</u>

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

NOTE 3C: INTEREST INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Deposits	266,259	791
Loans	972	-
Total interest	<u>267,231</u>	<u>791</u>

NOTE 3D: RENTAL INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Properties	339,250	-
Other	-	-
Total rent	<u>339,250</u>	<u>-</u>

NOTE 3E: GRANTS OR DONATIONS INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Grant	-	5,000
Donations	-	-
Total grants or donations	<u>-</u>	<u>5,000</u>

NOTE 3F: NET GAINS FROM SALE OF ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Land and Buildings	-	-
Plant and equipment	9,590	-
Intangibles	-	-
Total net gain from sale of assets	<u>9,590</u>	<u>-</u>

NOTE 3G: MEMBERSHIP FEE INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Subscription fees	10,704,884	2,720,420
Total Membership fee	<u>10,704,884</u>	<u>2,720,420</u>

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

NOTE 4: EXPENSE

NOTE 4A: EMPLOYEE EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
Holders of office:		
Wages and salaries	395,514	-
Superannuation	176,537	-
Leave and other entitlements	58,656	-
Separation and redundancies	-	-
Other employee expenses	25,145	-
Subtotal employee expenses holders of office	<u>655,852</u>	<u>-</u>
Employees other than office holders:		
Wages and salaries	5,348,744	-
Superannuation	558,627	-
Leave and other entitlements	743,044	-
Separation and redundancies	-	-
Other employee expenses	346,328	-
Subtotal employee expenses employees other than office holders	<u>6,996,743</u>	<u>-</u>
Total employee expenses	<u>7,652,595</u>	<u>-</u>

NOTE 4B: CAPITATION FEES

	CONSOLIDATED	
	2015	2014
	\$	\$
Capitation fees	430,518	1,668,639
Education International	-	141,654
ACTU Campaigns	29,773	120,046
ACTU Subscriptions	-	214,282
AEU Levy 1 (Australian Educator)	48,227	-
AEU Levy 2 (TAFE Teacher)	4,174	-
Public Education Campaign	59,545	180,069
AEU Federal Election Levy	-	-
Publication Levy (A) – Australian Educator	-	188,398
Publication Levy (B) – TAFE Teacher	-	18,682
Public Education Campaign Advertising	-	-
Federal Election Campaign Advertising	-	188,650
Total capitation fees	<u>572,237</u>	<u>2,720,420</u>

NOTE 4C: AFFILIATION FEES

	CONSOLIDATED	
	2015	2014
	\$	\$
NSW Labor Council	39,116	-
Newcastle Labor Council	2,096	-
South Coast Labor Council	3,969	-
Other Affiliates	1,698	-
Welfare Rights Centre	6,936	-
Total affiliation fees/subscription	<u>53,815</u>	<u>-</u>

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

NOTE 4D: ADMINISTRATION EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
Consideration to employers for payroll deductions	-	-
Compulsory levies	19,585	-
Fees/allowances – meeting and conferences	2,331	-
Conference and meeting expenses	473,620	-
Contractors/consultants	95,388	-
Property expenses	611,117	-
Office expenses	309,304	-
Information communications technology	362,790	-
Other	2,558,767	-
Subtotal administration expense	<u>4,432,902</u>	<u>-</u>
Operating lease rentals:		
Minimum lease payments	46,191	-
Total administration expenses	<u>4,479,093</u>	<u>-</u>

NOTE 4E: GRANTS OR DONATIONS

	CONSOLIDATED	
	2015	2014
	\$	\$
Grants:		
Total paid that were \$1,000 or less	9,925	-
Total paid that exceed \$1,000	60,500	-
Donations:		
Total paid that were \$1,000 or less	4,383	-
Total paid that exceed \$1,000	-	-
Total grants or donations	<u>74,808</u>	<u>-</u>

NOTE 4F: DEPRECIATION AND AMORTISATION

	CONSOLIDATED	
	2015	2014
	\$	\$
Depreciation		
Land & buildings	284,103	-
Property, plant and equipment	228,543	-
Total depreciation	<u>512,646</u>	<u>-</u>
Amortisation		
Intangibles	64,274	-
Total amortisation	<u>64,274</u>	<u>-</u>
Total depreciation and amortisation	<u>576,920</u>	<u>-</u>

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

NOTE 4G: FINANCE COSTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Finance lease	-	-
Overdrafts/loans	-	-
Unwinding of discount	-	-
Total finance costs	<u>-</u>	<u>-</u>

NOTE 4H: LEGAL COSTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Litigation	-	-
Other legal matters	122,595	-
Total legal costs	<u>122,595</u>	<u>-</u>

NOTE 4I: WRITE-DOWN AND IMPAIRMENT OF ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Intangible assets	-	-
Other	-	-
Total write-down and impairment of assets	<u>-</u>	<u>-</u>

NOTE 4J: NET LOSSES FROM SALE OF ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Land and buildings	-	-
Plant and equipment	-	-
Intangibles	-	-
Total net losses from asset sales	<u>-</u>	<u>-</u>

NOTE 4K: OTHER EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	<u>-</u>	<u>-</u>

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

NOTE 5 CURRENT ASSETS

NOTE 5A: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash at Bank	4,702,590	5,065
Cash at Hand	13,409	-
	<u>4,715,999</u>	<u>5,065</u>

NOTE 5B: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
Receivables from other reporting units		
Australian Education Union	13,598	5,065
Total receivables from other reporting units	<u>13,598</u>	<u>5,065</u>
Less provision for doubtful debts		
Australian Education Union	-	-
Total provision for doubtful debts	<u>-</u>	<u>-</u>
Receivable from other reporting units (net)	<u>13,598</u>	<u>5,065</u>
Other receivables:		
GST receivable from the Australian Taxation Office	16,285	-
Other trade receivables	1,172,264	-
Total other receivables	<u>1,188,549</u>	<u>-</u>
Total trade and other receivables (net)	<u>1,188,549</u>	<u>-</u>

Current Assets – Trade and Other Receivables

a) As at 31 December, the ageing analysis of trade receivables is as follows:

		Total	0-30 Days	31-60 Days	61-90 Days	+91 Days PDNI*
		\$	\$	\$	\$	\$
2015	Consolidated	503,416	107,176	67,706	27,473	301,061
2014	Consolidated	5,065	5,065	-	-	-

* Past due not impaired

Receivables past due but not considered impaired are: Consolidated \$301,061 (2014 \$nil). Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. Payment terms on these amounts have not been re-negotiated.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that those other balances will be received when due.

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

NOTE 5B: TRADE AND OTHER RECEIVABLES (CONTINUED)

b) Related Party Receivables

For related party receivables refer to Note 16(b).

NOTE 6: FINANCIAL ASSETS

CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Interest Bearing Deposits(At amortised cost)		
- General Purpose	-	-
- Public Education Fund	2,779,991	-
- Annual Leave	2,284,860	-
- Long Service Leave	3,175,692	-
- 2.5% Subscriptions	18,597,226	-
	<u>26,837,769</u>	<u>-</u>

NON CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Interest Bearing Deposits(At amortised cost)		
- 2.5% Subscriptions	-	-
-Long Service Leave	-	-
-Public Education Fund	-	-
Shares in TUC Wollongong, at deemed cost	128,160	-
Shop 1 & 2 Term Deposit	8,000	-
	<u>136,160</u>	<u>-</u>

The amounts set aside for Annual Leave and Long Service Leave are funds to offset the liability and not amounts due for excess leave taken.

NOTE 7: OTHER CURRENT ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Unbilled Revenue at Recoverable Amount	805,560	-
Prepayments	470,060	-
Other	7,359	-
	<u>1,282,979</u>	<u>-</u>

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

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The increase in property, plant and equipment is attributed to the acquisition of NSW Teachers Federation during the year. Refer to Note 1 (c) and Note 24 for further details regarding the acquisition.

	CONSOLIDATED	
	2015	2014
	\$	\$
Properties		
Suite 11, 13-17 Kildare Road, Blacktown (At Cost)	391,767	-
Less: Accumulated Depreciation	<u>(187,352)</u>	-
(Refer to Sale of Property in Note 24)	<u>204,415</u>	-
39 Carrington Street, Lismore (At Cost)	383,809	-
Less: Accumulated Depreciation	<u>(82,185)</u>	-
	<u>301,624</u>	-
Lot 10 & 11/1 Hopetoun Street, Charlestown (At Cost)	728,270	-
Less: Accumulated Depreciation	<u>(93,528)</u>	-
	<u>634,742</u>	-
Strata Plan 77140, Surry Hills, Lot 2 (At Cost)		
Land	3,768,988	-
Building	2,336,605	-
Less: Accumulated Depreciation	<u>(2,323,497)</u>	-
	<u>3,782,096</u>	-
Strata Plan 77140, Surry Hills, Lot 4 (At Cost)		
Land	7,666,453	-
Building	19,034,182	-
Less: Accumulated Depreciation	<u>(11,534,589)</u>	-
	<u>15,166,046</u>	-
Total Book Value of Property	<u><u>20,088,923</u></u>	-

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

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Plant and Equipment		
Furniture, Fittings and Equipment (At Cost)	2,497,629	-
Less: Accumulated Depreciation	(1,926,874)	-
	<u>570,755</u>	<u>-</u>
Plant and Equipment (At Cost)	995,604	-
Less: Accumulated Depreciation	(812,264)	-
	<u>183,340</u>	<u>-</u>
Refurbishment (At Cost)	4,732,484	-
Less: Accumulated Depreciation	(886,479)	-
	<u>3,846,005</u>	<u>-</u>
Leasehold Improvements (At Cost)	114,135	-
Less: Accumulated Depreciation	(83,887)	-
	<u>30,248</u>	<u>-</u>
Computer Installations (At Cost)	2,841,833	-
Less: Accumulated Depreciation	(2,736,417)	-
	<u>105,416</u>	<u>-</u>
Motor Vehicles (At Cost)	1,087,817	-
Less: Accumulated Depreciation	(571,055)	-
	<u>516,762</u>	<u>-</u>
Art Work (At Cost)	36,308	-
Less: Accumulated Depreciation	(1,646)	-
	<u>34,662</u>	<u>-</u>
Total Book Value of Plant and Equipment	<u>5,287,188</u>	<u>-</u>
Total Property, Plant and Equipment	<u>25,376,111</u>	<u>-</u>

a) Movement in Carrying Amounts

	Property		CONSOLIDATED		Total	
	2015	2014	Plant and Equipment		2015	2014
	\$	\$	\$	\$	\$	\$
Balance at the Beginning of Year	-	-	-	-	-	-
Additions	20,373,026	-	5,570,915	-	25,943,941	-
Disposals	-	-	(61,774)	-	(61,774)	-
Depreciation	(284,103)	-	(221,953)	-	(506,056)	-
Carrying Amount at End of Year	<u>20,088,923</u>	<u>-</u>	<u>5,287,188</u>	<u>-</u>	<u>25,376,111</u>	<u>-</u>

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

NOTE 9: INTANGIBLE ASSETS

The increase in intangible assets is attributed to the acquisition of NSW Teachers Federation during the year. Refer to Note 1 (c) and Note 24 for further details regarding the acquisition.

	CONSOLIDATED	
	2015	2014
	\$	\$
Software	2,101,516	-
Less: Accumulated Amortisation	<u>(1,889,073)</u>	<u>-</u>
	<u>212,443</u>	<u>-</u>
a) Movement in Carrying Amounts		
Balance at the Beginning of Year	-	-
Additions	276,717	-
Amortisation	<u>(64,274)</u>	<u>-</u>
Carrying Amount at End of Year	<u>212,443</u>	<u>-</u>

NOTE 10: CURRENT LIABILITIES

NOTE 10A: TRADE PAYABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
Trade creditors and accruals	1,650,736	-
Operating lease rentals	<u>-</u>	<u>-</u>
Subtotal trade creditors	<u>1,650,736</u>	<u>-</u>
Payables to other reporting units		
Australian Education Union	<u>-</u>	<u>-</u>
Subtotal payables to other reporting units	<u>-</u>	<u>-</u>
Total trade payables	<u>1,650,736</u>	<u>-</u>
Settlement is usually made within 30 days		

NOTE 10B: OTHER PAYABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
Other payables	-	3,665
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Prepayments received/unearned revenue	<u>840,595</u>	<u>3,665</u>
Total other payables	<u>840,595</u>	<u>3,665</u>

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

NOTE 11: TAX

CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
a) Assets		
Current Tax Asset	-	-
	<u>-</u>	<u>-</u>

	CONSOLIDATED	
	2015	2014
	\$	\$
b) Liabilities		
Deferred Tax Liability Comprise:		
Temporary Differences	334,179	-
	<u>334,179</u>	<u>-</u>

NON CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
c) Assets		
Deferred Tax Assets Comprise:		
Temporary Differences	81,024	-
	<u>81,024</u>	<u>-</u>

The movement in deferred tax assets and deferred tax liabilities relates to Federation Law Pty Ltd and has been expensed through the statement of profit or loss and other comprehensive income. The major source of deferred tax assets is provision for annual leave and long service leave, while Work in Progress represents the major source of deferred tax liability.

NOTE 12: FINANCIAL LIABILITIES

CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Joint Funding of Courses with Sydney University	-	-
	<u>-</u>	<u>-</u>

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

NOTE 13: PROVISIONS

	CONSOLIDATED	
	2015	2014
Office Holders	\$	\$
Annual leave	468,361	-
Long service leave	906,774	-
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – office holders	<u>1,375,135</u>	<u>-</u>
Employees other than office holders:		
Annual Leave	2,344,336	-
Long service leave	3,733,284	-
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions-employees other than office holders	<u>6,077,620</u>	<u>-</u>
Total employee provisions	<u>7,452,755</u>	<u>-</u>
Current	7,256,690	-
Non-Current	196,065	-
Total employee provisions	<u>7,452,755</u>	<u>-</u>

	Employee benefits	
	2015	2014
	\$	\$
Opening balance 01 January	-	-
Additional provisions	9,084,271	-
Amounts used	<u>(1,631,516)</u>	<u>-</u>
Closing Balance at 31 December	<u>7,452,755</u>	<u>-</u>

	2015	2014
Number of Employees	154	-

The increase in provisions is attributed to the acquisition of NSW Teachers Federation during the year. Refer to Note 1 (c) and Note 24 for further details regarding the acquisition.

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS

NON-CURRENT LIABILITIES

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- * State Authorities Superannuation Scheme (SASS)
- * State Superannuation Scheme (SSS)
- * Police Superannuation Scheme (PSS)
- * State Authorities Non-contributory Superannuation Scheme (SANCS).

"These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members."

Description of the regulatory framework - Para 139(a)(ii)

"The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015."

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- * Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- * Management and investment of the fund assets; and
- * Compliance with other applicable regulations.

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

* Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.

* Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.

* Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.

* Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.

* Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

	CONSOLIDATED	
	2015	2014
	\$	\$
Retirement Benefit Obligations	21,033,564	-

The benefits provided by this plan are based on length of service of the member at retirement.

The amount recognised in the statement of financial position is as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
Present Value of defined benefit obligations at the end of the year	63,784,725	-
Fair Value of Plans Assets at end of the year	(42,751,161)	-
Net Liability recognised in Statement of Financial Position	21,033,564	-

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of the Net Defined Benefit Liability

	CONSOLIDATED	
	2015	2014
	\$	\$
Net Defined Benefit Liability acquired before contribution tax assumption change	34,753,143	-
Adjustment due to contribution tax assumption change	-	-
Net Defined Benefit Liability at acquisition after contribution tax assumption change	34,753,143	-
Current service cost	590,788	-
Net Interest on the net defined benefit liability	974,912	-
Past service cost	(369,306)	-
(Gains)/losses arising from settlements	-	-
Actual return on Fund assets less Interest income	(1,479,256)	-
Actuarial losses arising from changes in demographic assumptions	1,604,724	-
Actuarial (gains)/losses arising from changes in financial assumptions	(15,547,937)	-
Actuarial (gains)/losses arising from liability experience	707,340	-
Adjustment for effect of asset ceiling	-	-
Employer contributions	(407,000)	-
Remeasurement of the net defined benefit liabilities/(Asset)	206,156	-
Net Defined Benefit Liability/(Asset) at end of year	21,033,564	-

Reconciliation of movement in the liability recognised in the statement of financial position as follows:

Present value of defined benefit obligations acquired during the year	81,346,632	-
Current Service Costs	590,788	-
Interest Cost	2,156,443	-
Contributions by participants	228,898	-
Actuarial (gains) losses arising from changes in demographic assumptions	1,604,724	-
Actuarial (gains) losses arising from changes in financial assumptions	(15,480,315)	-
Actuarial (gains) losses arising from liability experience	914,726	-
Benefits paid	(3,138,310)	-
Taxes, premiums & expenses paid	150,871	-
Past service cost	(369,306)	-
Settlements	(4,220,425)	-
Present value of defined benefit obligations at end of the year	63,784,726	-

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of movement in the fair value of plan assets is as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
Fair value of plan assets at the beginning of the year	-	-
Fair value of plan assets acquired during the year	46,593,488	44,387,459
Interest income	1,181,531	1,807,434
Actual return on Fund assets less Interest income	1,548,108	1,979,729
Employer Contributions	407,000	638,161
Contribution by Fund Participants	228,898	335,794
Benefits paid	(3,138,310)	(2,635,685)
Taxes, premiums & expenses paid	150,871	80,595
Settlements	(4,220,425)	-
	42,751,161	46,593,488

Fair Value of Fund Assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers and assets are not separately invested for each entity. As such, the disclosures below relate to total assets of the Pooled Fund.

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	2,978,555	2,943,012	35,542	-
Australian Fixed Interest	2,650,946	27,895	2,623,051	-
International Fixed Interest	828,608	(75)	828,683	-
Australian Equities	9,512,077	9,057,851	446,022	8,204
International Equities	12,451,509	9,268,278	2,180,440	1,002,792
Property	3,438,598	1,036,559	701,343	1,700,696
Alternatives	7,790,660	557,505	3,108,946	4,124,209
Total	39,650,953	22,891,025	9,924,027	6,835,901

* Actual asset allocation as at 31 December 2015 is not yet available, the latest available as at 30 November 2015 has been used.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The percentage invested in each asset class at the reporting date is:

	2015			2014		
	State Super	AusSuper	Weighted average	State Supers	AusSuper	Weighted average
Short Term Securities	7.5%	0.0%	7.5%	-	-	-
Australian Fixed Interest	6.7%	0.0%	6.7%	-	-	-
International Fixed Interest	2.1%	0.0%	2.1%	-	-	-
Australian Equities	24.0%	0.0%	24.0%	-	-	-
International Equities	31.4%	0.0%	31.4%	-	-	-
Property	8.7%	0.0%	8.7%	-	-	-
Alternatives	19.6%	0.0%	19.6%	-	-	-
Total	100.0%	0.0%	100.0%	-	-	-

Fair value of entity's own financial instruments

StateSuper: The fair value of the Pooled Fund assets as at 31 December 2015 include \$179.0 million in NSW government bonds. Of the direct properties owned by the Pooled Fund:

- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of \$225 million (31 December 2014: \$nil).

AusSuper: The Heron report discloses the fair value of the entity's transferable financial instruments in the above schedule. We note that the total assets for AusSuper is not disclosed, however all plan assets that are property occupied by the entity are adequately disclosed.

Significant Actuarial Assumptions at the Reporting Date

Economic Assumptions

	2015	2014
	Weighted average	Weighted average
Salary increase rate (excluding promotional increases)	3.0%	-
Rate of CPI Increase	2.5%	-
Discount rate	4.5%	-

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. The 30 June 2015 triennial review has recently been completed and funding arrangements are currently being reviewed. Contribution rates are set after discussions between the employer, STC and NSW Treasury. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expected Contributions

	2015				Total
	SASS	SANCS	SSS	AusSuper	
Expected employer contributions to be paid in the next reporting period	158,004	76,992	209,004	-	444,000

NOTE 15: GRANTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Eric Pearson Travel Grant	23,000	-
International Fund	37,500	-
Sam Lewis Memorial	1,925	-
Tree Levy	8,000	-
	<u>70,425</u>	<u>-</u>

NOTE 16: RELATED PARTY INFORMATION

a) Office Holders

The names of the people who held positions as Officers during the year are:

John Dixon	Branch Secretary
Rod Brown	Deputy Branch Secretary
Maxine Sharkey	Deputy Branch Secretary
Michelle Rosicky	Deputy Branch Secretary
David Wynne	Deputy Branch Secretary

NOTE 16: RELATED PARTY INFORMATION (CONTINUED)

The names of the people who held positions as Branch Executive during the year are:

Maurie Mulheron	President	
Gary Zadkovich	Deputy President	
Joan Lemaire	Senior Vice-President	
Denis Fitzgerald	Vice President	Elected 10-March-15
Gemma Ackroyd	Vice President	Elected 10-March-15
Tim Mulroy	Vice President	Elected 10-March-15
Geoff Turnbull	Vice President	Elected 20-May-15
Dianne Byers	Custodian	Elected 10-March-15
Margaret Vos	Custodian	Elected 10-March-15
Ben Ballard	ATSI Member's Roll	Elected 10-March-15
Kathryn Bellach	Association Representative	Elected 10-March-15
Philip Cooke	Association Representative	Elected 10-March-15
Kylie Dawson	Association Representative	Elected 20-May-15
Jennifer Mace	Association Representative	Elected 10-March-15
Mike Morgan	Association Representative	Elected 10-March-15
Michael Sciffer	Association Representative	Elected 10-March-15
Phil von Schoenberg	Association Representative	Elected 10-March-15
Natasha Watt	Association Representative	Elected 10-March-15

b) Related Party Transactions

Transactions with Federation Law Pty Ltd during 2015 were:

Rent received by Australian Education Union New South Wales Teachers Federation Branch from Federation Law Pty Ltd \$41,981 (2014: \$nil).

Interest on loan paid by Federation Law Pty Ltd to Australian Education Union New South Wales Teachers Federation Branch \$28,879 (2014: \$nil)

Inter entity payables paid by Australian Education Union New South Wales Teachers Federation Branch to Federation Law Pty Ltd for professional costs and disbursements and payroll tax \$637,761 (2014: \$nil).

The above transactions with Federation Law Pty Ltd are recorded in the accounts of Australian Education Union New South Wales Teachers Federation Branch and eliminate on consolidation.

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

NOTE 17: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

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

Information to be provided to members or General Manager:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

NOTE 18: CASH FLOW INFORMATION

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash inflows		
Australian Education Union New South Wales Teachers Federation	17,719,975	2,755,627
Total cash inflows	<u>17,719,975</u>	<u>2,755,627</u>
Cash outflows		
Australian Education Union New South Wales Teachers Federation	13,009,832	2,769,192
Total cash outflows	<u>13,009,832</u>	<u>2,769,192</u>

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and deposits at call. Cash at the end of the financial year as shown in the statement of the cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash at Bank	4,702,590	5,856
Cash on Hand	13,409	-
	<u>4,715,999</u>	<u>5,856</u>

NOTE 18: CASH FLOW INFORMATION (CONTINUED)

b) Reconciliation of Profit for the Year to Net Cash Provided by Operating Activities

	CONSOLIDATED	
	2015	2014
	\$	\$
Profit/(Loss) for the Year	28,478,177	(7,594)
<i>Non-Cash Flows in Profit from Ordinary Activities:</i>		-
Gain on acquisition	(28,080,461)	-
(Gain) /Loss on Disposal of Fixed Assets	(9,590)	-
Amortisation	64,274	-
Depreciation	512,646	-
<i>Changes in Assets and Liabilities</i>		
Decrease/(Increase) in Receivables	(1,183,484)	(65)
(Increase)/Decrease in Other Current Assets	(1,282,979)	4,716
Increase/(Decrease) in Creditors	2,548,847	(10,622)
Increase / (Decrease) in Tax Liabilities	367,950	-
(Decrease)/Increase in Deferred Tax Assets	81,024	-
Net Cash Provided by Operating Activities	1,496,404	(13,565)

NOTE 19: FINANCIAL INSTRUMENTS

The accounting policies and methods adopted in relation to each class of financial asset and liability are disclosed in Note 1. The Federation does not participate in the use of derivative financial instruments. All financial assets and liabilities are denominated in Australian Dollars.

a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or any other security, at balance date to recognise financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial performance and notes to the financial statements.

The Federation does not have any material risk exposure to any single debtor or consolidated entity of debtors under financial instruments entered by the Federation.

Refer to Note 5B for ageing analysis of trade receivables.

b) Net Fair Values

The net fair values of debtors, loans and other amounts are determined by discounting the cash flows, at the market interest rates of similar securities, to their present values.

The carrying amount of all financial assets and liabilities does not exceed their net fair values. All financial assets (Note 7) are held at amortised cost representing held to maturity assets.

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

c) Market Risk

The Federation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effect weighted average interest rates on these financial assets and liabilities, is as follows:

	CONSOLIDATED					
	Weighted Average Rate		Floating Interest Rate		Fixed Interest Rate	
	2015	2014	2015	2014	2014	2014
			\$	\$	\$	\$
Investments	2.95%	-	26,837,769	-	-	-
Total Interest Bearing Financial Assets			26,837,769	-	-	-

All other financial assets and liabilities are non-interest bearing.

Market Risk Sensitivity analysis

Year	Risk Variable	Change in risk Variable	Effect on Profit & Loss	Effect on Equity
2015	Interest	0.5%	134,189	134,189
2014	Interest	0.5%	-	-

d) Liquidity Risk

Liquidity risk is the risk that the Federation might be unable to meet its obligations. The Federation carefully monitors its liquidity needs by managing cash inflows and outflows on a day to day basis. Specific cash reserves are set aside as mentioned in Note 6 and the Statement of Changes in Equity.

The only financial liability is the retirement benefit obligations as set out in Note 14. It is not expected that this liability will be extinguished within the next 12 months and the Officers of the Federation will monitor the actuarial deficit and the effect on the Federation's cash flow.

Current Liability – Trade and Other Payables

As at 31 December, the ageing analysis of trade payables is as follows:

		Total	0-30 Days	31-60 Days	61-90 Days	+91 Days PDNI*
		\$	\$	\$	\$	\$
2015	Consolidated	75,429	28,611	46,848	-	-
2014	Consolidated	3,665	3,665	-	-	-

* Past due not impaired

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

NOTE 20: OPERATING LEASE COMMITMENTS

PAYABLES

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

	CONSOLIDATED	
	2015	2014
	\$	\$
No Later than 12 Months	138,574	-
Between 12 months and 5 Years	115,478	-
	<u>254,052</u>	<u>-</u>

RECEIVABLES

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

	2015	2014
	\$	\$
No Later than 12 Months	1,304,448	-
Between 12 months and 5 Years	4,203,777	-
	<u>5,508,225</u>	<u>-</u>

NOTE 21: CONTROLLED ENTITIES

	Country of Origin	Ownership Interest	
		2015	2014
		%	%
Controlled Entity			
Federation Law Pty Ltd	Australia	100	-

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

NOTE 22: FINANCIAL ASSETS AND LIABILITIES

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2015 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the 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 2015 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Australian Education Union New Souths Wales Teachers Federation Branch financial assets and liabilities:

CONSOLIDATED	Carrying Amount 2015 \$	Fair Value 2015 \$	Carrying Amount 2014 \$	Fair Value 2014 \$
Financial Assets				
Term deposit investments	26,845,769	-	-	-
Shareholding in Trade Union Centre Wollongong	128,160	-	-	-
Total	26,973,929	-	-	-
Financial Liabilities				
Joint Funding of Courses with Sydney University	-	-	-	-
Total	-	-	-	-

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

NOTE 23: PARENT ENTITY INFORMATION- AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

	2015	2014
	\$	\$
ASSETS		
Current Assets	33,022,225	10,921
Non-Current Assets	26,449,968	-
Total Assets	<u>59,472,193</u>	<u>10,921</u>

	2015	2014
	\$	\$
LIABILITIES		
Current Liabilities	9,910,515	3,665
Non-Current Liabilities	21,040,504	-
Total Liabilities	<u>30,951,019</u>	<u>3,665</u>
Net Assets	<u>28,521,174</u>	<u>7,256</u>

	2015	2014
	\$	\$
EQUITY		
Equity attributable to the ordinary equity holders of the entity		
General Fund	6,139,508	-
Special Reserve 1984 Annual Conference	18,009,000	-
Public Education Fund	4,372,666	-
	-	7,256
Total Equity	<u>28,521,174</u>	<u>7,256</u>

Financial performance

	2015	2014
	\$	\$
Surplus/(Deficit) for the year	28,490,444	(7,593)
Other comprehensive Income/(Loss)	-	-
Total comprehensive Income/(Loss)	<u>28,490,444</u>	<u>(7,593)</u>

NOTE 24: ACQUISITIONS

Acquisition of NSW Teachers Federation

On 13th August 2015 Australian Education Union (NSW Branch) acquired the assets and liabilities of New South Wales Teachers Federation for no consideration. New South Wales Teachers Federation was subsequently deregistered pursuant to the NSW Industrial Relations Act 1996. Australian Education Union (NSW Branch) was then renamed Australian Education Union New South Wales Teachers Federation Branch.

It was deemed that AASB 3 'Business Combinations' would not be applied to the above transaction and a pooling of interest methodology would be applied. This methodology sets out the acquisition of all assets and liabilities at book value at the time of acquisition as set out in Note 24. As there was no purchase price the surplus of the net assets has been reflected as a gain within the statement of profit and loss..

Since the date of acquisition, the acquired entity has contributed \$440,714 to the current year profit. Refer to Note 1(c) for further details regarding the acquisition.

The details of the acquisition are as follows:

	2015
	\$
Fair value of consideration transferred	-
Recognised amounts of identifiable net assets	
Cash and cash equivalents	3,364,865
Trade and other receivables	1,994,418
Financial assets	26,739,999
Other current assets	259,899
Total current assets	<u>32,359,181</u>
Financial assets	959,444
Property, plant and equipment	25,431,849
Intangible assets	210,606
Total non-current assets	<u>26,601,899</u>
Total assets	<u>58,961,080</u>
Trade and other payables	2,653,612
Short-term provisions	7,193,443
Total current liabilities	<u>9,847,055</u>
Retirement benefit obligations	21,033,564
Total liabilities	<u>30,880,619</u>
Total net identifiable assets and net gain on acquisition	<u>28,080,461</u>

Consideration transferred

The acquisition of NSW Teachers Federation was settled for \$nil consideration. The total net cash out flow was \$nil.

NOTE 25: EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Suite 11, 13-17 Kildare Road, Blacktown was sold for \$555,000 plus GST on 8th of March 2016 for settlement at 19th of April 2016.

NOTE 26: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to the year-end, which would require disclosure in the financial statements.

NOTE 27: ORGANISATION DETAILS

That registered office and principal place of business of both the Australian Education Union New South Wales Teachers Federation Branch and that of its controlled entity Federation Law Pty Ltd is:

23-33 Mary Street Surry Hills NSW 2010

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of Australian Education Union NSW Teachers Federation
Branch**

We have audited the accompanying financial report of Australian Education Union NSW Teachers Federation Branch (the "Union"), which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Committee of Management.

Responsibility of the Branch Committee of Management for the financial report

The Committee of Management of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work Act 2009 (Registered Organisations). This responsibility includes such internal controls as the Committee of Management determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Union's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of Australian Education Union NSW Teachers Federation Branch

- i presents fairly, in all material respects, the Union's financial position as at 31 December 2015 and of its performance and cash flows for the year then ended,
- ii complies with Australian Accounting Standards and the relevant legislation,
- iii management appropriately applied the going concern basis of accounting, and
- iv complies with the requirements of Fair Work (Registered Organisations) Regulation 2009 and Part 3 of Chapter 8 of Fair Work (Registered Organisations) Act 2009.

Report on the recovery of wages activity


The Committee of Management are responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with section 253(2)(c) of the Fair Work Act 2009 (Registered Organisations). Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards. We have been advised that no recovery of wages activity has been undertaken in the current financial year. Accordingly we have not been instructed by the committee of management to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity.

Other Matter

The signor is an Approved Auditor (who holds a current Public Practice Certificate) with the Institute of Chartered Accountants in Australia and is a registered company auditor.

Other matter – revised financial report

Without qualification to the opinion expressed above, attention is drawn to the following matter. As indicated in Note 1c) to the financial statements, Australian Education Union NSW Teachers Federation Branch has revised the 30 June 2015 financial report on 5 April 2016, as a result of additional disclosures required in relation to the acquisition of the assets and liabilities of New South Wales Teachers Federation in accordance with the requirements of the Registered Organisations Act, Fair Work (Registered Organisations) Regulations 2009, Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards. This report replaces the audit report on the 31 December 2015 financial report which was signed on the 5 April 2016 and was an unqualified audit opinion.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Andrew Rigele
Partner Audit & Assurance

Sydney, 27 June 2016



New South Wales Teachers Federation
a branch of the Australian Education Union

AEU NSW Teachers Federation Branch ABN 86 600 150 697

Locked Bag N° 3010, Darlinghurst NSW 1300 • 02 9217 2100 • www.nswtf.org.au
NSW PRESIDENT: Maurie Mulheron • NSW GENERAL SECRETARY: John Dixon



13 April 2016

In reply please quote: 325/2016/JD: lb

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

Re: Financial Statements for the Australian Education Union New South Wales Teachers Federation Branch for financial period ended 31 December 2015

Dear Ms O'Neill,

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

- (a) A copy of the AEU NSWTF Branch Financial Report for the financial period ending 31 December 2015 (*Attachment A*)
- (b) Branch Secretary's Certificate that the document lodged is a copy of the document provided to members and presented to the meeting of the Branch Executive of the AEU NSWTF Branch on 5 April, 2016 (*Attachment B*)

Yours sincerely

A handwritten signature in black ink, appearing to be 'JD', written over a blue line.

John Dixon
Branch Secretary

ATTACHMENT B

**Australian Education Union New South Wales Teachers Federation Branch
S268 Fair Work (Registered Organisations) Act 2009**

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2015

I, John Dixon, being the Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2015 referred to in s268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 6 April 2016; and
- that the full report was presented to a meeting of the Branch Executive on 5 April 2016 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer
Name of prescribed designated officer
Title of prescribed designated officer
Dated


John Dixon
Branch Secretary
13 April 2016

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

CERTIFICATED BY PRESCRIBED DESIGNED OFFICER

Certificate for the period ended 31 December 2015

I, John Dixon, being the Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch certify:

- that the documents lodged herewith are copies of the full financial statement for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2015 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full financial statement was provided to members of the reporting unit on 5th April 2016; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 5th April 2016 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:.....



Name of prescribed designated officer:.....

JOHN DIXON

Title of prescribed designated officer:.....

Branch Secretary

Dated:.....

5 - 4 - 16

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

ABN: 86 600 150 697

FINANCIAL STATEMENTS

31 DECEMBER 2015

COMMITTEE OF MANAGEMENT STATEMENT

On the 05/04/2016 the Committee of Management (the Executive) of the Australian Education Union New South Wales Teachers Federation Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2015:

The Executive declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009, there has been compliance.
- (f) where the reporting unit has not derived revenue from undertaking recovery of wages activity, include the statement 'no revenue has been derived from undertaking recovery of wages activity during the reporting period' or

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

Signature of designated officer: M. Vos

Name and title of designated officer: MARGARET VOS CUSTODIAN

Dated: 5/4/2016

OPERATING REPORT

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

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

The principal activity of the entity during the financial year was promotion of union activities within the education sector. No significant change in the nature of these activities occurred during the year.

The Australian Education Union New South Wales Teachers Federation Branch Executive set the following strategic objectives for the year 2014- 2015:

- Increase Government funding to public schools and TAFE institutes.
- Enhance and support the professional status of Australian Education Union New South Wales Teachers Federation Branch members in public education.
- Protect and promote quality teaching and learning.
- Protect and enhance the industrial rights of Australian Education Union New South Wales Teachers Federation Branch members.
- Promote human rights and social justice.

The principal activities of the Australian Education Union New South Wales Teachers Federation Branch during the financial year have focussed on the achievement of these strategic objectives.

In relation to the first objective, the Australian Education Union New South Wales Teachers Federation Branch “I give a Gonski” campaign at the national, state and school community level focussed on getting community and government support for the replacement of the existing inequitable federal schools funding model by a new funding model based on the findings of the Gonski Schools Funding review Panel, i.e. funding all schools to the resource standard necessary for every student to be given the opportunity to succeed regardless of their family background or circumstances. The AEU campaigned hard for the election of a federal government which would commit to and honour a better education for all Australian children.

In the face of the increasing privatisation of TAFE, the Stop TAFE Cuts campaign was prosecuted by the Australian Education Union New South Wales Teachers Federation Branch Campaigning focussed on the House of Representatives inquiry into TAFE. The Australian Education Union New South Wales Teachers Federation Branch worked closely with the AEU Federal Office and the ACTU to maximise broader union participation and the number of submissions to this inquiry, As part of building the campaign, and in order to maximise the profile of the inquiry, we nominated 3 June National TAFE Day and activities were held in TAFE campuses around the country.

The union has worked with members employing authorities to improve the status of the profession in all sectors through advocacy and support for the Professional Standards for Teachers, introduction of professional qualifications for TAFE Teachers as well as further recognition through improved remuneration for teachers and education workers, improved working conditions and representation on various professional bodies such as the Board of Studies and The NSW Institute of Teachers (now named BOSTES).

The Australian Education Union New South Wales Teachers Federation Branch has, in conjunction with the AEU Federal office and the broader trade union movement, made various submissions to Inquiries in relation to the industrial relations legislation.

Significant changes in financial affairs

During 2015 the AEU NSW Branch became the Australian Education Union New South Wales Teachers Federation Branch and the NSW Teachers Federation (the state registered organisation) was de-registered by the NSW Industrial Commission and the Australian Education Union New South Wales Teachers Federation Branch was registered as a federal organisation in the state jurisdiction. This resulted in the transfer of all assets and liabilities of the NSW Teachers Federation to the new entity of Australian Education Union New South Wales Teachers Federation Branch.

Right of members to resign

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

“17 – Resignation from membership and termination of eligibility

- (1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.
- (1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:
 - (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are:
 - (i) seconded by their employer to non-teaching duties, or
 - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority
 - (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or
 - (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
 - (d) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);

provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.

- (2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.
- (3) A member may resign from the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
 - (a) where the member ceases to be eligible to become a member of the Union-
 - (i) on the day on which the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member; which is later; or
 - (b) in any other case –
 - (i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or
 - (ii) on the day specified in the notice; whichever is later.

OPERATING REPORT

Rights of members to resign (continued)

- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a period before the member's resignation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- (6) A notice delivered to the relevant Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (7) A notice of resignation that has been received at the office of the relevant Branch Secretary is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (8) A resignation from membership is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (9) A relevant Branch Secretary may accept a resignation from membership which is not effected in accordance with this Rule.
- (10) Where the relevant Branch Secretary accepts a resignation in accordance with the previous sub-rule the relevant Branch Secretary shall inform the member in writing that his/her resignation has been accepted.
- (11) On receipt of a written notice from a member that he/she has become ineligible for membership of the Union or a notice of resignation or on acceptance of a resignation which is not effected in accordance with this Rule, the Branch Secretary shall, as soon as possible notify the Federal Secretary that the member has become ineligible for membership or that the member has resigned."

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

No officer or member of the organisation holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members

The number of financial members at 31 December 2015 was 58,591 (2014: 59,457)

Number of employees

The number of employees at 31 December 2015 was 154 (2014: 162)

OPERATING REPORT

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

a) Office Holders

The names of the people who held positions as Officers during the year are:

John Dixon	Branch Secretary
Rod Brown	Deputy Branch Secretary
Maxine Sharkey	Deputy Branch Secretary
Michelle Rosicky	Deputy Branch Secretary
David Wynne	Deputy Branch Secretary

The names of the people who held positions as Executive during the year are:

Maurie Mulheron	President	
Gary Zadkovich	Deputy President	
Joan Lemaire	Senior Vice-President	
Denis Fitzgerald	Vice President	Elected 10-March-15
Gemma Ackroyd	Vice President	Elected 10-March-15
Tim Mulroy	Vice President	Elected 10-March-15
Geoff Turnbull	Vice President	Elected 20-May-15
Dianne Byers	Custodian	Elected 10-March-15
Margaret Vos	Custodian	Elected 10-March-15
Ben Ballard	ATSI Member's Roll	Elected 10-March-15
Kathryn Bellach	Association Representative	Elected 10-March-15
Philip Cooke	Association Representative	Elected 10-March-15
Kylie Dawson	Association Representative	Elected 20-May-15
Jennifer Mace	Association Representative	Elected 10-March-15
Mike Morgan	Association Representative	Elected 10-March-15
Michael Sciffer	Association Representative	Elected 10-March-15
Philip von Schoenberg	Association Representative	Elected 10-March-15
Natasha Watt	Association Representative	Elected 10-March-15

Signature of designated officer: MAVos

Name and title of designated officer: MARGARET VOS CUSTODIAN

Dated: 5/4/2016

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

		CONSOLIDATED	
	Note	2015	2014
		\$	\$
REVENUE			
Subscriptions:			
- Membership		31,503,156	30,602,700
- Public Education Fund Levy		1,510,987	1,467,077
Total Subscriptions		<u>33,014,143</u>	<u>32,069,777</u>
Capitation fees	3A	-	-
Legal Fee Income		416,967	1,006,772
Other Income		839,478	736,018
Rental Income	3D	1,225,846	1,136,178
Donations		-	-
Interest Received	3C	931,236	1,082,713
Total Other Revenue		<u>3,413,527</u>	<u>3,961,681</u>
TOTAL REVENUE		<u>36,427,670</u>	<u>36,031,458</u>
Share of net profit from associate		-	-
Net Gain on Disposal of Fixed Assets	3F	12,658	43,002
EXPENSES			
Remuneration – Officers (Includes Termination Payments)		1,186,542	1,856,117
Remuneration – Employees		14,259,917	13,241,850
Superannuation Contributions		1,884,382	1,773,271
Payroll Tax and Related Costs		999,029	942,773
Annual Leave Expense		1,681,599	1,668,875
Long Service Leave Expense		497,837	813,675
Total Remuneration and On Costs	4A	<u>20,509,306</u>	<u>20,296,561</u>
Capitation Fees	4B	2,639,079	2,531,770
Affiliations Fees	4C	215,031	232,087
Amortisation Expense	4F	200,286	222,297
Depreciation Expense	4F	1,552,105	1,612,626
Donations Paid	4E	12,091	12,161
Grants Paid	4E & 15	292,531	276,142
Meetings, Conferences and Related Expenses		1,721,762	2,014,712
Professional Expenses		743,423	650,783
Total of Other IRA Regulations Disclosures		<u>7,376,308</u>	<u>7,552,578</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
Other Travel and Related Expenses		673,672	617,758
Motor Vehicle Expenses		268,099	328,572
Financial Expenses		215,826	223,527
Provision for Doubtful Debts		155,363	44,334
Insurances		350,475	283,385
Office Occupancy Expenses		800,267	890,221
Repairs and Maintenance		714,157	604,401
Stationery and Supplies		205,560	291,699
Rentals and Equipment		197,338	215,339
Associations Disbursements		209,425	366,303
Publication Expenses		1,094,377	1,255,441
Library Expenses		68,958	68,650
Media		880,668	1,527,136
Telephone		324,521	302,216
Postage		129,333	201,795
Ballot Expenses		12,853	49,058
General Expenses		774,698	882,538
Teachers Relief Expense		567,336	556,318
Consultants Expense / Speakers Lecture		242,718	377,545
Total Other Administration Expenses		<u>7,885,644</u>	<u>9,086,236</u>
Total Administration Expenses	4D	<u>15,261,952</u>	<u>16,638,814</u>
TOTAL EXPENSES		<u>35,771,258</u>	<u>36,935,375</u>
Profit/(Loss) Before Income Tax		669,070	(860,915)
Income Tax Expense	2	(31,401)	(85,640)
Deferred Tax Expense		50,181	-
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		<u>687,850</u>	<u>(946,556)</u>
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss.			
Actuarial Gain/(Loss) on Defined Benefit Plans	14	<u>13,719,580</u>	<u>(16,421,613)</u>
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		<u>13,719,580</u>	<u>(16,421,613)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>14,407,430</u>	<u>(17,368,168)</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	5A	4,715,999	2,754,116
Trade and Other Receivables	5B	1,188,549	2,104,124
Financial Assets	6	26,837,769	25,900,478
Current Tax Assets	11	-	-
Other Current Assets	7	1,282,979	1,902,968
TOTAL CURRENT ASSETS		<u>34,025,296</u>	<u>32,661,686</u>
NON CURRENT ASSETS			
Financial Assets	6	136,160	136,160
Property, Plant and Equipment	8	25,376,111	26,041,624
Deferred Tax Assets	11	81,024	86,027
Intangible Assets	9	212,443	242,557
TOTAL NON CURRENT ASSETS		<u>25,805,739</u>	<u>26,506,368</u>
TOTAL ASSETS		<u>59,831,035</u>	<u>59,168,054</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	2,491,331	2,549,869
Short-Term Provisions	13	7,479,588	6,113,242
TOTAL CURRENT LIABILITIES		<u>9,970,919</u>	<u>8,663,111</u>
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	11	334,179	399,394
Financial Liabilities	12	-	12,567
Long-Term Provisions	13	6,940	1,261,835
Retirement Benefit Obligations	14	21,033,564	34,753,144
TOTAL NON CURRENT LIABILITIES		<u>21,374,683</u>	<u>36,426,940</u>
TOTAL LIABILITIES		<u>31,345,602</u>	<u>45,090,051</u>
NET ASSETS		<u>28,485,433</u>	<u>14,078,003</u>
EQUITY			
General Fund		6,103,767	(7,186,267)
Special Reserve 1984 Annual Conference		18,009,000	17,697,371
Public Education Fund		4,372,666	3,566,899
TOTAL EQUITY		<u>28,485,433</u>	<u>14,078,003</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

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

	General Fund \$	Special Reserve 1984 Conference \$	Public Education Fund \$	Total \$
CONSOLIDATED				
Balance at 1 January 2014	9,982,655	17,938,500	3,525,016	31,446,171
Total Comprehensive gain for the Year	(17,368,168)	-	-	(17,368,168)
Transfers to and from Reserves				
-Special Reserve 1984 Annual Conference	241,129	(241,129)	-	-
- Public Education Fund	(41,883)	-	41,883	-
Balance at 31 December 2014	(7,186,267)	17,697,371	3,566,899	14,078,003
Total Comprehensive loss for the Year	14,407,430	-	-	-
Transfers to and from Reserves				
- Special Reserve 1984 Annual Conference	(311,629)	311,629	-	-
- Public Education Fund	(805,767)	-	805,767	-
Balance at 31 December 2015	6,103,767	18,009,000	4,372,666	28,485,433

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements.

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	CONSOLIDATED	
		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members		33,597,133	38,389,908
Receipts from Other		2,405,478	803,516
Payments to Suppliers and Employees		(33,049,788)	(36,945,574)
Interest Received		1,004,982	1,040,131
Income Tax Payments		600	(300)
Net Cash Provided by Operating Activities	18(b)	<u>3,958,405</u>	<u>3,287,681</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Investments		(951,136)	(1,121,826)
Payment for Property, Plant and Equipment		(1,046,760)	(888,321)
Payment for Intangible Assets		(170,171)	(142,059)
Proceeds from Sale of Property, Plant and Equipment		171,545	43,002
Net Cash Used in Investing Activities		<u>(1,996,522)</u>	<u>(2,109,204)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		-	-
Net Cash Used in Financing Activities		<u>-</u>	<u>-</u>
Net (Decrease)/Increase in Cash Held		1,961,883	1,178,477
Cash at the Beginning of the Year		2,754,116	1,575,639
Cash at the End of the Year	18(a)	<u>4,715,999</u>	<u>2,754,116</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements.

RECOVERY OF WAGES ACTIVITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash assets in respect of recovered money at beginning of year		
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	<u>-</u>	<u>-</u>
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
Name of other reporting unit of the organisation:		
Australian Education Union	49,155	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	<u>49,155</u>	<u>-</u>
Cash assets in respect of recovered money at end of year	<u>49,155</u>	<u>-</u>
Number of workers to which the monies recovered relates	1	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 New South Wales Teachers Federation 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.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies adopted have been consistently applied, unless otherwise stated.

a) Basis of Preparation

Reporting Basis and Conventions

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 New South Wales Teachers Federation Branch is a not-for-profit entity.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

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

New and revised standards that are effective for annual periods beginning on or after 1 January 2015

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2015. Information on the more significant standard(s) is presented below.

AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010–2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011–2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination. Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Australian Education Union New South Wales Teachers Federation Branch and entities controlled by the Australian Education Union New South Wales Teachers Federation Branch (its subsidiaries). Control is achieved where the Australian Education Union New South Wales Teachers Federation Branch is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the Australian Education Union New South Wales Teachers Federation Branch.

Specifically, the Australian Education Union New South Wales Teachers Federation Branch controls an investee if and only if the Australian Education Union New South Wales Teachers Federation Branch has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Australian Education Union New South Wales Teachers Federation Branch has less than a majority of the voting or similar rights of an investee, the Australian Education Union New South Wales Teachers Federation Branch considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Australian Education Union New South Wales Teachers Federation Branch re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Australian Education Union New South Wales Teachers Federation Branch obtains control over the subsidiary and ceases when the Australian Education Union New South Wales Teachers Federation Branch loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Australian Education Union New South Wales Teachers Federation Branch gains control until the date the Australian Education Union New South Wales Teachers Federation Branch ceases to control the subsidiary.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Australian Education Union New South Wales Teachers Federation Branch and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Australian Education Union New South Wales Teachers Federation Branch.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Australian Education Union New South Wales Teachers Federation Branch ownership interests in subsidiaries that do not result in the Australian Education Union New South Wales Teachers Federation Branch losing control are accounted for as equity transactions. The carrying amounts of the Australian Education Union New South Wales Teachers Federation Branch interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Australian Education Union New South Wales Teachers Federation Branch.

When the Australian Education Union New South Wales Teachers Federation Branch loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Australian Education Union New South Wales Teachers Federation Branch had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

c) Acquisition of assets and or liabilities that do not constitute a business combination

The net book value of assets and or liabilities transferred to Australian Education Union New South Wales Teachers Federation Branch for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009, a determination by the General Manager under subsections 245(1) of the Fair Work (Registered Organisations) Act 2009. On 12th August 2015, Australian Education Union (NSW Branch) was approved to amalgamate with New South Wales Teachers Federation, subsequently Australian Education Union (NSW Branch) renamed to Australian Education Union New South Wales Teachers Federation Branch. New South Wales Teachers Federation and Australian Education Union New South Wales Teachers Federation Branch were deemed to be under common control as they are ultimately controlled by the same parties (the Executive Committee).

In accordance with Australian Accounting Standards, the financial statements of the acquirer and acquiree have been presented on the basis that the entities have always been combined. The comparative period has been restated in order to reflect the combined results of both entities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Property Plant and Equipment

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

Property

Freehold land and buildings are measured at cost, less depreciation for buildings and impairment losses.

Strata title property is measured at cost, less depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by the Executives to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Discount factors are determined individually for each cash generating unit and reflect management's assessment of respective risk profiles, such as market and asset specific risk factors. Where the future economic benefits of an asset are not primarily dependant on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

Depreciation

The depreciable amount of all fixed assets including building, but excluding freehold land, is depreciated on either straight-line or reducing balance basis over their useful lives to the Federation from the time the asset is held ready for use. The depreciation rates used for each class of asset are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Freehold land	Nil %
Buildings	2.5%
Leasehold Improvements	20%
Plant and Equipment	10%
Office Equipment	10-25%
Computer Equipment	40%
Motor Vehicles	25%
Strata Plan – Buildings	2.5%
Art Work	1%

e) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software

Software is measured on the cost basis less amortisation and impairment losses.

The carrying amount of software is reviewed annually by the Executives to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

<u>Class of Intangible Asset</u>	<u>Amortisation Rate</u>
Software	40%

Amortisation

The amortisable amount of software is amortised on a straight-line basis over its useful life to the Group from the time the asset is held ready for use.

f) Employee Benefits

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined Benefit Plans

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation ("DBO") at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth and mortality. Discount rates are determined by reference to market yields at the end of the reporting periods on government bonds that have terms to maturity approximating to the terms of the related pension liability.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income. They are included as a separate component of equity in the statement of financial position and in the statement of changes in equity. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Income Tax

No provision for income tax is necessary for the Australian Education Union New South Wales Teachers Federation Branch (parent entity), as it is exempt from tax under Sec 23(f) of the Income Tax Assessment Act.

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowable items. It is calculated using the tax rates that have been enacted or are substantially enacted at balance sheet date.

Deferred tax for the consolidated entity is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below. During the year certain financial assets have been appropriately classified as amortised cost which represents the investment strategy for these assets. The reclassification is not material and comparatives have been adjusted to reflect this change.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held to Maturity Investments

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised costs using the effective interest rate method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available-for-Sale Financial Assets

Available-for-sale financial assets include any financial assets other than those included in the above categories or those at fair value through profit and loss. Available-for-sale financial assets are reflected at fair value, except where they do not have a quoted market price in an active market, in which case they are carried at cost.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

i) Impairment of Assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

j) Revenue Recognition

Membership subscription revenue is recognised in the financial period to which the membership applies. Membership revenue received in advance is recognised as a liability at balance date.

Legal fee revenue is recognised when the service is rendered and the time is incurred. Unbilled revenue is recognised as an asset termed "work in progress" which is included within other current assets. Provision is made against work in progress balances to the extent that they are not considered to be recoverable.

Rental income is recognised upon the Federation's right to receive the income in accordance with the lease contract.

Donation income is recognised upon the receipt of funds.

Interest income is recognised on a proportional basis taking into account the applicable interest rates on the financial assets.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l) Financial Risk management objectives and policies

The consolidated entity's principal financial instrument comprises receivables, payables and bank loans, cash and short term deposits.

The consolidated entity manages its exposure to key financial risks including interest rate in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

m) Risk Exposure and Responses

The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated entity uses different methods of measure and manages different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rate prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the consolidated entity's investments. The level of investment is disclosed in Note 19(c).

n) Future Change in Accounting Standards

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. Australian Education Union New South Wales Teachers Federation Branch has considered all pending Australian Accounting Standards issued up to the current reporting date and believe that they have no significant impact on the financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Critical Accounting estimates and judgements

The Executive evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key estimates

Impairment

The consolidated entity assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the consolidated entity that may be indicative of impairment triggers.

Recoverable amounts and relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

Provision for impairment of receivables

No impairment has been recognised for the total receivables amount outstanding as at balance date. 60% of the total balance outstanding of \$503,416 as at balance date is 91 days plus past due and is predominantly made up of legal cases receivables, the majority of which are matters relating to workers compensation cases which are fully recoverable on settlement of the matters.

Superannuation

The consolidated entity makes employer contributions to defined benefit schemes that are accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the financial statements. These actuarial assumptions include discounted rates, assumed rates of return, salary increases and mortality rates and are disclosed in detail within Note 15.

p) Leases

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

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

q) Cash

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Fair value measurement

The Australian Education Union New South Wales Teachers Federation Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

NOTE 2: INCOME TAX EXPENSE

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax as follows:
Prima facie tax payable on profit/(loss) before income tax at 30% (2013: 30%)

	CONSOLIDATED	
	2015	2014
	\$	\$
For the taxable entity in the Group		
(Profit) / Loss before income tax	109,897	(280,624)
Prima facie tax expense / (income)	(32,969)	84,187
Add: assessable & non-deductible items	417,127	402,395
Less: deductible & non-assessable items	<u>(402,938)</u>	<u>(400,942)</u>
Current year tax expense / (Income)	<u>(18,780)</u>	<u>85,640</u>
Deferred tax assets & liabilities		
Increase/(decrease) in deferred tax assets	(5,003)	7,809
(Increase)/decrease in deferred tax liabilities	65,215	77,831
 The Applicable Weighted Average Effective Tax Rate	 17%	 31%

NOTE 3: AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2015	2014
	\$	\$
Audit of Financial Reports	81,200	63,680
Taxation Services	3,800	3,600
Other Assurance Services	2,500	-
	<u>87,500</u>	<u>67,280</u>

NOTE 3A: CAPITATION FEES INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Capitation fees	-	-
Education International	-	-
ACTU Campaigns	-	-
ACTU Subscriptions	-	-
Public Education Campaign	-	-
Total capitation fees	<u>-</u>	<u>-</u>

NOTE 3B: LEVIES INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
AEU Levy 1 (Australian Educator)	-	-
AEU Levy 2 (TAFE Teacher)	-	-
AEU Federal Election Levy	-	-
Total levies	<u>-</u>	<u>-</u>

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

NOTE 3C: INTEREST INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Deposits	930,264	1,047,422
Loans	972	35,291
Total interest	<u>931,236</u>	<u>1,082,713</u>

NOTE 3D: RENTAL INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Properties	1,225,846	1,136,178
Other	-	-
Total rent	<u>1,225,846</u>	<u>1,136,178</u>

NOTE 3E: GRANTS OR DONATIONS INCOME

	CONSOLIDATED	
	2015	2014
	\$	\$
Grant	18,183	7,000
Donations	-	-
Total grants or donations	<u>18,183</u>	<u>7,000</u>

NOTE 3F: NET GAINS FROM SALE OF ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Land and Buildings	-	-
Plant and equipment	12,658	43,002
Intangibles	-	-
Total net gain from sale of assets	<u>12,658</u>	<u>43,002</u>

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

NOTE 4: EXPENSE

NOTE 4A: EMPLOYEE EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
Holders of office:		
Wages and salaries	1,186,542	1,021,391
Superannuation	196,965	200,978
Leave and other entitlements	184,663	343,340
Separation and redundancies	-	364,024
Other employee expenses	75,522	94,782
Subtotal employee expenses holders of office	<u>1,643,692</u>	<u>2,024,515</u>
Employees other than office holders:		
Wages and salaries	13,351,070	13,591,224
Superannuation	1,687,417	1,572,293
Leave and other entitlements	1,994,773	2,139,210
Separation and redundancies	908,847	121,328
Other employee expenses	923,507	847,991
Subtotal employee expenses employees other than office holders	<u>18,865,614</u>	<u>18,272,046</u>
Total employee expenses	<u>20,509,306</u>	<u>20,296,561</u>

NOTE 4B: CAPITATION FEES

	CONSOLIDATED	
	2015	2014
	\$	\$
Capitation fees	1,722,070	1,668,639
Education International	129,215	141,654
ACTU Campaigns	119,092	120,046
ACTU Subscriptions	220,916	214,282
AEU Levy 1 (Australian Educator)	192,907	188,398
AEU Levy 2 (TAFE Teacher)	16,695	18,682
Public Education Campaign	238,184	180,069
AEU Federal Election Levy	-	-
Total capitation fees	<u>2,639,079</u>	<u>2,531,770</u>

NOTE 4C: AFFILIATION FEES

	CONSOLIDATED	
	2015	2014
	\$	\$
NSW Labor Council	156,819	148,053
Newcastle Labor Council	9,883	8,206
South Coast Labor Council	15,751	15,413
Other Affiliates	11,770	39,914
Welfare Rights Centre	20,808	20,500
Total affiliation fees/subscription	<u>215,031</u>	<u>232,087</u>

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

NOTE 4D: ADMINISTRATION EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
Consideration to employers for payroll deductions	-	-
Compulsory levies	83,013	84,587
Fees/allowances – meeting and conferences	10,133	20,456
Conference and meeting expenses	1,721,762	2,014,712
Contractors/consultants	242,715	361,835
Property expenses	1,812,038	1,758,086
Office expenses	946,433	1,429,802
Information communications technology	1,805,264	630,368
Other	8,502,020	10,196,929
Subtotal administration expense	<u>15,123,378</u>	<u>16,488,391</u>
Operating lease rentals:		
Minimum lease payments	138,574	142,039
Total administration expenses	<u>15,261,952</u>	<u>16,638,814</u>

NOTE 4E: GRANTS OR DONATIONS

	CONSOLIDATED	
	2015	2014
	\$	\$
Grants:		
Total paid that were \$1,000 or less	12,700	21,492
Total paid that exceed \$1,000	279,831	254,650
Donations:		
Total paid that were \$1,000 or less	1,882	1,100
Total paid that exceed \$1,000	10,209	11,061
Total grants or donations	<u>304,622</u>	<u>288,303</u>

NOTE 4F: DEPRECIATION AND AMORTISATION

	CONSOLIDATED	
	2015	2014
	\$	\$
Depreciation		
Land & buildings	846,339	843,908
Property, plant and equipment	704,766	768,607
Total depreciation	<u>1,552,105</u>	<u>1,612,515</u>
Amortisation		
Intangibles	200,286	222,409
Total amortisation	<u>200,286</u>	<u>222,409</u>
Total depreciation and amortisation	<u>1,752,391</u>	<u>1,834,923</u>

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

NOTE 4G: FINANCE COSTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Finance lease	-	-
Overdrafts/loans	-	-
Unwinding of discount	-	-
Total finance costs	<u>-</u>	<u>-</u>

NOTE 4H: LEGAL COSTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Litigation	-	-
Other legal matters	631,738	538,032
Total legal costs	<u>631,738</u>	<u>538,032</u>

NOTE 4I: WRITE-DOWN AND IMPAIRMENT OF ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Asset write-downs and impairments of:		
Land and buildings	-	-
Plant and equipment	-	-
Intangible assets	-	-
Other	-	-
Total write-down and impairment of assets	<u>-</u>	<u>-</u>

NOTE 4J: NET LOSSES FROM SALE OF ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Land and buildings	-	-
Plant and equipment	-	-
Intangibles	-	-
Total net losses from asset sales	<u>-</u>	<u>-</u>

NOTE 4K: OTHER EXPENSES

	CONSOLIDATED	
	2015	2014
	\$	\$
Penalties – via RO Act or RO Regulations	-	-
Total other expenses	<u>-</u>	<u>-</u>

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

NOTE 5 CURRENT ASSETS

NOTE 5A: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash at Bank	4,702,590	2,736,466
Cash at Hand	13,409	17,650
	<u>4,715,999</u>	<u>2,754,116</u>

NOTE 5B: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
Receivables from other reporting units		
Australian Education Union	13,598	958
Total receivables from other reporting units	<u>13,598</u>	<u>958</u>
Less provision for doubtful debts		
Australian Education Union	-	-
Total provision for doubtful debts	<u>-</u>	<u>-</u>
Receivable from other reporting units (net)	<u>13,598</u>	<u>958</u>
Other receivables:		
GST receivable from the Australian Taxation Office	16,285	73,143
Other trade receivables	1,172,264	2,030,981
Total other receivables	<u>1,188,549</u>	<u>2,104,124</u>
Total trade and other receivables (net)	<u>1,188,549</u>	<u>2,104,124</u>

Current Assets – Trade and Other Receivables

a) As at 31 December, the ageing analysis of trade receivables is as follows:

		Total	0-30 Days	31-60 Days	61-90 Days	+91 Days PDNI*
		\$	\$	\$	\$	\$
2015	Consolidated	503,416	107,176	67,706	27,473	301,061
2014	Consolidated	678,880	33,341	65,961	52,441	527,137

* Past due not impaired

Receivables past due but not considered impaired are: Consolidated \$301,061 (2014 \$527,137). Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. Payment terms on these amounts have not been re-negotiated.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that those other balances will be received when due.

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

NOTE 5B: TRADE AND OTHER RECEIVABLES (CONTINUED)

b) Related Party Receivables

For related party receivables refer to Note 16(b).

NOTE 6: FINANCIAL ASSETS

CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Interest Bearing Deposits(At amortised cost)		
- General Purpose	-	-
- Public Education Fund	2,779,991	2,684,668
- Annual Leave	2,284,860	2,200,000
- Long Service Leave	3,175,692	3,057,670
- 2.5% Subscriptions	18,597,226	17,958,140
	<u>26,837,769</u>	<u>25,900,478</u>

NON CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Interest Bearing Deposits(At amortised cost)		
- 2.5% Subscriptions	-	-
-Long Service Leave	-	-
-Public Education Fund	-	-
Shares in TUC Wollongong, at deemed cost	128,160	128,160
Shop 1 & 2 Term Deposit	8,000	8,000
	<u>136,160</u>	<u>136,160</u>

The amounts set aside for Annual Leave and Long Service Leave are funds to offset the liability and not amounts due for excess leave taken.

NOTE 7: OTHER CURRENT ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Unbilled Revenue at Recoverable Amount	805,560	1,260,390
Prepayments	470,060	631,979
Other	7,359	10,599
	<u>1,282,979</u>	<u>1,902,968</u>

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

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Properties		
Suite 11, 13-17 Kildare Road, Blacktown (At Cost)	391,767	391,767
Less: Accumulated Depreciation	(187,352)	(177,565)
(Refer to Sale of Property in Note 24)	<u>204,415</u>	<u>214,202</u>
39 Carrington Street, Lismore (At Cost)	383,809	383,809
Less: Accumulated Depreciation	(82,185)	(72,588)
	<u>301,624</u>	<u>311,221</u>
Lot 10 & 11/1 Hopetoun Street, Charlestown (At Cost)	728,270	728,270
Less: Accumulated Depreciation	(93,528)	(75,321)
	<u>634,742</u>	<u>652,949</u>
Strata Plan 77140, Surry Hills, Lot 2 (At Cost)		
Land	3,768,988	3,768,988
Building	2,336,605	2,336,605
Less: Accumulated Depreciation	(2,323,497)	(2,170,858)
	<u>3,782,096</u>	<u>3,934,735</u>
Strata Plan 77140, Surry Hills, Lot 4 (At Cost)		
Land	7,666,453	7,666,453
Building	19,034,182	18,480,432
Less: Accumulated Depreciation	(11,534,589)	(10,877,480)
	<u>15,166,046</u>	<u>15,269,405</u>
Total Book Value of Property	<u>20,088,923</u>	<u>20,382,512</u>

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

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Plant and Equipment		
Furniture, Fittings and Equipment (At Cost)	2,497,629	2,474,593
Less: Accumulated Depreciation	<u>(1,926,874)</u>	<u>(1,783,395)</u>
	570,755	691,198
Plant and Equipment (At Cost)	995,604	982,660
Less: Accumulated Depreciation	<u>(812,264)</u>	<u>(775,326)</u>
	183,340	207,334
Refurbishment (At Cost)	4,732,484	4,546,670
Less: Accumulated Depreciation	<u>(886,479)</u>	<u>(768,837)</u>
	3,846,005	3,777,833
Leasehold Improvements (At Cost)	114,135	114,135
Less: Accumulated Depreciation	<u>(83,887)</u>	<u>(75,915)</u>
	30,248	38,220
Computer Installations (At Cost)	2,841,833	2,812,652
Less: Accumulated Depreciation	<u>(2,736,417)</u>	<u>(2,591,946)</u>
	105,416	220,706
Motor Vehicles (At Cost)	1,087,817	1,136,464
Less: Accumulated Depreciation	<u>(571,055)</u>	<u>(447,668)</u>
	516,762	688,796
Art Work (At Cost)	36,308	36,308
Less: Accumulated Depreciation	<u>(1,646)</u>	<u>(1,283)</u>
	34,662	35,025
Total Book Value of Plant and Equipment	<u>5,287,188</u>	<u>5,659,112</u>
Total Property, Plant and Equipment	<u>25,376,111</u>	<u>26,041,624</u>

a) **Movement in Carrying Amounts**

	CONSOLIDATED					
	Property		Plant and Equipment		Total	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Balance at the Beginning of Year	20,382,512	21,226,420	5,659,112	5,812,916	26,041,624	27,039,336
Additions	553,750	-	491,730	888,321	1,045,480	888,321
Disposals	-	-	(158,888)	(273,518)	(158,888)	(273,518)
Depreciation	<u>(847,339)</u>	<u>(843,908)</u>	<u>(704,766)</u>	<u>(768,607)</u>	<u>(1,552,105)</u>	<u>(1,612,515)</u>
Carrying Amount at End of Year	<u>20,088,923</u>	<u>20,382,512</u>	<u>5,287,188</u>	<u>5,659,112</u>	<u>25,376,111</u>	<u>26,041,624</u>

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

NOTE 9: INTANGIBLE ASSETS

	CONSOLIDATED	
	2015	2014
	\$	\$
Software	2,101,516	1,931,344
Less: Accumulated Amortisation	<u>(1,889,073)</u>	<u>(1,688,787)</u>
	<u>212,443</u>	<u>242,557</u>
a) Movement in Carrying Amounts		
Balance at the Beginning of Year	242,557	322,907
Additions	170,172	142,059
Amortisation	<u>(200,286)</u>	<u>(222,409)</u>
Carrying Amount at End of Year	<u>212,443</u>	<u>242,557</u>

NOTE 10: CURRENT LIABILITIES

NOTE 10A: TRADE PAYABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
Trade creditors and accruals	1,650,736	1,569,467
Operating lease rentals	-	-
Subtotal trade creditors	<u>1,650,736</u>	<u>1,569,467</u>
Payables to other reporting units		
Australian Education Union	-	-
Subtotal payables to other reporting units	<u>-</u>	<u>-</u>
Total trade payables	<u>1,650,736</u>	<u>1,569,467</u>
Settlement is usually made within 30 days		

NOTE 10B: OTHER PAYABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Prepayments received/unearned revenue	<u>840,595</u>	<u>980,402</u>
Total other payables	<u>840,595</u>	<u>980,402</u>

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

NOTE 11: TAX

CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
a) Assets		
Current Tax Asset	-	-
	<u>-</u>	<u>-</u>

	CONSOLIDATED	
	2015	2014
	\$	\$
b) Liabilities		
Deferred Tax Liability Comprise:		
Temporary Differences	334,179	399,394
	<u>334,179</u>	<u>399,394</u>

NON CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
c) Assets		
Deferred Tax Assets Comprise:		
Temporary Differences	81,024	86,027
	<u>81,024</u>	<u>86,027</u>

The movement in deferred tax assets and deferred tax liabilities relates to Federation Law Pty Ltd and has been expensed through the statement of profit or loss and other comprehensive income. The major source of deferred tax assets is provision for annual leave and long service leave, while Work in Progress represents the major source of deferred tax liability.

NOTE 12: FINANCIAL LIABILITIES

CURRENT

	CONSOLIDATED	
	2015	2014
	\$	\$
Joint Funding of Courses with Sydney University	-	12,567
	<u>-</u>	<u>12,567</u>

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

NOTE 13: PROVISIONS

	CONSOLIDATED	
	2015	2014
	\$	\$
Office Holders		
Annual leave	468,361	482,081
Long service leave	906,774	786,663
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – office holders	<u>1,375,135</u>	<u>1,268,744</u>
Employees other than office holders:		
Annual Leave	2,344,336	2,301,992
Long service leave	3,733,284	3,804,341
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions-employees other than office holders	<u>6,077,620</u>	<u>6,106,333</u>
Total employee provisions	<u>7,452,755</u>	<u>7,375,077</u>
Current	7,256,690	6,113,242
Non-Current	196,065	1,261,835
Total employee provisions	<u>7,452,755</u>	<u>7,375,077</u>

	Employee benefits	
	2015	2014
	\$	\$
Opening balance 01 January	7,375,077	6,845,831
Additional provisions	1,709,194	1,916,519
Amounts used	(1,631,516)	(1,387,273)
Closing Balance at 31 December	<u>7,452,755</u>	<u>7,375,077</u>

	2015	2014
Number of Employees	154	162

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS

NON-CURRENT LIABILITIES

Nature of the benefits provided by the fund

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- * State Authorities Superannuation Scheme (SASS)
- * State Superannuation Scheme (SSS)
- * Police Superannuation Scheme (PSS)
- * State Authorities Non-contributory Superannuation Scheme (SANCS).

"These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal.

All the Schemes are closed to new members."

Description of the regulatory framework - Para 139(a)(ii)

"The schemes in the Pooled Fund are established and governed by the following NSW legislation: Superannuation Act 1916, State Authorities Superannuation Act 1987, Police Regulation (Superannuation) Act 1906, State Authorities Non-Contributory Superannuation Act 1987, and their associated regulations.

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the Commonwealth Superannuation Industry (Supervision) Act 1993 (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales Government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

The New South Wales Government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015."

Description of other entities' responsibilities for the governance of the fund - Para 139(a)(iii)

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- * Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- * Management and investment of the fund assets; and
- * Compliance with other applicable regulations.

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Description of risks - Para 139(b)

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- * Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- * Longevity risk – The risk that pensioners live longer than assumed, increasing future pensions.
- * Pension indexation risk – The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- * Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- * Legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

Description of significant events - Para 139(c)

There were no fund amendments, curtailments or settlements during the year.

	CONSOLIDATED	
	2015	2014
	\$	\$
Retirement Benefit Obligations	<u>21,033,564</u>	<u>34,753,144</u>

The benefits provided by this plan are based on length of service of the member at retirement.

The amount recognised in the statement of financial position is as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
Present Value of defined benefit obligations at the end of the year	63,784,725	81,346,632
Fair Value of Plans Assets at end of the year	(42,751,161)	(-46,593,488)
Net Liability recognised in Statement of Financial Position	<u>21,033,564</u>	<u>34,753,144</u>

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of the Net Defined Benefit Liability

	CONSOLIDATED	
	2015	2014
	\$	\$
Net Defined Benefit Liability at start of year before contribution tax assumption change	34,753,143	18,331,531
Adjustment due to contribution tax assumption change	-	-
Net Defined Benefit Liability at start of year after contribution tax assumption change	34,753,143	18,331,531
Current service cost	590,788	540,119
Net Interest on the net defined benefit liability	974,912	1,129,641
Past service cost	(369,306)	-
(Gains)/losses arising from settlements	-	-
Actual return on Fund assets less Interest income	(1,479,256)	(1,891,594)
Actuarial losses arising from changes in demographic assumptions	1,604,724	-
Actuarial (gains)/losses arising from changes in financial assumptions	(15,547,937)	16,421,613
Actuarial (gains)/losses arising from liability experience	707,340	859,995
Adjustment for effect of asset ceiling	-	-
Employer contributions	(407,000)	(638,161)
Remeasurement of the net defined benefit liabilities/(Asset)	206,156	-
Net Defined Benefit Liability/(Asset) at end of year	21,033,564	34,753,143

Reconciliation of movement in the liability recognised in the statement of financial position as follows:

Present value of defined benefit obligations at beginning of the year	81,346,632	62,718,990
Current Service Costs	590,788	771,575
Interest Cost	2,156,443	2,705,619
Contributions by participants	228,898	335,795
Actuarial (gains) losses arising from changes in demographic assumptions	1,604,724	-
Actuarial (gains) losses arising from changes in financial assumptions	(15,480,315)	17,170,869
Actuarial (gains) losses arising from liability experience	914,726	198,875
Benefits paid	(3,138,310)	(2,635,685)
Taxes, premiums & expenses paid	150,871	80,595
Past service cost	(369,306)	-
Settlements	(4,220,425)	-
Present value of defined benefit obligations at end of the year	63,784,726	81,346,632

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of movement in the fair value of plan assets is as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
Fair value of plan assets at the beginning of the year	46,593,488	44,387,459
Interest income	1,181,531	1,807,434
Actual return on Fund assets less Interest income	1,548,108	1,979,729
Employer Contributions	407,000	638,161
Contribution by Fund Participants	228,898	335,794
Benefits paid	(3,138,310)	(2,635,685)
Taxes, premiums & expenses paid	150,871	80,595
Settlements	(4,220,425)	-
	42,751,161	46,593,488

Fair Value of Fund Assets

All Pooled Fund assets are invested by STC at arm's length through independent fund managers and assets are not separately invested for each entity. As such, the disclosures below relate to total assets of the Pooled Fund.

Asset category	Total (A\$'000)	Quoted prices in active markets for identical assets Level 1 (A\$'000)	Significant observable inputs Level 2 (A\$'000)	Unobservable inputs Level 3 (A\$'000)
Short Term Securities	2,978,555	2,943,012	35,542	-
Australian Fixed Interest	2,650,946	27,895	2,623,051	-
International Fixed Interest	828,608	(75)	828,683	-
Australian Equities	9,512,077	9,057,851	446,022	8,204
International Equities	12,451,509	9,268,278	2,180,440	1,002,792
Property	3,438,598	1,036,559	701,343	1,700,696
Alternatives	7,790,660	557,505	3,108,946	4,124,209
Total	39,650,953	22,891,025	9,924,027	6,835,901

* Actual asset allocation as at 31 December 2015 is not yet available, the latest available as at 30 November 2015 has been used.

Level 1 - quoted prices in active markets for identical assets or liabilities. The assets in this level are listed shares; listed unit trusts.

Level 2 - inputs other than quoted prices observable for the asset or liability either directly or indirectly. The assets in this level are cash; notes; government, semi-government and corporate bonds; unlisted trusts where quoted prices are available in active markets for identical assets or liabilities.

Level 3 - inputs for the asset or liability that are not based on observable market data. The assets in this level are unlisted property; unlisted shares; unlisted infrastructure; distressed debt; hedge funds.

Derivatives, including futures and options, can be used by investment managers. However, each manager's investment mandate clearly states that derivatives may only be used to facilitate efficient cashflow management or to hedge the portfolio against market movements and cannot be used for speculative purposes or gearing of the investment portfolio. As such managers make limited use of derivatives.

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The percentage invested in each asset class at the reporting date is:

	2015			2014		
	State Super	AusSuper	Weighted average	State Supers	AusSuper	Weighted average
Short Term Securities	7.5%	0.0%	7.5%	26.9%	6.0%	24.8%
Australian Fixed Interest	6.7%	0.0%	6.7%	30.5%	6.0%	28.0%
International Fixed Interest	2.1%	0.0%	2.1%	6.7%	2.0%	6.2%
Australian Equities	24.0%	0.0%	24.0%	2.5%	0.0%	2.2%
International Equities	31.4%	0.0%	31.4%	8.8%	2.0%	8.1%
Property	8.7%	0.0%	8.7%	7.2%	81.0%	14.7%
Alternatives	19.6%	0.0%	19.6%	17.4%	3.0%	15.9%
Total	100.0%	0.0%	100.0%	100.0%	100.0%	99.9%

Fair value of entity's own financial instruments

StateSuper: The fair value of the Pooled Fund assets as at 31 December 2015 include \$179.0 million in NSW government bonds. Of the direct properties owned by the Pooled Fund:

- NSW Ambulance occupies part of a property 50% owned by the Pooled Fund with a fair value of \$225 million (31 December 2014: \$206 million).

AusSuper: The Heron report discloses the fair value of the entity's transferable financial instruments in the above schedule. We note that the total assets for AusSuper is not disclosed, however all plan assets that are property occupied by the entity are adequately disclosed.

Significant Actuarial Assumptions at the Reporting Date

Economic Assumptions

	2015	2014
	Weighted average	Weighted average
Salary increase rate (excluding promotional increases)	3.0%	2.5%
Rate of CPI Increase	2.5%	2.5%
Discount rate	4.5%	2.8%

Asset-Liability matching strategies

The Trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. The 30 June 2015 triennial review has recently been completed and funding arrangements are currently being reviewed. Contribution rates are set after discussions between the employer, STC and NSW Treasury. Funding positions are reviewed annually and funding arrangements may be adjusted as required after each annual review.

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

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expected Contributions

	2015				
	SASS	SANCS	SSS	AusSuper	Total
Expected employer contributions to be paid in the next reporting period	158,004	76,992	209,004	-	444,000

NOTE 15: GRANTS

	CONSOLIDATED	
	2015	2014
	\$	\$
Eric Pearson Travel Grant	52,606	21,150
International Fund	150,000	150,000
Other	4,000	9,182
New Teacher Scholarships	48,000	48,000
Sam Lewis Memorial	1,925	3,010
Sponsorships	28,000	28,000
Tree Levy	8,000	16,800
	<u>292,531</u>	<u>276,142</u>

NOTE 16: RELATED PARTY INFORMATION

b) Office Holders

The names of the people who held positions as Officers during the year are:

John Dixon	Branch Secretary
Rod Brown	Deputy Branch Secretary
Maxine Sharkey	Deputy Branch Secretary
Michelle Rosicky	Deputy Branch Secretary
David Wynne	Deputy Branch Secretary

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

NOTE 16: RELATED PARTY INFORMATION (CONTINUED)

The names of the people who held positions as Branch Executive during the year are:

Maurie Mulheron	President	
Gary Zadkovich	Deputy President	
Joan Lemaire	Senior Vice-President	
Denis Fitzgerald	Vice President	Elected 10-March-15
Gemma Ackroyd	Vice President	Elected 10-March-15
Tim Mulroy	Vice President	Elected 10-March-15
Geoff Turnbull	Vice President	Elected 20-May-15
Dianne Byers	Custodian	Elected 10-March-15
Margaret Vos	Custodian	Elected 10-March-15
Ben Ballard	ATSI Member's Roll	Elected 10-March-15
Kathryn Bellach	Association Representative	Elected 10-March-15
Philip Cooke	Association Representative	Elected 10-March-15
Kylie Dawson	Association Representative	Elected 20-May-15
Jennifer Mace	Association Representative	Elected 10-March-15
Mike Morgan	Association Representative	Elected 10-March-15
Michael Sciffer	Association Representative	Elected 10-March-15
Philip von Schoenberg	Association Representative	Elected 10-March-15
Natasha Watt	Association Representative	Elected 10-March-15

c) Related Party Transactions

Transactions with Federation Law Pty Ltd during 2015 were:

Rent received by Australian Education Union New South Wales Teachers Federation Branch from Federation Law Pty Ltd \$41,981 (2014: \$41,981).

Interest on loan paid by Federation Law Pty Ltd to Australian Education Union New South Wales Teachers Federation Branch \$28,879 (2014: \$35,291)

Inter entity payables paid by Australian Education Union New South Wales Teachers Federation Branch to Federation Law Pty Ltd for professional costs and disbursements and payroll tax \$637,761 per consol (2014: \$440,858).

The above transactions with Federation Law Pty Ltd are recorded in the accounts of Australian Education Union New South Wales Teachers Federation Branch and eliminate on consolidation.

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

NOTE 17: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

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

Information to be provided to members or General Manager:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

NOTE 18: CASH FLOW INFORMATION

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash inflows		
Australian Education Union New South Wales Teachers Federation	37,179,738	40,276,557
Total cash inflows	<u>37,179,738</u>	<u>40,276,557</u>
Cash outflows		
Australian Education Union New South Wales Teachers Federation	35,217,855	39,098,080
Total cash outflows	<u>35,217,855</u>	<u>39,098,080</u>

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and deposits at call. Cash at the end of the financial year as shown in the statement of the cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	CONSOLIDATED	
	2015	2014
	\$	\$
Cash at Bank	4,702,590	2,736,466
Cash on Hand	13,409	17,650
	<u>4,715,999</u>	<u>2,754,116</u>

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

NOTE 18: CASH FLOW INFORMATION (CONTINUED)

b) Reconciliation of Profit for the Year to Net Cash Provided by Operating Activities

	CONSOLIDATED	
	2015	2014
	\$	\$
Profit/(Loss) for the Year	687,850	(954,067)
<i>Non-Cash Flows in Profit from Ordinary Activities:</i>		
(Loss)/Revenue on Superannuation Defined Benefit Plans		859,304
(Gain) /Loss on Disposal of Fixed Assets	(12,658)	43,002
Amortisation	200,286	222,409
Depreciation	1,552,105	1,612,515
<i>Changes in Assets and Liabilities</i>		
Increase /(Decrease) in Provision Employee Benefits	77,679	529,246
Decrease/(Increase) in Receivables	(663,178)	385,289
(Increase)/Decrease in Other Current Assets	619,985	(464,534)
Increase/(Decrease) in Creditors	1,520,515	984,496
Increase /(Decrease) in Tax Liabilities	(31,744)	77,830
(Decrease)/Increase in Deferred Tax Assets	(5,003)	(7,809)
Increase in Other Financial Liabilities	12,567	-
Net Cash Provided by Operating Activities	3,958,405	3,287,681

NOTE 19: FINANCIAL INSTRUMENTS

The accounting policies and methods adopted in relation to each class of financial asset and liability are disclosed in Note 1. The Federation does not participate in the use of derivative financial instruments. All financial assets and liabilities are denominated in Australian Dollars.

a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or any other security, at balance date to recognise financial assets is the carrying amount, net of any provision for doubtful debts, as disclosed in the statement of financial performance and notes to the financial statements.

The Federation does not have any material risk exposure to any single debtor or consolidated entity of debtors under financial instruments entered by the Federation.

Refer to Note 5B for ageing analysis of trade receivables.

b) Net Fair Values

The net fair values of debtors, loans and other amounts are determined by discounting the cash flows, at the market interest rates of similar securities, to their present values.

The carrying amount of all financial assets and liabilities does not exceed their net fair values. All financial assets (Note 7) are held at amortised cost representing held to maturity assets.

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

c) Market Risk

The Federation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effect weighted average interest rates on these financial assets and liabilities, is as follows:

	CONSOLIDATED					
	Weighted Average Rate		Floating Interest Rate		Fixed Interest Rate	
	2015	2014	2015	2014	2014	2014
Investments	2.95%	3.98%	\$ 26,837,769	\$ 25,900,478	\$ -	\$ -
Total Interest Bearing Financial Assets			26,837,769	25,900,478	-	-

All other financial assets and liabilities are non-interest bearing.

Market Risk Sensitivity analysis

Year	Risk Variable	Change in risk Variable	Effect on Profit & Loss	Effect on Equity
2015	Interest	0.5%	134,189	134,189
2014	Interest	0.5%	129,502	129,502

d) Liquidity Risk

Liquidity risk is the risk that the Federation might be unable to meet its obligations. The Federation carefully monitors its liquidity needs by managing cash inflows and outflows on a day to day basis. Specific cash reserves are set aside as mentioned in Note 6 and the Statement of Changes in Equity.

The only financial liability is the retirement benefit obligations as set out in Note 14. It is not expected that this liability will be extinguished within the next 12 months and the Officers of the Federation will monitor the actuarial deficit and the effect on the Federation's cash flow.

Current Liability – Trade and Other Payables

As at 31 December, the ageing analysis of trade payables is as follows:

		Total	0-30 Days	31-60 Days	61-90 Days	+91 Days PDNI*
		\$	\$	\$	\$	\$
2015	Consolidated	75,429	28,611	46,848	-	-
2014	Consolidated	32,457	28,424	4,033	-	-

* Past due not impaired

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

NOTE 20: OPERATING LEASE COMMITMENTS

PAYABLES

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

	CONSOLIDATED	
	2015	2014
	\$	\$
No Later than 12 Months	138,574	138,574
Between 12 months and 5 Years	115,478	115,478
	<u>254,052</u>	<u>254,052</u>

RECEIVABLES

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments

	2015	2014
	\$	\$
No Later than 12 Months	1,304,448	1,072,634
Between 12 months and 5 Years	4,203,777	3,462,078
	<u>5,508,225</u>	<u>4,534,712</u>

NOTE 21: CONTROLLED ENTITIES

	Country of Origin	Ownership Interest	
		2015	2014
		%	%
Controlled Entity			
Federation Law Pty Ltd	Australia	100	100

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

NOTE 22: FINANCIAL ASSETS AND LIABILITIES

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2015 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the 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 2015 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Australian Education Union New South Wales Teachers Federation Branch financial assets and liabilities:

CONSOLIDATED	Carrying Amount 2015 \$	Fair Value 2015 \$	Carrying Amount 2014 \$	Fair Value 2014 \$
Financial Assets				
Term deposit investments	26,845,769	-	25,908,478	-
Shareholding in Trade Union Centre Wollongong	128,160	-	128,160	-
Total	26,973,929	-	26,036,638	-
Financial Liabilities				
Joint Funding of Courses with Sydney University	-	-	12,567	-
Total	-	-	12,567	-

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

NOTE 23: PARENT ENTITY INFORMATION- AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

ASSETS	2015	2014
	\$	\$
Current Assets	33,028,082	31,299,051
Non-Current Assets	26,449,968	27,224,708
Total Assets	<u>59,478,050</u>	<u>58,523,759</u>
	2015	2014
	\$	\$
LIABILITIES		
Current Liabilities	9,915,515	9,649,313
Non-Current Liabilities	21,040,504	34,765,711
Total Liabilities	<u>30,956,019</u>	<u>44,415,024</u>
Net Assets	<u>28,522,031</u>	<u>14,108,735</u>
	2015	2014
	\$	\$
EQUITY		
Equity attributable to the ordinary equity holders of the entity		
General Fund	6,140,365	(7,155,535)
Special Reserve 1984 Annual Conference	18,009,000	17,697,371
Public Education Fund	4,372,666	3,566,899
Total Equity	<u>28,522,031</u>	<u>14,108,735</u>

Financial performance

	2015	2014
	\$	\$
Surplus/(Deficit) for the year	683,923	(909,829)
Other comprehensive Income/(Loss)	13,719,580	(16,421,613)
Total comprehensive Income/(Loss)	<u>14,403,503</u>	<u>(17,331,442)</u>

NOTE 24: EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Suite 11, 13-17 Kildare Road, Blacktown was sold for \$555,000 plus GST on 8th of March 2016 for settlement at 19th of April 2016.

NOTE 25: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets to the year-end, which would require disclosure in the financial statements.

NOTE 26: ORGANISATION DETAILS

That registered office and principal place of business of both the Australian Education Union New South Wales Teachers Federation Branch and that of its controlled entity Federation Law Pty Ltd is:

23-33 Mary Street Surry Hills NSW 2010



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.granthornton.com.au

**Independent Auditor's Report
To the Members of Australian Education Union NSW Teachers Federation
Branch**

We have audited the accompanying financial report of Australian Education Union NSW Teachers Federation Branch (the "Union"), which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Committee of Management.

Responsibility of the Branch Committee of Management for the financial report

The Committee of Management of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work Act 2009 (Registered Organisations). This responsibility includes such internal controls as the Committee of Management determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Union's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of Australian Education Union NSW Teachers Federation Branch

- i presents fairly, in all material respects, the Union's financial position as at 31 December 2015 and of its performance and cash flows for the year then ended, and
- ii complies with Australian Accounting Standards and the relevant legislation
- iii management appropriately applied the going concern basis of accounting

Report on the recovery of wages activity

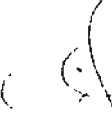
The Committee of Management are responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with section 253(2)(c) of the Fair Work Act 2009 (Registered Organisations). Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards. We have been advised that no recovery of wages activity has been undertaken in the current financial year. Accordingly we have not been instructed by the committee of management to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity.



Other Matter

The signor is an Approved Auditor (who holds a current Public Practice Certificate) with the Institute of Chartered Accountants in Australia and is a registered company auditor.


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


Andrew Rzele
Partner Audit & Assurance

Sydney, 5 April 2016