



17 May 2017

Mr John Dixon
Branch Secretary
Australian Education Union New South Wales Teachers Federation Branch
23-33 Mary Street
SURREY HILLS NSW 2010

via email: dixon@nswtf.org.au
andrew.rigele@au.gt.au

Dear Mr Dixon,

Australian Education Union New South Wales Teachers Federation Branch Financial Report for the year ended 31 December 2016 - [FR2016/362]

I acknowledge receipt of the financial report of the Australian Education Union New South Wales Teachers Federation Branch. The documents were lodged with the Fair Work Commission (**the FWC**) on 11 April 2017. On 1 May 2017 the Registered Organisations Commission (**the ROC**) commenced and some functions of the FWC were transferred to the ROC. Your matter FR2016/362 was transferring to the ROC on this date.

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

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

Please note that the financial report for the year ending 31 December 2017 may be subject to an advanced compliance review.

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

Disclosure of transactions with another reporting unit

Within the Reporting Guidelines when transactions occur with another reporting unit, the amount and the name of each reporting unit are to be disclosed in the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement or the notes. Within the general purpose financial report although the amount relating to the capitation fees paid and cash inflows and outflows are reported the name of the each reporting unit the transaction relates to is not clearly identified.

In future years please ensure that all transaction with another reporting unit are disclosed in accordance with the Reporting Guidelines.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC 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) 9603 0731 or via email at joanne.fenwick@roc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Joanne Fenwick', with a long horizontal flourish extending to the right.

Joanne Fenwick
Financial Reporting Specialist
Registered Organisations Commission



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



11 April 2017

In reply please quote: GS353/Apr2017/JD:pm

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 2016

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 2016 (*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 4 April 2017 (*Attachment B*)

Yours sincerely

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 2016

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

- that the document lodged herewith is a copy of the full report for the Australian Education Union New South Wales Teachers Federation Branch for the period ended 31 December 2016 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 11 April 2017; and
- that the full report was presented to a meeting of the Branch Executive on 4 April 2017 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
11 April 2017

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

ABN: 86 600 150 697

FINANCIAL STATEMENTS
31 DECEMBER 2016

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

COMMITTEE OF MANAGEMENT STATEMENT

On the 4 April 2017 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 (GPIR) for the year ended 31 December 2016:

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 GPIR 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) 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: _____

MARG

Name and title of designated officer: _____

MARGARET VOS CUSTODIAN

Dated: _____

4/4/2017

OPERATING REPORT

The committee presents its report on the reporting unit for the financial year ended 31 December 2016.

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 2015-2016:

- 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.

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 2016 was 59,820 (2015: 58,591)

Number of employees

The number of employees at 31 December 2016 was 155 (2015: 154)

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH
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
Maurie Mulheron	Branch President
Gary Zadkovich	Branch Deputy President
Joan Lemaire	Branch Senior Vice-President

The names of the people who held positions as Executive and their date of appointment during the year are:

Maurie Mulheron	Branch President	October 2015
Gary Zadkovich	Branch Deputy President	October 2015
Joan Lemaire	Branch Senior Vice-President	October 2015
Denis Fitzgerald	Branch Vice President	February 2016
Tim Mulroy	Branch Vice President	February 2016
Gemma Ackroyd	Branch Vice President	February 2016
Geoff Turnbull	Branch Vice President	February 2016
Dianne Byers	Branch Custodian	February 2016
Margaret Vos	Branch Custodian	February 2016
Russell Honnery	ATSI Member's Roll	February 2016
Natasha Watt	Association Representative	February 2016
Kylie Dawson	Association Representative	February 2016
Jennifer Mace	Association Representative	February 2016
Phil von Schoenberg	Association Representative	February 2016
Julie Ross	Association Representative	February 2016
Mike Morgan	Association Representative	February 2016
Kathryn Bellach	Association Representative	February 2016
Philip Cooke	Association Representative	February 2016

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

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

Dated:..... *4/4/17*

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

CERTIFICATED BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2016

I, David Wynne, being the Acting 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 2016 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 4 April 2017; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 4 April 2017 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer: David Wynne

Name of prescribed designated officer: DAVID WYNNE

Title of prescribed designated officer: DEPUTY SECRETARY

Dated: 4/4/17

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 2016

		CONSOLIDATED	
	Note	2016	2015
		\$	\$
REVENUE			
Subscriptions:			
- Membership	3G	32,029,250	10,704,884
- Public Education Fund Levy		<u>1,542,413</u>	<u>518,502</u>
Total Subscriptions		33,571,663	11,223,386
Capitation fees	3A	-	-
Levies	3B	-	-
Legal Fee Income		(178,759)	416,967
Grant Income	3E	10,259	-
Other Income		805,569	254,200
Rental Income	3D	1,351,656	339,250
Donations		-	-
Interest Received	3C	<u>937,330</u>	<u>267,231</u>
Total Other Revenue		2,926,055	1,277,648
TOTAL REVENUE		<u>36,497,718</u>	<u>12,501,034</u>
Net gain on acquisition of NSW Teachers Federation	24	-	28,080,461
Share of net profit from associate		-	-
Net Gain/(Loss) on Disposal of Fixed Assets	3F & 4I & 4J	<u>(114,543)</u>	<u>9,590</u>
EXPENSES			
Remuneration – Officers (Includes Termination Payments)		1,123,292	395,514
Remuneration – Employees		14,393,353	5,348,744
Superannuation Contributions		1,990,645	735,164
Payroll Tax and Related Costs		1,011,721	371,473
Annual Leave Expense		1,602,428	632,396
Long Service Leave Expense		<u>573,161</u>	<u>169,304</u>
Total Remuneration and On Costs	4A	20,694,600	7,652,595
Capitation Fees	4B	2,682,474	572,237
Affiliations Fees	4C	213,614	53,815
Amortisation Expense	4F	154,933	64,274
Depreciation Expense	4F	1,498,975	512,646
Donations Paid	4E	17,730	4,383
Grants Paid	4E & 15	249,410	70,425
Meetings, Conferences and Related Expenses		1,632,719	473,620
Professional Expenses	4H	<u>142,143</u>	<u>185,841</u>
Total of Other IRA Regulations Disclosures		6,591,998	1,937,241

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 2016

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
Other Travel and Related Expenses		736,305	192,509
Motor Vehicle Expenses		266,362	76,977
Financial Expenses		263,319	70,562
Provision for Doubtful Debts		(100,404)	65,430
Insurances		286,000	191,453
Office Occupancy Expenses		667,035	213,057
Repairs and Maintenance		680,756	279,148
Stationery and Supplies		254,523	63,037
Rentals and Equipment		180,863	45,203
Associations Disbursements		455,625	98,252
Publication Expenses		857,042	455,780
Library Expenses		65,293	14,751
Media		1,339,047	51,237
Telephone		375,014	120,710
Postage		140,809	53,610
Ballot Expenses		-	5,932
General Expenses		1,017,465	245,631
Teachers Relief Expense		546,813	202,154
Consultants Expense / Speakers Lecture		289,667	96,419
Total Other Administration Expenses		8,321,534	2,541,852
Finance costs	4G	-	-
Total Administration Expenses	4D	14,913,532	4,479,093
TOTAL EXPENSES		35,608,132	12,131,688
Profit/(Loss) Before Income Tax		775,044	28,459,397
Income Tax Expense	2	174,679	18,780
PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE ENTITY		949,723	28,478,177
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss.			
Actuarial Gain/(Loss) on Defined Benefit Plans	14	2,243,878	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		2,243,878	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		3,193,601	28,478,177

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 FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	5A	4,176,646	4,715,999
Trade and Other Receivables	5B	802,755	1,188,549
Financial Assets	6	27,135,566	26,837,769
Current Tax Assets	11	-	-
Other Current Assets	7	569,542	1,282,979
TOTAL CURRENT ASSETS		<u>32,684,509</u>	<u>34,025,296</u>
NON CURRENT ASSETS			
Financial Assets	6	3,117,446	136,160
Property, Plant and Equipment	8	24,780,764	25,376,111
Deferred Tax Assets	11	825	81,024
Intangible Assets	9	212,026	212,443
TOTAL NON CURRENT ASSETS		<u>28,111,061</u>	<u>25,805,739</u>
TOTAL ASSETS		<u>60,795,570</u>	<u>59,831,035</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	2,723,593	2,491,331
Short-Term Provisions	13	7,548,847	7,479,588
TOTAL CURRENT LIABILITIES		<u>10,272,440</u>	<u>9,970,919</u>
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	11	60,684	334,179
Financial Liabilities	12	-	-
Long-Term Provisions	13	12,440	6,940
Retirement Benefit Obligations	14	18,770,972	21,033,564
TOTAL NON CURRENT LIABILITIES		<u>18,844,096</u>	<u>21,374,683</u>
TOTAL LIABILITIES		<u>29,116,536</u>	<u>31,345,602</u>
NET ASSETS		<u>31,679,034</u>	<u>28,485,433</u>
EQUITY			
General Fund		9,399,288	6,103,767
Special Reserve 1984 Annual Conference		17,573,000	18,009,000
Public Education Fund		4,706,746	4,372,666
Retained earnings		-	-
TOTAL EQUITY		<u>31,679,034</u>	<u>28,485,433</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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	General Fund \$	Special Reserve 1984 Conference \$	Public Education Fund \$	Retained earnings \$	Total \$
CONSOLIDATED					
Balance at 1 January 2015	-	-	-	7,256	7,256
Total Comprehensive gain 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
Total Comprehensive gain for the Year	3,193,601	-	-	-	3,193,601
Transfers to and from Reserves					
- Special Reserve 1984 Annual Conference	436,000	(436,000)	-	-	-
- General Fund	-	-	-	-	-
- Public Education Fund	(334,080)	-	334,080	-	-
Balance at 31 December 2016	9,399,288	17,573,000	4,706,746	-	31,679,034

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members		33,502,511	13,091,241
Receipts from Other		2,103,570	1,010,417
Payments to Suppliers and Employees		(32,489,112)	(12,722,407)
Interest Received		842,614	116,553
Income Tax Payments		(28,448)	600
Net Cash Provided by Operating Activities	18(b)	<u>3,931,135</u>	<u>1,496,404</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net cash from acquisition	24	-	3,364,865
Payment for Financial Assets		(3,302,822)	30,390
Payment for Property, Plant and Equipment		(1,793,567)	(284,230)
Payment for Intangible Assets		(154,517)	(3,195)
Proceeds from Sale of Property, Plant and Equipment		780,418	105,909
Net Cash Provided by Investing Activities		<u>(4,470,488)</u>	<u>3,213,739</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		(539,353)	4,710,143
Cash at the Beginning of the Year		4,715,999	5,856
Cash at the End of the Year	18(a)	<u>4,176,646</u>	<u>4,715,999</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 2016

	CONSOLIDATED	
	2016	2015
	\$	\$
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>-</u>	<u>49,155</u>
Cash assets in respect of recovered money at end of year	<u>-</u>	<u>49,155</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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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. 63% of the total balance outstanding of \$222,855 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 14.

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 2016

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% (2015: 30%)

	CONSOLIDATED	
	2016	2015
	\$	\$
For the taxable entity in the Group		
(Profit) / Loss before income tax	618,373	109,897
Prima facie tax expense / (income)	(185,512)	(32,969)
Add: assessable & non-deductible items	336,246	417,127
Less: deductible & non-assessable items	(132,117)	(402,938)
Current year tax expense / (Income)	<u>18,617</u>	<u>(18,780)</u>
Deferred tax assets & liabilities		
(Increase)/decrease in deferred tax assets	80,199	5,003
Increase/(decrease) in deferred tax liabilities	(273,495)	(65,215)
The Applicable Weighted Average Effective Tax Rate	3%	17%

NOTE 3: AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2016	2015
	\$	\$
Audit of Financial Reports	70,900	81,200
Taxation Services	1,000	3,800
Other Assurance Services	-	2,500
	<u>71,900</u>	<u>87,500</u>

NOTE 3A: CAPITATION FEES INCOME

	CONSOLIDATED	
	2016	2015
	\$	\$
Capitation fees	-	-
Education International	-	-
ACTU Campaigns	-	-
ACTU Subscriptions	-	-
Public Education Campaign	-	-
Total capitation fees	<u>-</u>	<u>-</u>

NOTE 3B: LEVIES INCOME

	CONSOLIDATED	
	2016	2015
	\$	\$
AEU Levy 1 (Australian Educator)	-	-
AEU Levy 2 (TAFE Teacher)	-	-
AEU Federal Election Levy	-	-
Total levies	<u>-</u>	<u>-</u>

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 3C: INTEREST INCOME

	CONSOLIDATED	
	2016	2015
	\$	\$
Deposits	914,308	266,259
Loans	23,022	972
Total interest	<u>937,330</u>	<u>267,231</u>

NOTE 3D: RENTAL INCOME

	CONSOLIDATED	
	2016	2015
	\$	\$
Properties	1,351,656	339,250
Other	-	-
Total rent	<u>1,351,656</u>	<u>339,250</u>

NOTE 3E: GRANTS OR DONATIONS INCOME

	CONSOLIDATED	
	2016	2015
	\$	\$
Grant	10,259	-
Donations	-	-
Total grants or donations	<u>10,259</u>	<u>-</u>

NOTE 3F: NET GAIN FROM SALE OF ASSETS

	CONSOLIDATED	
	2016	2015
	\$	\$
Land and Buildings	325,198	-
Furniture, Fitting and Equipment	-	-
IT Equipment	-	-
Plant and Equipment	-	9,590
Refurbishment	-	-
Motor Vehicle	132,082	-
Intangibles	-	-
Total net gain from sale of assets	<u>457,280</u>	<u>9,590</u>

NOTE 3G: MEMBERSHIP FEE INCOME

	CONSOLIDATED	
	2016	2015
	\$	\$
Subscription fees	32,029,250	10,704,884
Total Membership fee	<u>32,029,250</u>	<u>10,704,884</u>

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 4: EXPENSE

NOTE 4A: EMPLOYEE EXPENSES

	CONSOLIDATED	
	2016	2015
	\$	\$
 Holders of office:		
Wages and salaries	1,123,292	395,514
Superannuation	174,094	51,364
Leave and other entitlements	241,561	58,656
Separation and redundancies	-	-
Other employee expenses	85,604	25,145
Subtotal employee expenses holders of office	<u>1,624,551</u>	<u>530,679</u>
 Employees other than office holders:		
Wages and salaries	13,636,720	5,348,744
Superannuation	1,816,551	683,800
Leave and other entitlements	1,934,028	743,044
Separation and redundancies	756,633	-
Other employee expenses	926,117	346,328
Subtotal employee expenses employees other than office holders	<u>19,070,049</u>	<u>7,121,916</u>
Total employee expenses	<u>20,694,600</u>	<u>7,652,595</u>

NOTE 4B: CAPITATION FEES

	CONSOLIDATED	
	2016	2015
	\$	\$
Capitation fees	1,771,670	430,518
Education International	124,849	-
ACTU Campaigns	-	29,773
ACTU Subscriptions	338,876	-
AEU Levy 1 (Australian Educator)	194,631	48,227
AEU Levy 2 (TAFE Teacher)	14,640	4,174
Public Education Campaign	237,808	59,545
AEU Federal Election Levy	-	-
Publication Levy (A) – Australian Educator	-	-
Publication Levy (B) – TAFE Teacher	-	-
Public Education Campaign Advertising	-	-
Federal Election Campaign Advertising	-	-
Total capitation fees	<u>2,682,474</u>	<u>572,237</u>

NOTE 4C: AFFILIATION FEES

	CONSOLIDATED	
	2016	2015
	\$	\$
NSW Labor Council	159,608	39,116
Newcastle Labor Council	6,381	2,096
South Coast Labor Council	15,979	3,969
Other Affiliates	10,838	1,698
Welfare Rights Centre	20,808	6,936
Total affiliation fees/subscription	<u>213,614</u>	<u>53,815</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 4D: ADMINISTRATION EXPENSES

	CONSOLIDATED	
	2016	2015
	\$	\$
Consideration to employers for payroll deductions		
Compulsory levies	83,880	19,585
Fees/allowances – meeting and conferences	16,797	2,331
Conference and meeting expenses	1,632,719	473,620
Contractors/consultants	289,667	95,388
Property expenses	1,719,901	611,117
Office expenses	1,023,425	309,304
Information communications technology	2,264,025	362,790
Other	7,740,846	2,558,767
Subtotal administration expense	<u>14,771,260</u>	<u>4,432,902</u>
Operating lease rentals:		
Minimum lease payments	142,272	46,191
Total administration expenses	<u>14,913,532</u>	<u>4,479,093</u>

NOTE 4E: GRANTS OR DONATIONS

	CONSOLIDATED	
	2016	2015
	\$	\$
Grants:		
Total paid that were \$1,000 or less	3,410	9,925
Total paid that exceed \$1,000	246,000	60,500
Total grants	<u>249,410</u>	<u>70,425</u>
Donations:		
Total paid that were \$1,000 or less	3,117	4,383
Total paid that exceed \$1,000	14,613	-
Total donations	<u>17,730</u>	<u>4,383</u>
Total grants or donations	<u>267,140</u>	<u>74,808</u>

NOTE 4F: DEPRECIATION AND AMORTISATION

	CONSOLIDATED	
	2016	2015
	\$	\$
Depreciation		
Land & buildings	874,072	284,103
Property, plant and equipment	624,903	228,543
Total depreciation	<u>1,498,975</u>	<u>512,646</u>
Amortisation		
Intangibles	154,933	64,274
Total amortisation	<u>154,933</u>	<u>64,274</u>
Total depreciation and amortisation	<u>1,653,908</u>	<u>576,920</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 4G: FINANCE COSTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Finance lease	-	-
Overdrafts/loans	-	-
Unwinding of discount	-	-
Total finance costs	<u>-</u>	<u>-</u>

NOTE 4H: PROFESSIONAL EXPENSES

	CONSOLIDATED	
	2016	2015
	\$	\$
Litigation	-	-
Other legal matters	35,760	122,595
Non legal professional fees	106,383	63,246
Total legal costs	<u>142,143</u>	<u>185,841</u>

NOTE 4I: WRITE-DOWN AND IMPAIRMENT OF ASSETS

	CONSOLIDATED	
	2016	2015
	\$	\$
Asset write-downs and impairments of:		
Land and buildings	31,520	-
Furniture, Fitting and Equipment	12,184	-
IT Equipment	520	-
Plant and Equipment	25,160	-
Refurbishment	502,439	-
Total write-down and impairment of assets	<u>571,823</u>	<u>-</u>

NOTE 4J: NET LOSSES FROM SALE OF ASSETS

	CONSOLIDATED	
	2016	2015
	\$	\$
Land and Building	-	-
Furniture, Fitting and Equipment	-	-
IT Equipment	-	-
Plant and Equipment	-	-
Refurbishment	-	-
Motor Vehicle	-	-
Total net losses from asset sales	<u>-</u>	<u>-</u>

NOTE 4K: OTHER EXPENSES

	CONSOLIDATED	
	2016	2015
	\$	\$
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 2016

NOTE 5 CURRENT ASSETS

NOTE 5A: CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Cash at Bank	4,173,996	4,702,590
Cash at Hand	2,650	13,409
	<u>4,176,646</u>	<u>4,715,999</u>

NOTE 5B: TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2016	2015
	\$	\$
Receivables from other reporting units		
Australian Education Union	3,521	13,598
Total receivables from other reporting units	<u>3,521</u>	<u>13,598</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>3,521</u>	<u>13,598</u>
Other receivables:		
GST receivable from the Australian Taxation Office	1,689	16,285
Other trade receivables	797,545	1,172,264
Total other receivables	<u>799,234</u>	<u>1,188,549</u>
Total trade and other receivables (net)	<u>802,755</u>	<u>1,188,549</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*
		\$	\$	\$	\$	\$
2016	Consolidated	222,855	27,627	31,604	24,007	139,617
2015	Consolidated	503,416	107,176	67,706	27,473	301,061

* Past due not impaired

Receivables past due but not considered impaired are: Consolidated \$139,617 (2015 \$301,061). 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 2016

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	
	2016	2015
	\$	\$
Interest Bearing Deposits(At amortised cost)		
- General Purpose	3,000,000	-
- Public Education Fund	2,844,116	2,779,991
- Annual Leave	2,356,833	2,284,860
- Long Service Leave	3,256,451	3,175,692
- 2.5% Subscriptions	15,678,166	18,597,226
	<u>27,135,566</u>	<u>26,837,769</u>

NON CURRENT

	CONSOLIDATED	
	2016	2015
	\$	\$
Interest Bearing Deposits(At amortised cost)		
- 2.5% Subscriptions	3,000,000	-
- Long Service Leave		
- Public Education Fund	-	-
- Shares in TUC Wollongong, at deemed cost	109,446	128,160
- Shop 1 & 2 Term Deposit	8,000	8,000
	<u>3,117,446</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	
	2016	2015
	\$	\$
Unbilled Revenue at Recoverable Amount	202,281	805,560
Prepayments	358,806	470,060
Other	8,455	7,359
	<u>569,542</u>	<u>1,282,979</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

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

	CONSOLIDATED	
	2016	2015
	\$	\$
Properties		
Suite 11, 13-17 Kildare Road, Blacktown (At Cost)	-	391,767
Less: Accumulated Depreciation	-	<u>(187,352)</u>
	<u>-</u>	<u>204,415</u>
39 Carrington Street, Lismore (At Cost)	383,809	383,809
Less: Accumulated Depreciation	<u>(91,779)</u>	<u>(82,185)</u>
	<u>292,030</u>	<u>301,624</u>
Lot 10 & 11/1 Hopetoun Street, Charlestown (At Cost)	728,270	728,270
Less: Accumulated Depreciation	<u>(111,734)</u>	<u>(93,528)</u>
	<u>616,536</u>	<u>634,742</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	<u>(2,476,137)</u>	<u>(2,323,497)</u>
	<u>3,629,456</u>	<u>3,782,096</u>
Strata Plan 77140, Surry Hills, Lot 4 (At Cost)		
Land	7,666,453	7,666,453
Building	18,984,746	19,034,182
Less: Accumulated Depreciation	<u>(12,205,662)</u>	<u>(11,534,589)</u>
	<u>14,445,537</u>	<u>15,166,046</u>
Total Book Value of Property	<u>18,983,559</u>	<u>20,088,923</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2016	2015
	\$	\$
Plant and Equipment		
Furniture, Fittings and Equipment (At Cost)	2,582,482	2,497,629
Less: Accumulated Depreciation	(2,013,296)	(1,926,874)
	<u>569,186</u>	<u>570,755</u>
Plant and Equipment (At Cost)	1,027,167	995,604
Less: Accumulated Depreciation	(833,853)	(812,264)
	<u>193,314</u>	<u>183,340</u>
Refurbishment (At Cost)	5,213,854	4,732,484
Less: Accumulated Depreciation	(906,751)	(886,479)
	<u>4,307,103</u>	<u>3,846,005</u>
Leasehold Improvements (At Cost)	114,135	114,135
Less: Accumulated Depreciation	(90,131)	(83,887)
	<u>24,004</u>	<u>30,248</u>
Computer Installations (At Cost)	2,884,125	2,841,833
Less: Accumulated Depreciation	(2,820,902)	(2,736,417)
	<u>63,223</u>	<u>105,416</u>
Motor Vehicles (At Cost)	1,036,741	1,087,817
Less: Accumulated Depreciation	(430,666)	(571,055)
	<u>606,075</u>	<u>516,762</u>
Art Work (At Cost)	36,308	36,308
Less: Accumulated Depreciation	(2,009)	(1,646)
	<u>34,299</u>	<u>34,662</u>
Total Book Value of Plant and Equipment	<u>5,797,205</u>	<u>5,287,188</u>
Total Property, Plant and Equipment	<u>24,780,764</u>	<u>25,376,111</u>

a) **Movement in Carrying Amounts**

	CONSOLIDATED					
	Property		Plant and Equipment		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Balance at the Beginning of Year	20,088,923	-	5,287,188	-	25,376,111	-
Additions	2,232	20,373,026	1,791,335	5,570,915	1,793,567	25,943,941
Disposals	(443,435)	-	(1,202,335)	(61,774)	(1,645,770)	(61,774)
Depreciation	(664,161)	(284,103)	(78,983)	(221,953)	(743,144)	(506,056)
Carrying Amount at End of Year	<u>18,983,559</u>	<u>20,088,923</u>	<u>5,797,205</u>	<u>5,287,188</u>	<u>24,780,764</u>	<u>25,376,111</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
		2016	2015
		\$	\$
	Software	2,256,032	2,101,516
	Less: Accumulated Amortisation	<u>(2,044,006)</u>	<u>(1,889,073)</u>
		<u>212,026</u>	<u>212,443</u>
a)	Movement in Carrying Amounts		
	Balance at the Beginning of Year	212,443	-
	Additions	154,516	276,717
	Amortisation	<u>(154,933)</u>	<u>(64,274)</u>
	Carrying Amount at End of Year	<u>212,026</u>	<u>212,443</u>

NOTE 10: CURRENT LIABILITIES

NOTE 10A: TRADE PAYABLES

		CONSOLIDATED	
		2016	2015
		\$	\$
	Trade creditors and accruals	2,112,706	1,650,736
	Operating lease rentals	-	-
	Subtotal trade creditors	<u>2,112,706</u>	<u>1,650,736</u>
	Payables to other reporting units		
	Australian Education Union	-	-
	Subtotal payables to other reporting units	<u>-</u>	<u>-</u>
	Total trade payables	<u>2,112,706</u>	<u>1,650,736</u>
	Settlement is usually made within 30 days		

NOTE 10B: OTHER PAYABLES

		CONSOLIDATED	
		2016	2015
		\$	\$
	Other payables	-	-
	Consideration to employers for payroll deductions	-	-
	Legal costs	-	-
	Prepayments received/unearned revenue	610,887	840,595
	Total other payables	<u>610,887</u>	<u>840,595</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 11: TAX

CURRENT

	CONSOLIDATED	
	2016	2015
	\$	\$
a) Assets		
Current Tax Asset	-	-
	<u>-</u>	<u>-</u>

	CONSOLIDATED	
	2016	2015
	\$	\$
b) Liabilities		
Deferred Tax Liability Comprise:		
Temporary Differences	60,684	334,179
	<u>60,684</u>	<u>334,179</u>

NON CURRENT

	CONSOLIDATED	
	2016	2015
	\$	\$
c) Assets		
Deferred Tax Assets Comprise:		
Temporary Differences	825	81,024
	<u>825</u>	<u>81,024</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	
	2016	2015
	\$	\$
Joint Funding of Courses with Sydney University	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 13: EMPLOYEE PROVISIONS

	CONSOLIDATED	
	2016	2015
Office Holders	\$	\$
Annual leave	470,954	468,361
Long service leave	902,695	906,774
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions – office holders	1,373,649	1,375,135
Employees other than office holders:		
Annual Leave	2,384,553	2,344,336
Long service leave	3,785,366	3,733,284
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions-employees other than office holders	6,169,919	6,077,620
Total employee provisions	7,543,568	7,452,755
Current	7,531,128	7,445,815
Non-Current	12,440	6,940
Total employee provisions	7,543,568	7,452,755

	Employee benefits	
	2016	2015
	\$	\$
Opening balance 01 January	7,452,755	-
Additional provisions	1,803,407	9,084,271
Amounts used	(1,712,594)	(1,631,516)
Closing Balance at 31 December	7,543,568	7,452,755

	2016	2015
Number of Employees	155	154

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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. The next actuarial investigation will be performed at 30 June 2018.

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 2016

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	
	2016	2015
	\$	\$
Retirement Benefit Obligations	18,770,972	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	
	2016	2015
	\$	\$
Present Value of defined benefit obligations at the end of the year	62,663,181	63,784,725
Fair Value of Plans Assets at end of the year	(43,892,209)	(42,751,161)
Net Liability recognised in Statement of Financial Position	18,770,972	21,033,564

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of the Net Defined Benefit Liability

	CONSOLIDATED	
	2016	2015
	\$	\$
Net Defined Benefit Liability acquired before contribution tax assumption change	18,770,972	21,033,564
Adjustment due to contribution tax assumption change	-	-
Net Defined Benefit Liability at acquisition after contribution tax assumption change	18,770,972	21,033,564
Current service cost	273,306	590,788
Net Interest on the net defined benefit liability	931,197	974,912
Past service cost	-	(369,306)
(Gains)/losses arising from settlements	-	-
Actual return on Fund assets less Interest income	(1,152,625)	(1,479,256)
Actuarial losses arising from changes in demographic assumptions	-	1,604,724
Actuarial (gains)/losses arising from changes in financial assumptions	(771,149)	(15,547,937)
Actuarial (gains)/losses arising from liability experience	(1,047,475)	707,340
Adjustment for effect of asset ceiling	-	-
Employer contributions	(495,846)	(407,000)
Remeasurement of the net defined benefit liabilities/(Asset)	-	206,156
Net Defined Benefit Liability/(Asset) at end of year	18,770,972	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	63,784,726	81,346,632
Current Service Costs	273,306	590,788
Interest Cost	2,790,855	2,156,443
Contributions by participants	216,025	228,898
Actuarial (gains) losses arising from changes in demographic assumptions	-	1,604,724
Actuarial (gains) losses arising from changes in financial assumptions	(771,149)	(15,480,315)
Actuarial (gains) losses arising from liability experience	(1,047,475)	914,726
Benefits paid	(2,823,733)	(3,138,310)
Taxes, premiums & expenses paid	240,627	150,871
Past service cost	-	(369,306)
Settlements	-	(4,220,425)
Present value of defined benefit obligations at end of the year	62,663,181	63,784,726

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	CONSOLIDATED	
	2016	2015
	\$	\$
Fair value of plan assets at the beginning of the year	42,751,161	-
Fair value of plan assets acquired during the year		46,593,488
Interest income	1,859,658	1,181,531
Actual return on Fund assets less Interest income	1,152,625	1,548,108
Employer Contributions	495,846	407,000
Contribution by Fund Participants	216,025	228,898
Benefits paid	(2,823,733)	(3,138,310)
Taxes, premiums & expenses paid	240,627	150,871
Settlements		(4,220,425)
	43,892,209	42,751,161

Fair Value of Fund Assets

All Pooled Fund assets are invested by SAS Trustee Corporation (STC) at arm's length through independent fund managers, assets are not separately invested for each entity and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities. 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	2,229,551	1,900,292	329,259	-
Australian Fixed Interest	2,166,440	(22,099)	2,188,538	-
International Fixed Interest	734,274	28	734,246	-
Australian Equities	9,637,534	9,158,485	479,024	24
International Equities	12,111,060	8,529,666	2,556,169	1,025,225
Property	3,517,904	926,206	592,386	1,999,311
Alternatives	8,600,716	347,149	4,487,130	3,766,437
Total	38,997,478	20,839,728	11,366,754	6,790,996

* Actual asset allocation as at 31 December 2016 is not yet available, the latest available as at 30 November 2016 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 2016

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	State Super	State Supers
Short Term Securities	5.7%	7.5%
Australian Fixed Interest	5.6%	6.7%
International Fixed Interest	1.9%	2.1%
Australian Equities	24.7%	24.0%
International Equities	31.1%	31.4%
Property	9.0%	8.7%
Alternatives	22.1%	19.6%
Total	100.0%	100.0%

Fair value of entity's own financial instruments

The fair value of the Pooled Fund assets as at 31 December 2016 include \$103.7 million in NSW government bonds. Of the direct properties owned by the Pooled Fund:

SAS Trustee Corporation occupies part of a property 100% owned by the Pooled Fund with a fair value of \$227 million (31 December 2015: \$195 million).

Health Administration Corporation occupies part of a property 50% owned by the Pooled Fund with a fair value (100% interest) of \$253 million (31 December 2015: \$225 million).

Significant Actuarial Assumptions at the Reporting Date

Economic Assumptions

	2016	2015
	Weighted average	Weighted average
Salary increase rate (excluding promotional increases)	2.7%	3.0%
Rate of CPI Increase	2.2%	2.5%
Discount rate	4.5%	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 and was last reviewed following completion of the triennial review as at 30 June 2015. 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 2016

NOTE 14: RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Expected Contributions

	2017			Total
	SASS	SANCS	SSS	
Expected employer contributions to be paid in the next reporting period	-	-	590,000	590,000

NOTE 15: GRANTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Eric Pearson Travel Grant	-	23,000
International Fund	160,000	37,500
New Teacher Scholarships	56,000	-
Sam Lewis Memorial	1,410	1,925
Sponsorships – Refugee Week	5,000	-
Sponsorships – Public Education Foundation Awards Ceremony	25,000	-
Tree Levy	2,000	8,000
	249,410	70,425

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
Maurie Mulheron	Branch President
Gary Zadkovich	Branch Deputy President
Joan Lemaire	Branch Senior Vice-President

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 16: RELATED PARTY INFORMATION (CONTINUED)

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

Maurie Mulheron	Branch President	October 2015
Gary Zadkovich	Branch Deputy President	October 2015
Joan Lemaire	Branch Senior Vice-President	October 2015
Denis Fitzgerald	Branch Vice President	February 2016
Tim Mulroy	Branch Vice President	February 2016
Gemma Ackroyd	Branch Vice President	February 2016
Geoff Turnbull	Branch Vice President	February 2016
Dianne Byers	Branch Custodian	February 2016
Margaret Vos	Branch Custodian	February 2016
Russell Honnery	ATSI Member's Roll	February 2016
Natasha Watt	Association Representative	February 2016
Kylie Dawson	Association Representative	February 2016
Jennifer Mace	Association Representative	February 2016
Phil von Schoenberg	Association Representative	February 2016
Julie Ross	Association Representative	February 2016
Mike Morgan	Association Representative	February 2016
Kathryn Bellach	Association Representative	February 2016
Philip Cooke	Association Representative	February 2016

b) Related Party Transactions

Transactions with Federation Law Pty Ltd during 2016 were:

Rent received by Australian Education Union New South Wales Teachers Federation Branch from Federation Law Pty Ltd \$38,483 (2015: \$41,981).

Interest on loan paid by Federation Law Pty Ltd to Australian Education Union New South Wales Teachers Federation Branch \$23,022 (2015: \$28,879)

Inter entity payables paid by Australian Education Union New South Wales Teachers Federation Branch to Federation Law Pty Ltd for professional costs and disbursements \$507,712 (2015: \$637,761).

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 2016

NOTE 16: RELATED PARTY INFORMATION (CONTINUED)

c) Key Management Personnel Listing

John Dixon	Branch Secretary
Rod Brown	Deputy Branch Secretary
Maxine Sharkey	Deputy Branch Secretary
Michelle Rosicky	Deputy Branch Secretary
David Wynne	Deputy Branch Secretary
Maurie Mulheron	Branch President
Gary Zadkovich	Branch Deputy President
Joan Lemaire	Branch Senior Vice-President
Denis Fitzgerald	Branch Vice President
Tim Mulroy	Branch Vice President
Gemma Ackroyd	Branch Vice President
Geoff Turnbull	Branch Vice President
Dianne Byers	Branch Custodian
Margaret Vos	Branch Custodian
Russell Honnery	ATSI Member's Roll
Natasha Watt	Association Representative
Kylie Dawson	Association Representative
Jennifer Mace	Association Representative
Phil von Schoenberg	Association Representative
Julie Ross	Association Representative
Mike Morgan	Association Representative
Kathryn Bellach	Association Representative
Philip Cooke	Association Representative
Joanna Worrad (Terminated December 2016)	Director of Federation Law

Compensation paid to key management personnel

	CONSOLIDATED	
	2016	2015
	\$	\$
Short-term employee benefits	1,501,656	512,045
Post-employment benefits	192,038	57,759
Other long-term benefits	126,240	27,942
Termination benefits	180,631	-
Share based payments	-	-
Total	<u>2,000,565</u>	<u>597,746</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016	2015
	\$	\$
Cash inflows		
Australian Education Union New South Wales Teachers Federation	37,229,112	17,719,975
Total cash inflows	<u>37,229,112</u>	<u>17,719,975</u>
Cash outflows		
Australian Education Union New South Wales Teachers Federation	37,768,465	13,009,832
Total cash outflows	<u>37,768,465</u>	<u>13,009,832</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	
	2016	2015
	\$	\$
Cash at Bank	4,173,996	4,702,590
Cash on Hand	2,650	13,409
	<u>4,176,646</u>	<u>4,715,999</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

NOTE 18: CASH FLOW INFORMATION (CONTINUED)

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

	CONSOLIDATED	
	2016	2015
	\$	\$
Profit/(Loss) for the Year	931,010	28,478,177
<i>Non-Cash Flows in Profit from Ordinary Activities:</i>		
Gain on acquisition	-	(28,080,461)
(Gain) /Loss on Disposal of Fixed Assets	114,543	(9,590)
Amortisation	154,933	64,274
Depreciation	1,498,975	512,646
<i>Changes in Assets and Liabilities</i>		
Increase/(Decrease) in Provision Employee Benefit	90,811	-
Decrease/(Increase) in Receivables	362,506	(1,183,484)
(Increase)/Decrease in Other Current Assets	713,439	(1,282,979)
Increase/(Decrease) in Creditors	255,896	2,548,847
Increase/(Decrease) in Tax Liabilities	(289,891)	367,950
(Increase)/Decrease in Deferred Tax Assets	80,199	81,024
Increase in Other Financial Liabilities / (Decrease) in Financial Asset	18,714	-
Net Cash Provided by Operating Activities	3,931,135	1,496,404

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 6) are held at amortised cost representing held to maturity assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016	2015	2016	2015	2016	2015
			\$	\$	\$	\$
Investments	2.93%	2.95%	30,143,566	26,837,769	-	-
Total Interest Bearing Financial Assets			30,143,566	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
2016	Interest	0.5%	150,718	150,718
2015	Interest	0.5%	134,189	134,189

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*
		\$	\$	\$	\$	\$
2016	Consolidated	68,950	63,634	430	-	4,886
2015	Consolidated	75,429	28,611	46,848	-	-

* Past due not impaired

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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	
	2016	2015
	\$	\$
No Later than 12 Months	68,355	138,574
Between 12 months and 5 Years	252,005	115,478
	<u>320,360</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

	2016	2015
	\$	\$
No Later than 12 Months	1,365,936	1,304,448
Between 12 months and 5 Years	3,607,114	4,203,777
	<u>4,973,050</u>	<u>5,508,225</u>

NOTE 21: CONTROLLED ENTITIES

	Country of Origin	Ownership Interest	
		2016	2015
		%	%
Controlled Entity			
Federation Law Pty Ltd	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 2016 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 2016 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 2016 \$	Fair Value 2016 \$	Carrying Amount 2015 \$	Fair Value 2015 \$
Financial Assets				
Term deposit investments	30,143,566	-	26,845,769	-
Shareholding in Trade Union Centre Wollongong	109,446	-	128,160	-
Total	<u>30,253,012</u>	<u>-</u>	<u>26,973,929</u>	<u>-</u>
Financial Liabilities				
Joint Funding of Courses with Sydney University	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AUSTRALIAN EDUCATION UNION NEW SOUTH WALES TEACHERS FEDERATION BRANCH

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

	2016	2015
	\$	\$
ASSETS		
Current Assets	32,215,008	33,022,225
Non-Current Assets	28,440,645	26,449,968
Total Assets	<u>60,655,653</u>	<u>59,472,193</u>
	2016	2015
	\$	\$
LIABILITIES		
Current Liabilities	10,195,325	9,910,515
Non-Current Liabilities	18,783,412	21,040,504
Total Liabilities	<u>28,978,737</u>	<u>30,951,019</u>
Net Assets	<u>31,676,916</u>	<u>28,521,174</u>
	2016	2015
	\$	\$
EQUITY		
Equity attributable to the ordinary equity holders of the entity		
General Fund	9,397,170	6,139,508
Special Reserve 1984 Annual Conference	17,573,000	18,009,000
Public Education Fund	4,706,746	4,372,666
Total Equity	<u>31,676,916</u>	<u>28,521,174</u>
Financial performance		
	2016	2015
	\$	\$
Surplus/(Deficit) for the year	906,076	28,490,444
Other comprehensive Income/(Loss)	2,243,878	-
Total comprehensive Income/(Loss)	<u>3,149,954</u>	<u>28,490,444</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 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 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

The Federation choose to tender for Legal services. The Federation has selected a new firm, New Law to handle legal assistance to both our members and by retainer for legal advice to both the General Secretary and the Senior Officers. The law practice ceased trading in December 2016. The Federation is seeking legal advice about how to wind up the incorporated entity of Federation Law Pty Ltd

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**

Auditor's Opinion

We have audited the financial report of Australian Education Union NSW Teachers Federation Branch (the "Union"), which comprises the statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other 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 Directors of the Responsible Entity.

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 2016 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.

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Basis for Auditor's Opinion

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

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

Other Matter

The signor is an Approved Auditor (who holds a current Public Practice Certificate) with the Chartered Accountants Australian and New Zealand and is a registered company auditor.

Responsibility of the Branch Directors of the Responsible Entity for the financial report

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

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

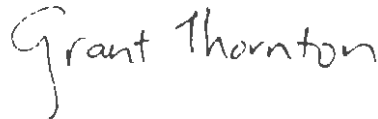
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A G Rigele
Partner - Audit & Assurance

Sydney, 4 April 2017



25 January 2017

Branch Secretary
Australian Education Union
New South Wales Teachers Federation (NSWTF) Branch
By Email: mail@nswtf.org.au

Dear Branch Secretary,

**Re: Lodgement of Financial Report - [FR2016/362]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Education Union-New South Wales Teachers Federation (NSWTF) Branch (the reporting unit) ended on 31 December 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act.

Also you are reminded of the obligation to prepare and lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017.

The new Registered Organisations Commission

The Registered Organisations Commission (the ROC) will be established in 2017.

Statements of loans, grants and donation and financial reports must be lodged with the Fair Work Commission until the ROC is established. Once the ROC is established, they must be lodged with the ROC.

It is not yet known when in 2017 the ROC will be established. The Fair Work Commission will be providing information on the transition to the ROC through its subscription service and its website. For details about the subscription service, go to [Subscriptions](#) and subscribe to the Registered organisations information service.

Where to lodge Statements of Loans Grants and Donations and Financial Reports

	Before the ROC is established	From establishment of the ROC
Where to lodge	Lodge your statement of loans grants donations and your financial report with the Fair Work Commission	Lodge your statement of loans grants donations and your financial report and with the ROC
How to lodge	The easiest way to lodge is via email: orgs@fwc.gov.au	Lodgement methods are not yet known

11 Exhibition Street
Melbourne VIC 3000
GPO Box 1994
Melbourne VIC 3001

Telephone : (03) 8661 7777
Email : orgs@fwc.gov.au
Internet : www.fwc.gov.au

Our focus this year: timelines and disclosure of loans, grants and donations

Over the past year we have noted issues in organisations' financial reports relating to timelines and how loans, grants and donations are reported. We will be focusing closely on these areas this year. Please find attached below fact sheets relating to these requirements or alternatively visit our website for information regarding [financial reporting timelines](#) and [loans, grants and donations](#).

Timelines

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

As stated above, section 237 requires the loans, grants and donations statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2017. A sample statement of loans, grants or donations is available at [sample documents](#).

Fact sheets, guidance notes and model statements

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission (FWC) website. This includes a model set of financial statements which have been developed by the FWC. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards. The model statements, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Running a Registered Organisation section.

Civil penalties may apply

It should be noted that s.268 and s.237 are civil penalty provisions. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Contact

Should you wish to seek any clarification in relation to the above, email orgs@fwc.gov.au.

Yours sincerely,

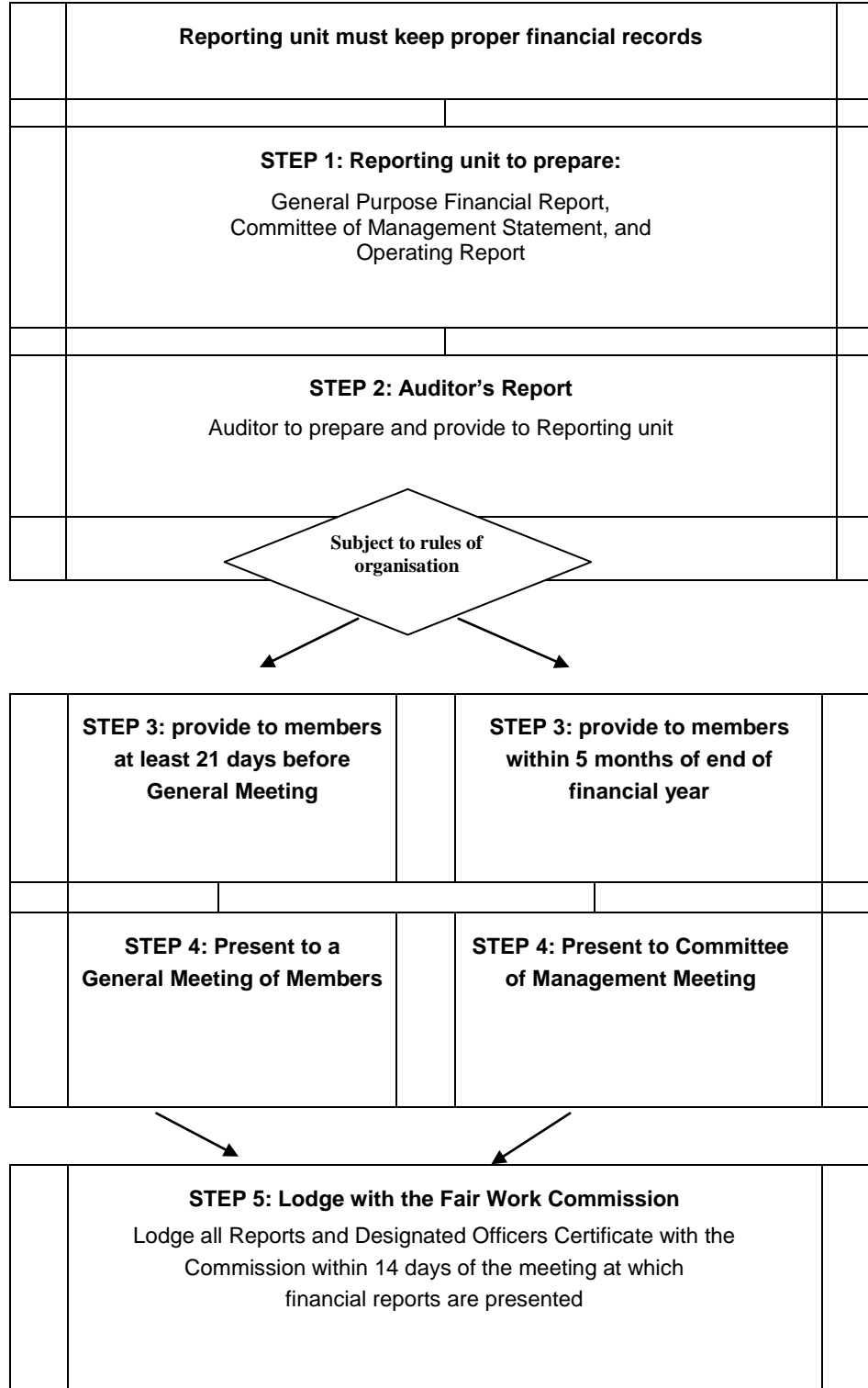


Marianne Kay
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.



Fact Sheet - Loans, Grants & Donations

The Loans, Grants & Donations Requirements

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

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

The Loans, Grants & Donations Statement

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







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

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

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

Common misconceptions

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

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

Grants & Donations within the Financial Report

Item 16(e) of the [General Manager's Reporting Guidelines](#) requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

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

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

Note 4E: Grants or donations*

Grants:	2016	2015
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Item 17 of the General Manager's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the 2016 financial report staff of the Commission will confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

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

If a reporting unit did not fully comply with these requirements in their 2015 financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

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

Previous financial reports and filing letters are available from the [Commission's website](#).

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the Regulatory Compliance Branch on orgs@fwc.gov.au