Australian Government
Registered Organisations Commission

18 May 2020

John Dixon
Branch Secretary
Australian Education Union New South Wales Teachers Federation (NSWTF) Branch

Sent via email: dixon@nswtf.org.au
CC: mm@daley.com.au

Dear John Dixon,

Australian Education Union New South Wales Teachers Federation (NSWTF) Branch
Financial Report for the year ended 31 December 2019 – (FR2019/348)

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Australian Education Union New South Wales Teachers Federation (NSWTF) Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 30 April 2020.

I also acknowledge receipt of supplementary information from the reporting unit on 11 May 2020 in regards the timeline of the financial reporting process. The reporting unit confirmed that the first meeting of the committee of management, where the financial report was received and adopted, was on 11 February 2020. The reporting unit also confirmed that the full report was presented to a second committee of management meeting on 27 April 2020, but with the current restrictions in place due to Covid-19, the documents were not physically signed until the 28 April 2020.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2020 may be subject to an advanced compliance review.

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

Operating report

Prescribed information in Operating report

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

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

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

Committee of management statement

Date of resolution

Item 27 of the reporting guidelines requires that the committee of management statement be made in accordance with such resolution as is passed by the committee of management. Such statement must also specify the date of passage of the resolution. As confirmed in your correspondence dated 12 May 2020, the date of the resolution included in the lodged committee of management statement was incorrect. The committee of management statement should have stated that the resolution was passed by the committee of management on 11 February 2020.

Please ensure in future years that the committee of management statement includes the correct date that the resolution was passed regarding the reporting units financial reports.

Reporting Requirements

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

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

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

Yours sincerely,

Kylie Ngo
Registered Organisations Commission

30 April 2020 In reply please quote: 283/2020/JD:bdcb

Mr Mark Bielecki
Commissioner
Registered Organisations Commission
GPO Box 2983
Melbourne VIC 3001

Via email: regorgs@roc.gov.au

Re: Financial Statements for the Australian Education Union New South Wales Teachers Federation Branch for financial period ended 31 December 2019

Dear Commissioner Bielecki

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 2019 *(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 27 April 2020 *(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 2019

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 2019 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 30 April 2020; and

- that the full report was presented to a meeting of the Branch Executive on 27 April 2020 in accordance with s266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer	
Name of prescribed designated officer	John Dixon
Title of prescribed designated officer	Branch Secretary
Dated	30 April 2020

Australian Education Union

New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Consolidated Financial Statements

For the Year Ended 31 December 2019

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Financial Statements

For the Year Ended 31 December 2019

Contents **Page**

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Operating Report

For the Year Ended 31 December 2019

The Committee of Management ("the Executive") presents its report on the Australian Education Union New South Wales Teachers Federation Branch ("the Group") for the financial year ended 31 December 2019.

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

The Group is a professional and industrial organisation, registered under the *Fair Work (Registered Organisations) Act 2009* ("the RO Act"), representing teachers and other education workers in public schools and TAFE colleges across New South Wales. The Group is a democratic organisation, federated structure of Teacher's Associations across New South Wales, with a Head Office, based in Sydney, and nine regionally based offices.

The primary object of the Group is to represent the professional and industrial interests of its members and to promote and defend Australia's high quality public education system. We do this by enacting strategies and campaigns which enhance the working conditions, living standards and professional rights of members and the learning environment of students attending public schools and TAFE institutes.

The Group is a democratic, membership-focused organisation, always aiming to act in the best interests of members and the public education system. The Group at all levels operates on principles of effective transparent governance and strong leadership, providing an effective voice for the education profession in New South Wales.

The Group's Executive set the following strategic objectives:

- To achieve equitable, sustainable, recurrent Government funding of public education across schools and TAFE;
- To protect and promote quality teaching and learning;
- To protect and promote quality teaching and learning environments;
- To ensure that the Group is a growing, active campaigning, democratic Union; and
- To promote, defend and advocate for human rights and social justice.

The principal activities of the Group during the financial year have focused on the achievement of these strategic objectives.

The Federal Coalition Government abandoned needs-based funding for public schools with its changes to the Education Act in 2017. The changes resulted in public schools missing out on $1.9 billion of promised funding in 2018 and 2019 and across the decade to 2027 projected funding of $14 billion. Further the government introduced a cap of 20% on the federal Schooling Resource Standard (SRS) contribution to public schools. The impact of these changes is that 99% of public schools will be funded below the Schooling Resource Standard by 2023 while all private schools will be at or above the SRS. The SRS is recognised as the minimum requirement to give every child, regardless of their background, the greatest opportunity to achieve their full potential regardless of their background or circumstances.

Instead of ensuring every school across the country has the resources needed to close the education gap for students, the Federal Coalition plan continues to entrench disadvantage and inequality between school sectors.

The Federal Government's school funding plan also cut funding for students with disability, impacting on resources for schools to educate children with disability who face challenges that other children do not.

Operating Report

For the Year Ended 31 December 2019

Against this backdrop in 2019 the union escalated the Fair Funding Now! Campaign to achieve our objective of securing the full implementation and full funding of a needs based model which maintains the architecture of the SRS.

The Fair Funding Now! Campaign, launched in 2018, built on the achievements of the AEU's I Give a Gonski Campaign.

The AEU Fair Funding Now! Policy blue print calls on the federal coalition government to commit to:

1. Fairer funding now by immediately reversing its $1 .9 billion cut to public schools for 2019 and 2020;
2. Resourcing all schools to 100 per cent of the Schooling Resource Standard (SRS);
3. Establishing a capital fund for public schools to upgrade classrooms and facilities; and
4. Providing more support for students with disability.

2019 saw thousands of AEU members and supporters from school communities throughout New south Wales participating in the campaign to build strong public awareness and community support for public school funding and political commitments in the lead up to the federal election which was held on 18 May 2019. The campaign focused on parents, teachers, principals and concerned citizens in 9 marginal seats.

The AEU launched a tour across Australia using FFN! branded vans from early February through to the election creating opportunities for conversations and activities designed to engage school communities in target seats in the pre-election period. Members and community supporters doorknocked in their local communities and spoke about their local schools and the importance of fair funding.

In April a display of cardboard schools was set up in front of Parliament representing all public schools in Australia. Each school had displayed the exact additional funding that school would get over the following three years if there was a change of government and the ALP school funding policies were implemented. Further the union committed significant resources in advertising and communication. The media campaign included television, radio and newspaper advertising as well as outdoor and mobile billboards and extensive digital advertising.

Additional activities included a "tweetathon", a Fair Funding Now "Do Your Block" weekend with over 240,000 flyers delivered by volunteers, multiple events at schools utilising the branded vans and mobile billboards, and conversations with parents outside the school gate before and after school.

Following the announcement of the election date extensive effort was made to inform members of the choice they faced at the federal election, particularly in the target seats. Volunteers staffed major pre-poll booths and polling booths on election day handing out leaflets advocating for support for those political parties which supported our FFN! Campaign demands and defeat of the Morrison Government.

With the re-election of the Coalition Government the AEU will continue our campaign to make certain that all schools receive their full share of the fair funding they deserve and every child has access to a high quality education regardless of their background and circumstances.

The *Stop TAFE Cuts* campaign was set against the backdrop of the unfolding disaster of VET FEE-HELP and increasing uncertainty as public revelations about the activities of private for-profit colleges consumed the media. The problems with the VET FEE-HELP scheme cannot be considered in isolation from the other problems which currently exist across the sector. Indeed many of the problems - low quality provision, low student engagement, poor progression, inconsistent assessment and low completion rates, unscrupulous providers and wasted financing are all evident across the whole sector, and are not confined to VET FEE-HELP provision.

Operating Report

For the Year Ended 31 December 2019

The major focus of the Stop TAFE Cuts campaign throughout 2019 was to secure broad support for a guarantee from all major political parties of a minimum 70 per cent vocational education funding for TAFE. The campaign engaged members and supporters in a range of campaign activities, both through social media, and on the ground.. Strategic lobbying activities focussed the campaign in a number of target seats, where the campaign built on efforts to educate members and activists.

In February an "Enrol to vote for TAFE" week was held with activities on campus and at youth events.

In the lead up to the federal election campaign activities included TAFE specific radio, digital and billboard advertising as well as use of social media. Doorknocks were held in target electorates to get the message about TAFE to voters and a Do Your Block for TAFE in April resulted in over 38,000 flyers being distributed.

On National TAFE Day, Thursday 13 June, union members and supporters were encouraged to celebrate the achievements of TAFE and our members and ask their local politicians to sign the TAFE guarantee for a guaranteed minimum of 70% of vocational education funding for TAFE.

The union continued to campaign for the Federal Government to commit to ongoing funding for universal access to fifteen hours of pre-school delivered by a qualified teacher for every four year old and the introduction of federal funding for preschool education for all 3 year olds

The Preschool Funding Now campaign was active early in the year in securing a funding commitment from the Morrison government for the National Partnership Agreement for Universal Access to Early Childhood Education for four year olds in the 2019 budget, providing funding to early childhood education for another year, 2020. There was no promise for ongoing funding certainty by the Commonwealth.

Campaign actions over a number of months led to a significant promise from the ALP which aligned with our policy ask for on-going funding for Universal Access for all 4 year-olds and the commitment to funding for three year olds.

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

Results of activities

The AEU's Fair Funding Now! campaign continued to build on the success of the I Give A Gonski campaign. Thanks to this persistent campaigning the Australian Labor Party and the Australian Greens were in no doubt that public education was important to Australians and both parties shifted their education policies in line with Fair Funding Now! demands. Late in 2018 the ALP announced they would invest $14.1 billion over ten years into our public schools with 3.3 billion invested up front between 2020 and 2022 if elected. They also pledged to remove the 20% cap on Federal funding and work with state and territory governments towards all schools being funded at 100% of the Schooling Resource Standard. This was matched by a comprehensive funding pledge from the Australian Greens.

Operating Report

For the Year Ended 31 December 2019

Significant changes in financial affairs

There have been no significant changes in state of affairs of the Group during the year.

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

Office Holders

Office Holders held their positions throughout the 2019 financial year, unless otherwise stated.

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

Name	Position	Date of Election/Resignation
John Dixon	Branch Secretary	
David Ferguson	Deputy Branch Secretary	
Maxine Sharkey	Deputy Branch Secretary	
Nicole Calnan	Deputy Branch Secretary	
Sam Clay	Deputy Branch Secretary	
Michelle Rosicky	Deputy Branch Secretary	End of term January 2019
Maurie Mulheron	Branch President	End of term January 2020
Joan Lemaire	Branch Deputy President	End of term January 2020
Henry Rajendra	Branch Senior Vice-President	End of term January 2020

Operating Report

For the Year Ended 31 December 2019

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

Executives

Executives held their positions throughout the 2019 financial year, unless otherwise stated.

The names of the people who held positions on the Committee of Management are:

Name	Position	Commencement/end of term date
Maurie Mulheron	Branch President	End of term - January 2020
Joan Lemaire	Branch Deputy President	End of term - January 2020
Henry Rajendra	Branch Senior Vice-President	End of term - January 2020
Angelo Gavrielatos	Branch President	January 2020
Henry Rajendra	Branch Deputy President	January 2020
Amber Flohm	Branch Senior Vice-President	January 2020
Julie Ross	Branch Vice President	
Natasha Watt	Branch Vice President	
Tim Mulroy	Branch Vice President	
Jennifer Mace	Branch Vice President	February 2019
Gemma Ackroyd	Branch Vice President	End of term - January 2019
Dianne Byers	Branch Custodian	End of term - January 2020
Margaret Vos	Branch Custodian	
Michael Schiffer	Branch Custodian	January 2020
Sara Johnson	ATSI Member's Roll	February 2019
Russell Honnery	ATSI Member's Roll	End of term - January 2019
Brian Webb	Association Representative	
Denis Fitzgerald	Association Representative	
Michael Morgan	Association Representative	
Philip von Schoenberg	Association Representative	
Amelia Kerr	Association Representative	February 2019
Kate Ambrose	Association Representative	February 2019
Sharryn Usher	Association Representative	February 2019
Jennifer Mace	Association Representative	End of term - January 2019
John Morris	Association Representative	End of term - January 2019
Micahel Schiffer	Association Representative	End of term - January 2020

Right of members to resign

All members of the Group have the right to resign, in accordance with Rule 17 of the Group Rules and section 174 of the *Fair Work (Registered Organisations) Act 2009.*

Operating Report

For the Year Ended 31 December 2019

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

No officer or member of the Group 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 the Group.

Review of operations

A review of the operations and results of the Group is performed in the meetings of the Office Holders and by the Executive. Additionally, such matters are considered periodically at a regular meeting of the Office Holders of the Group. The Executive believe that they have furthered the interests of their members throughout the financial year through the conducting of the Group's principal activities.

Number of members

The number of financial members at 31 December 2019 was 60,563 (2018: 59,326).

Number of employees

The number of full time equivalent employees at 31 December 2019 was 164 (2018: 159).

Margaret Vos
Custodian

John Dixon
Branch Secretary

Dated: 28 April 2020

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Committee of Management Statement

For the Year Ended 31 December 2019

On 28 April 2020, the Committee of Management ("the Executive") of the Australian Education Union New South Wales Teachers Federation Branch ("the Group"), passed the following resolution in relation to the general purpose financial report (GPFR) for the financial year ended 31 December 2019:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act");

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Group for the financial year to which they relate;

(d) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:-

i) meetings of the Executive were held in accordance with the rules of the organisation including the rules of a branch concerned;

ii) the financial affairs of the Group have been managed in accordance with the rules of the organisation including the rules of a branch concerned;

iii) the financial records of the Group have been kept and maintained in accordance with the RO Act;

iv) where the organisation consists of two or more reporting units, the financial records of the Group have been kept, as far as practicable, in a consistent manner with each or the other reporting units of the organisation;

v) where information has been sought in any request by a member of the Group or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; and

vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

....	....
Margaret Vos	John Dixon
Custodian	**Branch Secretary**
Dated 28 April 2020	

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Note	2019 $	2018 $
Revenue	4	**37,210,836**	36,349,693
Other income	4	**3,618,125**	3,137,987
Total Revenue	4	**40,828,961**	39,487,680
Employee benefits expense	28(d)	**(21,995,708)**	(21,126,458)
Depreciation and amortisation		**(2,093,028)**	(1,764,731)
Professional expenses		**(661,537)**	(1,439,452)
Capitation fees and levies	28(a)	**(3,090,312)**	(2,988,413)
Grants paid	28(c)	**(428,941)**	(410,466)
Affiliation and association fees		**(530,733)**	(541,378)
Office administration		**(952,814)**	(1,167,620)
Publication expenses		**(1,285,430)**	(1,618,172)
Meetings, conferences and related expenses		**(3,447,435)**	(4,032,462)
Property costs		**(1,241,089)**	(1,353,516)
Other expenses		**(940,039)**	(755,695)
Finance expenses		**(230,579)**	(137,618)
Total Expenses		**(36,897,645)**	(37,335,981)
Profit from continuing operations		**3,931,316**	2,151,699
Profit from discontinued operations	21	**36,015**	50,000
Result for the year		**3,967,331**	2,201,699
Other comprehensive income			
Actuarial losses on defined benefit plans		**(2,984,519)**	(2,135,497)
Other comprehensive income for the year		**(2,984,519)**	(2,135,497)
Total comprehensive income for the year		**982,812**	66,202

The accompanying notes form part of these financial statements.

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**4,152,136**	3,070,427
Trade and other receivables	7	**867,750**	941,359
Other financial assets	8	**38,114,749**	34,786,724
Other assets	9	**191,975**	393,367
TOTAL CURRENT ASSETS		**43,326,610**	39,191,877
NON-CURRENT ASSETS			
Other financial assets	8	**119,658**	142,153
Property, plant and equipment	10	**28,980,535**	27,884,605
Intangible assets	11	**33,903**	81,760
Right-of-use assets	12	**687,044**	-
TOTAL NON-CURRENT ASSETS		**29,821,140**	28,108,518
TOTAL ASSETS		**73,147,750**	67,300,395
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	**3,475,247**	3,022,146
Lease liabilities	12	**231,475**	-
Employee benefits	14	**7,973,268**	8,060,095
TOTAL CURRENT LIABILITIES		**11,679,990**	11,082,241
NON-CURRENT LIABILITIES			
Lease liabilities	12	**514,704**	-
Employee benefits	14	**25,337,630**	21,585,540
TOTAL NON-CURRENT LIABILITIES		**25,852,334**	21,585,540
TOTAL LIABILITIES		**37,532,324**	32,667,781
NET ASSETS		**35,615,426**	34,632,614

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	2019 $	2018 $
EQUITY			
Reserves	16	**18,939,500**	18,329,000
Retained earnings		**16,675,926**	16,303,614
TOTAL EQUITY		**35,615,426**	34,632,614

The accompanying notes form part of these financial statements.

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2019

	General Fund $	Special Reserve 1984 Conference $	Public Education Fund $	Total $
1 January 2019	**11,268,493**	**18,329,000**	**5,035,121**	**34,632,614**
Comprehensive income for the year	**3,967,331**	-	-	**3,967,331**
Total other comprehensive income for the period	**(2,984,519)**	-	-	**(2,984,519)**
Transfers to and from reserves				
- Special Reserve: 1984 Annual Conference	**(610,500)**	**610,500**	-	-
- Public Education Fund	**785,731**	-	**(785,731)**	-
Balance at 31 December 2019	**12,426,536**	**18,939,500**	**4,249,390**	**35,615,426**
1 January 2018	11,641,635	17,877,000	5,047,777	34,566,412
Comprehensive income for the year	2,201,699	-	-	2,201,699
Total other comprehensive income for the period	(2,135,497)	-	-	(2,135,497)
Transfers to and from reserves				
- Special Reserve: 1984 Annual Conference	(452,000)	452,000	-	-
- Public Education Fund	12,656	-	(12,656)	-
Balance at 31 December 2018	11,268,493	18,329,000	5,035,121	34,632,614

The accompanying notes form part of these financial statements.

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from members		**40,037,831**	38,750,496
Receipts from other		**3,794,828**	3,455,090
Payments to suppliers and employees		**(37,435,781)**	(38,074,045)
Interest received		**968,908**	953,465
Finance costs		**(140,280)**	-
Net cash provided by operating activities	24	**7,225,506**	5,085,006
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(2,735,693)**	(3,731,329)
Proceeds from sale of plant and equipment		**168,844**	176,023
Purchase of intangible assets		**(16,800)**	(79,624)
Net purchase of investments		**(3,305,530)**	(2,165,322)
Net cash used by investing activities		**(5,889,179)**	(5,800,252)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of borrowings		**(254,618)**	-
Net cash provided by financing activities		**(254,618)**	-
Net increase/(decrease) in cash and cash equivalents held		**1,081,709**	(715,246)
Cash and cash equivalents at beginning of year		**3,070,427**	3,785,673
Cash and cash equivalents at end of financial year	6	**4,152,136**	3,070,427

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2019

The financial report covers Australian Education Union New South Wales Teachers Federation Branch and its controlled entities ('the Group').

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and under the *Fair Work (Registered Organisations) Act 2009.* For the purpose of preparing the general purpose financial statements the Group 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.

Comparatives are consistent with prior years, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

Controlled entity information is contained in Note 21 to the financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(b) Income tax

The Group is exempt from income tax under section 50.1 of the *Income Tax Assessment Act 1997* however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

(c) Revenue and other income

(i) *Accounting policy applied from 1 January 2019*

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Group are:

Membership income

Membership subscriptions contain promises to provide various services over a specified period of time. Revenue is recognised over time during the period of membership.

2 Summary of Significant Accounting Policies (Continued)

(c) Revenue and other income (Continued)

Other professional services

The Group provides other professional services to customers in the form of course fees, events, venue hire and advertising. These are fixed price contracts. Revenue is recognised over the period of when the venue hire is performed.

Rental income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Donations

Donations and bequests are recognised as revenue when received.

(ii) *Accounting policy applied prior to 1 January 2019*

Rendering of services

The Group generates revenues from course fees, events and advertising. Consideration received for those services is initially deferred, included in other liabilities and is recognised as revenue in the period when the service is performed.

The Group also earns rental income from operating leases of its properties. Rental income is recognised on a straight-line basis over the term of the lease.

Membership revenue

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

2 Summary of Significant Accounting Policies (Continued)

(d) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

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

(e) Property, plant and equipment

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

Asset are carried at cost less, any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

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

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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

Land is not depreciated and is held at cost.

2 Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment (Continued)

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Computer equipment	40%
Leasehold improvements	20%
Motor vehicles	25%
Office equipment	10-25%
Plant and equipment	10%

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

(f) Financial instruments

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

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

(i) Financial assets

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

Classification

The Group classifies its financial assets in the following measurement categories:
- Those to be measured subsequently at fair value through profit or loss, and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes it's business model for managing financial assets.

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Amortised cost

Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost are measured at fair value through profit or loss.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

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

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

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

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

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

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

Trade receivables

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

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

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

Other financial assets measured at amortised cost

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

2 Summary of Significant Accounting Policies (Continued)

(f) Financial instruments (Continued)

(ii) Financial liabilities

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

The financial liabilities of the Group comprise trade and other payables and finance lease liabilities.

(g) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangibles

Software

Intangible assets with finite lives that are acquired separately and are carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying amount of software is reviewed annually by the Group 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 new cash flows that will be received from the assets employment and subsequent disposal. The expected new cash flows are discounted to their present values in determining recoverable amounts.

2 Summary of Significant Accounting Policies (Continued)

(h) Intangibles (Continued)

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

All software is amortised at a rate of 40% per annum.

(i) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(j) Leases

(i) Accounting policy applied from 1 January 2019

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:
- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(j) Leases (Continued)

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) Accounting policy applied prior to 1 January 2019

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

2 Summary of Significant Accounting Policies (Continued)

(k) Employee benefits

(i) *Defined contribution schemes*

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

(ii) *Short-term obligations*

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

(iii) *Other long-term employee benefit obligations*

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

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

(l) Capitation fees and levies

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies (Continued)

(m) Legal assistance to members: disbursements and recoveries

As a benefit of membership, the Group provides financial assistance to eligible members via the provision of free or subsidised legal services, in matters including (but not limited to) workplace health and safety. Once the matter has been approved for assistance, the Group may fund the costs and disbursements, which are returned to the Group in the event that the matter is resolved in the members' favour. Given the variability of outcomes and the length of time typically taken to finalise such matters, these outstanding costs and recoveries cannot be measured reliably. Accordingly, they are expensed in the year of being made. Any disbursements recovered are recorded as income in the year in which receipt is confirmed and reliably quantified.

(n) Adoption of new and revised accounting standards

During the current year, AASB 16 *Leases*, AASB 15 *Revenue from contracts with customers* and AASB 1058 *Income of Not-for-Profit Entities* have become mandatory, which has not had a material impact (in the current year or retrospectively) upon the measurement of assets/liabilities and upon the disclosures required in this financial report. Refer to note 27 for further information.

(o) New Accounting Standards and Interpretations

New accounting standards for application in future periods

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

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Key estimates - impairment of property, plant and equipment

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

Key estimates - useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment.

Key estimates - employee entitlements

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

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. Any impairment provision is based on the best information at the reporting date.

Key estimates - defined benefit liability

Management's estimate of the defined benefit liability is based on a number of critical underlying assumptions such as the rate of inflation, medical cost trends, mortality, discount rates and anticipation of future salary increases. Given their nature, estimation uncertainties associated with these assumptions exist. Variations in these assumptions may significantly impact the defined benefit liability, the annual defined benefit expenses as well as the impact on other comprehensive income. Further information on the key assumptions related to the defined benefit liability are documented at note 15.

Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Revenue and Other Income

	Note	2019 $	2018 $
Revenue from contracts with customers			
Membership subscriptions		**35,213,147**	34,328,806
Public Education Fund Levy	16(c)	**1,270,484**	1,235,796
Course fees		**727,205**	785,091
		37,210,836	36,349,693
Other income			
Rental income		**1,750,532**	1,455,242
Donations and grants		**75,000**	52,500
Interest income		**1,010,884**	965,669
Other income		**781,709**	664,576
		3,618,125	3,137,987
Total Revenue and Other Income		**40,828,961**	39,487,680

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated and the following table shows this breakdown:

	2019 $
Timing of revenue recognition	
- At a point in time	**727,205**
- Over time	**36,483,631**
Revenue from contracts with customers	**37,210,836**

Notes to the Financial Statements

For the Year Ended 31 December 2019

4 Revenue and Other Income (Continued)

Unsatisfied performance obligations

As a practical expedient, and consistent with Accounting Standards, the Group has disclose information in relation to its remaining performance obligations as they form part of contracts which have an original expected duration of one year or less

The Group has initially applied AASB 15 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118 and related interpretations.

5 Result for the Year

The result for the year includes the following specific expenses:

Superannuation contributions	**1,540,535**	1,431,770
Defined benefit costs	**1,321,032**	1,073,935
Depreciation and amortisation	**1,869,574**	1,764,731
Amortisation of right-of-use assets	**223,454**	-
Rental expense on operating leases:		
- Minimum lease payments	**46,508**	273,814
(Profit)/loss on disposal of assets	**8,952**	(46,059)

6 Cash and Cash Equivalents

Cash at bank	**4,149,786**	3,068,077
Cash on hand	**2,350**	2,350
	4,152,136	3,070,427

Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Trade and Other Receivables

	Note	2019 $	2018 $
Trade receivables from contracts with customers	7(a)	**456,917**	381,898
Provision for impairment	7(b)	**(31,202)**	(25,841)
		425,715	356,057
Other receivables		**442,035**	585,302
		867,750	941,359

(a) Aged analysis

The ageing analysis of trade receivables is as follows:

	2019	2018
0 < 14 days	**433,508**	362,723
14-30 days	**16,772**	14,262
30-60 days (past due not impaired)	**6,161**	4,913
60+ days (past due not impaired)	**476**	-
Total	**456,917**	381,898

Notes to the Financial Statements

For the Year Ended 31 December 2019

7 Trade and Other Receivables (Continued)

(b) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2019 is determined as follows, the expected credit losses incorporate forward looking information.

31 December 2019	< 14 days	30 days	60 days	+60 days	Total
Expected loss rate (%)	**5.00**	**25.87**	**76.55**	**99.15**	
Gross carrying amount ($)	**433,508**	**16,772**	**6,161**	**476**	**456,917**
ECL provision ($)	**21,675**	**4,339**	**4,716**	**472**	**31,202**

31 December 2018	< 14< 14 days	30 days	60 days	60 + days	Total
Expected loss rate (%)	5.00	27.00	79.00	-	
Gross carrying amount ($)	362,723	14,262	4,913	-	381,898
ECL provision ($)	18,136	3,825	3,880	-	25,841

(c) Receivables from other reporting units

	2019	2018
	$	$
Australian Education Union	-	31,920

The above receivables from other reporting units are non-interest bearing and not deemed impaired (2018: No impairment).

Notes to the Financial Statements

For the Year Ended 31 December 2019

8 Financial Assets

	2019	2018
	$	$
CURRENT		
Financial assets at amortised cost		
Term Deposits	**38,114,749**	34,786,724
	38,114,749	34,786,724
NON-CURRENT		
Financial assets - FVTPL		
Shares in unlisted entity - Trade Union Centre Wollongong	-	142,153
Financial assets at amortised cost		
Term deposit	**119,658**	-
	119,658	142,153

9 Other Assets

	2019	2018
Prepayments	**185,308**	387,438
Other	**6,667**	5,929
	191,975	393,367

Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Property, Plant and Equipment

	2019 $	2018 $
Land and Buildings		
At Cost	**36,712,308**	36,712,308
Accumulated depreciation	**(17,593,540)**	(16,643,850)
	19,118,768	20,068,458
Plant and equipment		
At Cost	**11,636,269**	9,421,760
Accumulated depreciation	**(2,694,852)**	(2,707,763)
	8,941,417	6,713,997
Furniture, fixtures and fittings		
At cost	**1,969,900**	1,925,271
Accumulated depreciation	**(1,512,369)**	(1,407,104)
	457,531	518,167
Motor vehicles		
At cost	**870,115**	875,483
Accumulated depreciation	**(461,040)**	(297,836)
	409,075	577,647
Leasehold Improvements		
At cost	**152,775**	102,775
Accumulated amortisation	**(99,031)**	(96,439)
	53,744	6,336
	28,980,535	27,884,605

Notes to the Financial Statements

For the Year Ended 31 December 2019

10 Property, Plant and Equipment (Continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land & Buildings	Plant & Equipment	Furniture, fixtures & fittings	Motor Vehicles	Leasehold improvements	Total
	$	$	$	$	$	$
Year ended 31 December 2018						
Balance at beginning of year	18,398,374	6,454,345	594,254	587,672	13,021	26,047,666
Additions	2,557,736	711,790	32,232	324,321	-	3,626,079
Disposals	-	-	-	(129,964)	-	(129,964)
Depreciation expense	(887,652)	(452,138)	(108,319)	(204,382)	(6,685)	(1,659,176)
Balance at the end of the year	20,068,458	6,713,997	518,167	577,647	6,336	27,884,605
Year ended 31 December 2019						
Balance at beginning of year	**20,068,458**	**6,713,997**	**518,167**	**577,647**	**6,336**	**27,884,605**
Additions	-	**2,737,136**	**44,627**	**243,946**	**50,000**	**3,075,709**
Disposals	-	-	-	**(174,393)**	-	**(174,393)**
Depreciation expense	**(949,690)**	**(509,716)**	**(105,263)**	**(238,125)**	**(2,592)**	**(1,805,386)**
Balance at the end of the year	**19,118,768**	**8,941,417**	**457,531**	**409,075**	**53,744**	**28,980,535**

Notes to the Financial Statements

For the Year Ended 31 December 2019

11 Intangible Assets

	2019	2018
	$	$
Computer Software		
Software - at cost	**706,777**	1,619,929
Accumulated amortisation	**(672,874)**	(1,538,169)
	33,903	81,760
Movements in carrying amounts of intangible assets		
Balance at beginning of the year	**81,760**	107,691
Additions	**16,800**	79,624
Disposals	**(470)**	-
Amortisation	**(64,187)**	(105,555)
Closing value at end of year	**33,903**	81,760

12 Leases

The Group has applied AASB 16 using the cumulative catch-up method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Group as a lessee

The Group has leases over land and buildings and office equipment. Information relating to the leases in place and associated balances and transactions are provided below.

Land and buildings

The Group leases office premises with lease terms between 3 to 10 years, the lease payments are fixed during the term, with annual increases to adjust for inflation.

Office equipment

The Group leases office equipment with lease terms between 4 to 5 years, the lease payments are fixed during the term.

Notes to the Financial Statements

For the Year Ended 31 December 2019

12 Leases (Continued)

Right-of-use assets

	Land and buildings	Office equipment	Total
	$	$	$
Year ended 31 December 2019			
Balance at beginning of year	569,495	180,745	750,240
Additions to right-of-use assets	160,258	-	160,258
Depreciation charge	(154,346)	(69,108)	(223,454)
Balance at end of year	575,407	111,637	687,044

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement Of Financial Position
	$	$	$	$	$
2019					
Lease liabilities	256,065	516,691	48,268	821,024	746,179

Extension options

A number of the building leases contain extension options which allow the Group to extend the lease term the original non-cancellable period of the lease.

At commencement date and each subsequent reporting date, the Group assesses where it is reasonably certain that the extension options will be exercised.

12 Leases (Continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2019
	$
Interest expense on lease liabilities	(90,299)
Amortisation of right-of-use assets	(223,454)
	(313,753)

Consolidated Statement of Cash Flows

Total cash outflow for leases	254,618

The Group as a lessor

Operating leases

Refer to note 17 for further details.

13 Trade and Other Payables

	2019	2018
	$	$
Trade payables and accruals	1,317,074	1,151,428
Other payables	1,541,772	1,276,102
Contract liabilities - membership in advance	616,401	594,616
	3,475,247	3,022,146

(a) Payables to other reporting units:

	2019	2018
Australian Education Union - non-interest bearing	686	8,063

Notes to the Financial Statements

For the Year Ended 31 December 2019

13 Trade and Other Payables (Continued)

(b) Legal costs payable:

	Note	2019 $	2018 $
Litigation		**45,431**	94,360
Other legal matter		**15,030**	8,602
		60,461	102,962

14 Employee Benefits

	Note	2019 $	2018 $
CURRENT			
Annual Leave		**2,478,747**	2,579,441
Long service leave		**4,904,521**	4,890,654
Defined benefit fund	15(j)	**590,000**	590,000
		7,973,268	8,060,095
NON-CURRENT			
Long service leave		**116,979**	80,435
Defined benefit fund	15	**25,220,651**	21,505,105
		25,337,630	21,585,540
Total		**33,310,898**	29,645,635

(a) Defined benefit fund balances

Due to the confidentiality and privacy requirements, the Group does not have access to the detailed records of the defined benefit fund in order to provide a split of the defined benefit expense liability between office holders and other employees.

The total defined benefit fund liability is reconciled further in note 15(a). The Group has no legal obligation to settle the deficit in the defined benefit fund liability with an immediate contribution, other than what has been specified at note 14(j) as a current liability.

Notes to the Financial Statements

For the Year Ended 31 December 2019

14 Employee Benefits (Continued)

(b) *Employee benefits attributable to:*

	Note	2019 $	2018 $
Office holders			
Annual leave		**340,046**	347,251
Long service leave		**1,024,542**	848,601
Separation and redundancies		-	-
Other employee provisions		-	-
		1,364,588	1,195,852
Employees other than office holders			
Annual leave		**2,138,701**	2,232,190
Long service leave		**3,996,958**	4,122,488
Separation and redundancies		-	-
Other employee provisions		-	-
		6,135,659	6,354,678
Defined Benefit Fund Liability	15(a)	**25,810,651**	22,095,105
		33,310,898	29,645,635

15 Defined Benefit Fund

(a) Reconciliation of the net defined benefits liability

	2019 $	2018 $
Net defined benefit liability at start of year	**22,095,105**	19,475,675
Current service cost	**194,349**	191,969
Net interest expense/(income)	**797,912**	725,564
Total amount recognised in profit or loss	**992,261**	917,533
	23,087,366	20,393,208
Remeasurements:		
Actual return on fund assets less interest income	**(4,894,444)**	1,162,366
Actuarial (gains)/losses arising from changes in financial assumptions	**8,808,042**	478,255
Actuarial (gains)/losses arising from liability experience	**(929,080)**	198,920
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	295,956
Total amount recognised in other comprehensive income	**2,984,518**	2,135,497
	26,071,884	22,528,705
Employer contributions	**(590,004)**	(590,004)
Net defined benefit liability at end of year	**25,481,880**	21,938,701
Provision for on costs	**328,771**	156,404
Total liability at end of year	**25,810,651**	22,095,105

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Defined Benefit Fund (Continued)

(b) Reconciliation of Fair Value of Fund Assets

	2019	2018
	$	$
Opening balance	**46,130,168**	47,052,040
Interest income	**1,769,784**	1,836,955
Actuarial return on fund assets less interest income	**4,894,444**	(1,162,366)
Employer contributions	**590,004**	590,004
Contributions by participants	**147,784**	164,317
Benefits paid	**(2,820,862)**	(2,574,849)
Taxes, premiums and expenses paid	**253,794**	224,067
Closing balance	**50,965,116**	46,130,168

(c) Present value of defined benefit obligations

	2019	2018
Present value of defined benefit obligations at start of year	**66,937,055**	65,395,900
Current service costs	**194,349**	191,969
Interest cost	**2,567,697**	2,562,519
Contributions by participants	**147,784**	164,317
Actuarial (gains)/losses arising from changes in financial assumptions	**8,808,042**	478,255
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	295,956
Actuarial (gains)/losses arising from liability experience	**(929,080)**	198,920
Benefits paid	**(2,820,862)**	(2,574,849)
Taxes, premiums and expenses paid	**253,794**	224,068
Present value of defined benefit obligations at end of year	**75,158,779**	66,937,055

(d) Effect of the asset ceiling

There has been no adjustment for the effect of the asset ceiling at the beginning, end or during the year (or the preceding year).

Any adjustments made are determined based upon the maximum economic benefit available to the Group in the form of reductions in future employer contributions.

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Defined Benefit Fund (Continued)

(e) 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 audit 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 (available as at November 2018 and 2019, respectively).

			2019		
	Level 1	**Level 2**	**Level 3**	**Total**	
Class of asset	**$'000**	**$'000**	**$'000**	**$'000**	**% of total**
Short term securities	**1,820,905**	**1,940,122**	-	**3,761,027**	**8.9**
Australian fixed interest	-	**1,474,232**	-	**1,474,232**	**3.5**
International fixed interest	**17,668**	**2,033,168**	**4,046**	**2,054,882**	**4.8**
Australian equities	**7,603,409**	**561,440**	-	**8,164,849**	**19.3**
International equities	**11,376,130**	**1,897,221**	**45**	**13,273,396**	**31.3**
Property	**748,492**	**831,249**	**2,110,559**	**3,690,300**	**8.7**
Alternatives	**21,100**	**5,412,428**	**4,546,783**	**9,980,311**	**23.5**
Total	**21,587,704**	**14,149,860**	**6,661,433**	**42,398,997**	

			2018		
	Level 1	Level 2	Level 3	Total	
Class of asset	$'000	$'000	$'000	$'000	% of total
Short term securities	1,626,895	2,218,643	-	3,845,538	9.8
Australian fixed interest	7,967	2,191,232	-	2,199,199	5.6
International fixed interest	32,330	1,338,810	399	1,371,539	3.5
Australian equities	7,081,918	495,266	3,055	7,580,239	19.3
International equities	7,897,078	2,376,554	212	10,273,844	26.2
Property	596,740	767,678	2,120,993	3,485,411	8.9
Alternatives	424,255	6,070,406	3,993,859	10,488,520	26.7
Total	17,667,183	15,458,589	6,118,518	39,244,290	

Refer to note 21 for the definition of what constitutes levels 1, 2 and 3 in the fair value hierarchy.

Notes to the Financial Statements

For the Year Ended 31 December 2019

15 Defined Benefit Fund (Continued)

(f) Significant actuarial assumptions at the reporting date

	2019	2018
Discount rate	**2.71%**	3.89%
Salary increase rate (excluding promotions)	**3.2%**	2.70 - 3.20%
Rate of CPI increase	**1.75 - 2.5%**	2.00 - 2.5 %
Pensioner mortality	**Per 2018 Actuarial Investigation**	Per 2018 Actuarial Investigation

(g) Sensitivity analysis

The Group's total defined benefit obligation as at 31 December 2018 and 2019 under several scenarios is presented below. The total defined benefit obligation disclosed is inclusive of the contribution tax provision which is calculated based on the asset level at 31 December 2018 and 2019.

The first three Scenarios relate to sensitivity of the total defined benefit obligation to economic assumptions, and the 4th scenario relates to sensitivity to demographic assumptions. A positive number represents an increase in obligation.

31 December 2019	**Increase in assumption**	**Decrease in assumption**
Actuarial assumption	**$**	**$**
Discount rate +/- 1.0%	**(8,735,447)**	**10,576,036**
Salary increase rate (excluding promotions) +/- 0.5%	**276,198**	**(264,095)**
Rate of CPI increase +/- 0.5%	**5,016,054**	**(4,591,936)**
Mortality improvement factors: Higher/Lower	**(1,166,522)**	**809,856**

31 December 2018		
Actuarial assumption		
Discount rate +/- 1.0%	(7,499,483)	9,031,599
Salary increase rate (excluding promotions) +/- 0.5%	268,882	(259,960)
Rate of CPI increase +/- 0.5%	4,307,931	(3,950,591)
Mortality improvement factors: Higher/Lower	(632,782)	872,155

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

15 Defined Benefit Fund (Continued)

(h) 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.

(i) Funding arrangements

Funding arrangements are reviewed at least every three years following the release of the triennial actuarial review. 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.

(j) Expected contributions

The expected contributions for the year ending 31 December 2020 as advised by the Actuary of the respective funds is $590,000 (December 2019: $590,000).

(k) Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation is 12.3 years (2018: 12.1 years).

(l) Description of significant events

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

(m) Description of risks

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.

15 Defined Benefit Fund (Continued)

(m) Description of risks (Continued)

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.

16 Reserves

(a) General fund

The General Fund includes all current and prior period retained earnings.

(b) Special Reserve: 1984 Conference

This fund was established by the 1984 Annual Conference decision to create a reserve to withstand direct attacks/threats on the Group, equivalent to six months of running costs. 2.5% refers to the rate at which initial membership contributions were allocated to the fund, but now only smaller top-ups are typically required. The expenditure of funds must be for the stated purpose and can only occur by a two-thirds majority vote by the Branch Council as a recommendation to the Branch Executive.

(c) Public Education Fund

This fund is for the specific purpose of positively promoting and advertising the professional achievements of public school and college teachers, and the public education system. The fund will be expended in a manner determined by Executive and consistent with this purpose. Central and local fund expenditure will be co-ordinated with the following focus:

i) promoting and advertising of the current professional achievements of teachers in the public education system; and
ii) promoting and advertising of the public education system which may include highlighting priorities that require more resources from government.

Notes to the Financial Statements

For the Year Ended 31 December 2019

17 Capital and leasing commitments

(a) Operating leases - payable

	2019	2018
	$	$
Minimum lease payments under non-cancellable operating leases		
- not later than 1 year	-	294,305
- between 1 year and 5 years	-	594,635
	-	888,940

In 2018 the above includes lease commitments regional offices and office equipment and vary in period from less than 1 year to a maximum of 5 years.

Refer to note 12 for information on leases under the new Accounting Standard.

(b) Operating leases - receivable

	2019	2018
Operating lease rentals receivable:		
- not later than 1 year	**1,863,245**	1,033,359
- between 1 year and 5 years	**3,589,977**	1,757,198
- more than 5 years	-	72,669
	5,453,222	2,863,226

The above includes property lease commitment receivable for property owned by the Group varies from less than 1 year to a maximum of 7 years from the financial year end date, with leases including provisions for fixed increases in rent.

(c) Capital commitments

	2019	2018
Capital commitments	**1,078,760**	227,450

Capital commitments arise from various capital projects including property refurbishments and equipment purchases.

18 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Group's financial instruments consist mainly of deposits with banks, shares in an unlisted entity, accounts receivable and payable.

The totals for each category of financial instruments, measured as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 $	2018 $
Financial Assets			
Cash and cash equivalents	6	**4,152,136**	3,070,427
Trade and other receivables	7	**867,750**	941,359
Financial assets at amortised cost	8	**38,234,407**	34,786,724
Shares in unlisted entity - Trade Union Centre Wollongong - fair value through profit and loss	8	**-**	142,153
Total financial assets		**43,254,293**	38,940,663
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables		**2,626,744**	2,139,285
Lease liabilities	12	**746,179**	-
Total financial liabilities		**3,372,923**	2,139,285

(a) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

Notes to the Financial Statements

For the Year Ended 31 December 2019

18 Financial Risk Management (Continued)

(a) Liquidity risk (Continued)

The Group's liabilities have contractual maturities which are summarised below:

	Less than 1 month		1 - 5 years	
	2019	2018	2019	2018
	$	$	$	$
Trade and other payables	3,475,247	3,022,146	-	-
Lease liability	231,475	-	514,704	-
Total	**3,706,722**	3,022,146	**514,704**	-

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Financial Statements

For the Year Ended 31 December 2019

18 Financial Risk Management (Continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (interest rate risk).

The Group is exposed to interest rate risk as it holds term deposit and bank account balances.

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period. Whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

As at balance date, a 0.5% increase or decrease in interest rates would impact equity and profit or loss by the amounts shown below. This analysis assumes that other variables are held constant.

	Profit		**Equity**	
	0.5% increase	**0.5% decrease**	**0.5% increase**	**0.5% decrease**
2019	**191,172**	**(191,172)**	**191,172**	**(191,172)**
2018	173,934	(173,934)	173,934	(173,934)

The sensitivity analysis is performed on the same basis as in the prior year.

(d) Net income from financial assets

Interest income	**979,140**	924,789
Shares held in unlisted entity	**-**	31,641
Total	**979,140**	956,430

Notes to the Financial Statements

For the Year Ended 31 December 2019

19 Interests of Key Management Personnel

Key management personnel remuneration included within employee expenses for the year is shown below:

	2019	2018
	$	$
Short-term employee benefits	**1,565,786**	1,601,553
Other long-term benefits	**205,316**	118,239
Post-employment benefits	**68,797**	186,862
Termination benefits	**73,554**	355,337
	1,913,453	2,261,991

20 Remuneration of Auditor

	2019	2018
Remuneration of the auditor of the Group:		
- audit and other assurance services	**54,800**	53,200
- other services	**11,500**	38,500
	66,300	91,700

21 Interests in Subsidiaries

Consolidated structured entities

The Group held a 100% ownership of Federation Law Pty Ltd.

In April 2017, the directors of Federation Law Pty Ltd resolved to appoint a liquidator to wind up the company. During 2018, the company had been reinstated due to unexpected income being recovered from debtors previously written off. On 10 December 2019, the Company has been deregistered. A final dividend of $36,015 was received in 2019 and included in "Loss from discontinued operations" - refer to note 23(c).

22 Fair Value Measurement

The fair values of financial assets and financial liabilities are consistent with their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability, including unlisted shares.

The Group does not have any assets or liabilities measured at fair value, other than the defined benefit fund as disclosed at note 14(e).

23 Related Party Information

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Divisional Executive (whether Executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 19 - Interests of Key Management Personnel (KMP).

23 Related Party Information (Continued)

(b) Other related parties

The Group and reporting units are defined in section 242 of the *Fair Work (Registered Organisations) Act 2009*. Accordingly, the Group and all of its Branches are considered to be reporting units and related parties.

Federation Law Pty Ltd was a 100% owned subsidiary. Refer note 21 for further information.

Associations

Over many years, regional Associations of the Group have been formed under the Rules, with each Association consisting of at least 15 Australian Education Union New South Wales Teachers Federation Branch ("the Federation") members. The Associations are autonomous organisations with their own meeting standing orders, which are aligned with those of the Federation, and they are required to abide by decisions and policies of the Branch Conference, Branch Council and Branch Executive. On an annual basis the Branch Executive provide for the payment of funds to each Association, which may only be applied to further the objects of the Group and the expenses of its operations and management. This is recorded as a single expense line item of the Group. Last year the Branch Executive resolved to centralise the administration of all bank accounts of the Associations of the Federation, as a means of providing administrative assistance.

As at balance date, not all Associations have centralised their bank accounts. The control of the funds remain with the respective Associations, being held in trust and recorded as a liability of the Group at note 14, and expenditures treated as reductions in the funds held in trust liability.

Accordingly, during the year, the following transactions and balances were relevant to the Group's administration of the funds held in trust of the Associations, collectively:

	2019 $	2018 $
Opening Balance	**631,203**	-
Funds transferred to the Group	**215,345**	591,098
Payments from the Group to Associations *	**343,107**	128,283
Net income and expenditures on behalf of Associations	**(223,495)**	(88,178)
Balance of funds held in trust	**966,160**	631,203

* In 2018 there was an additional $197,254 paid to Associations that were not centrally administered (2019: Nil).

Notes to the Financial Statements

For the Year Ended 31 December 2019

23 Related Party Information (Continued)

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2019	2018
	$	$
Federation Law Pty Ltd:		
Distribution received	**36,015**	50,000

Australian Education Union:

Refer to note 28(a) for further details of transactions with the Australian Education Union.

Other:

A close family member of one of the Group's Key Management Personnel is engaged under a contract to provide consulting services to the Group, which is subject to the terms and conditions applicable to all contractors, and has been formally ratified by the Executive. The value of payments made during the year was $6,732 (2018: $24,376).

(d) Related Party Balances

Related Party balances are recorded at notes 7(c) and 13(a).

Notes to the Financial Statements

For the Year Ended 31 December 2019

24 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	Note	2019 $	2018 $
Result for the year		**3,967,331**	2,201,699
Non-cash flows in the result:			
- depreciation and amortisation		**2,090,097**	1,764,731
- lease finance charges		**90,299**	-
- net (gain)/loss on disposal of fixed assets		**8,952**	(46,059)
- Defined Benefit Fund current service cost and interest	15(a)	**992,261**	917,533
- fair value through profit and loss financial assets		**-**	(31,641)
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		**73,609**	43,119
- (increase)/decrease in other assets		**201,394**	30,846
- increase/(decrease) in provision for employee benefits		**(311,517)**	(412,357)
- increase/(decrease) in income in advance		**21,785**	(255,530)
- increase/(decrease) in trade and other payables		**91,295**	872,665
Cashflow from operations		**7,225,506**	5,085,006

(b) Non-cash financing and investing activities

Acquisition of assets by means of operating leases		**910,498**	-

25 Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

As noted in accounting policy note 2(m) as a benefit of membership, the Group has undertaken to fund the future legal costs of a number of member matters. Whilst it is difficult to quantify the commitment that has been made, the Group's exposure to costs being incurred is limited and can be controlled. Accordingly, the collective value of the potential contingent liability to the Group is not able to be measured reliably, nor is it considered to be material, and hence no further information has been disclosed.

25 Contingent Liabilities and Contingent Assets (Continued)

(b) Contingent assets

Similarly, having funded the legal costs of member matters over numerous years, the Group considers it probable that future recoveries will be made in relation to such legal services disbursements. However, the prospects of success and quantum of recoveries are not able to be measured reliably, nor are they considered to be material, and hence no further information has been disclosed, consistent with note 2(m) .

26 Events after the end of the Reporting Period

The financial report was authorised for issue on 28 April 2020 by the Executive.

Unprecedented developments have arisen subsequent to balance date due to the COVID-19 pandemic. Given the ongoing measures implemented by the State and Federal Government's, there has already been a significant impact upon the economy, which is yet to be fully realised, notwithstanding stimulus measures announced. It is likely that there will be wide-ranging impacts for the Group, including the potential:

- loss of membership and rental income;
- reductions in the market value of investments and properties;
- worsening debtor collections and possible impairment; and
- favourable stimulus measures by the government

The ultimate extent of the financial outcomes as they affect the Group are currently unable to be reliably quantified. However, substantial unencumbered liquid financial reserves have been accumulated; which will allow the Group to withstand a prolonged downturn in the general economy – prior to any consideration of further government stimulus measures. Furthermore, the membership base consists of essential service workers whom will continue to engage the Federation for representation. Accordingly, at the date of signing this financial report, the Executive remain confident that the Group will remain a going concern.

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

Notes to the Financial Statements

For the Year Ended 31 December 2019

27 Change in Accounting Policy

On 1 January 2019 the Group adopted the following new accounting standards that were mandatory for the first time:
- AASB 15 *Revenue from contracts with customers*
- AASB 16 *Leases*
- AASB 1058 *Income for Not-for-Profit Entities*

All Standards have been applied to the year ended 31 December 2019, however, as allowed, comparatives have not been restated.

AASB 15 and AASB 1058 resulted in changes to accounting policies, however no adjustments were required to be recognised in the financial statements.

The adoption of AASB 16 has had an immaterial impact upon the financial performance and position of the Union. Refer to note 12 for further information.

28 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009

(a) Capitation fees and levies

	2019 $	2018 $
Australian Education Union		
Capitation fees	**1,931,961**	1,879,961
ACTU Subscriptions	**365,875**	359,588
Compulsory levies (Australian Educator and TAFE Teacher)	**217,034**	213,375
Public Education Campaign	**237,196**	242,744
Education International	**149,433**	146,213
Other miscellaneous charges	**188,813**	146,532
Total capitation fees and levies	**3,090,312**	2,988,413

On the Statement of Profit or Loss and Other Comprehensive Income an amount of $200,000 (2018: $180,000) has been included in "Grants paid" for contributions paid to the International Trust Fund.

(b) Affiliation fees and periodic subscriptions expense

	2019 $	2018 $
NSW Labor Council	**176,153**	168,753
Newcastle Labor Council	**8,958**	4,391
South Coast Labor Council	**16,542**	16,642
Other Affiliates	**20,656**	23,652
Welfare Rights Council	**20,808**	20,808
Total affiliation fees and periodic subscriptions	**243,117**	234,246

Notes to the Financial Statements

For the Year Ended 31 December 2019

28 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (Continued)

(c) Grants and donations *

	2019	2018
	$	$
Grants:		
Total paid that were $1,000 or less	**9,041**	13,219
Total paid exceeding $1,000	**419,900**	397,247
	428,941	410,466
Donations		
Total paid that were $1,000 or less	**1,842**	1,602
Total paid exceeding $1,000	**47,500**	20,931
	49,342	22,533
Total	**478,283**	432,999

** as per accounting policy note 2(m), the Group provides certain member services such as legal support, which are not considered to be donations or grants requiring financial statement disclosure.*

Notes to the Financial Statements

For the Year Ended 31 December 2019

28 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (Continued)

(d) Employee expenses

	Note	2019 $	2018 $
Holders of Office			
Wages and salaries		**1,393,581**	1,296,173
Superannuation		**205,316**	186,863
Leave and other entitlements		**237,918**	237,622
Separation and redundancies		**73,554**	355,336
Other employee expenses		**100,103**	81,974
Subtotal employee expenses holders of office		**2,010,472**	2,157,968
Employees other than office holders			
Wages and salaries		**13,867,655**	13,339,031
Superannuation		**1,335,219**	1,244,906
Leave and other entitlements		**2,382,718**	2,253,453
Separation and redundancies		-	-
Other employee expenses		**1,078,612**	1,057,164
Employees other than office holders		**18,664,204**	17,894,554
Defined benefit Fund	5	**1,321,032**	1,073,936
Total employee expenses		**21,995,708**	21,126,458

28 Additional disclosures required under the Fair Work (Registered Organisations) Act 2009 (Continued)

(e) Miscellaneous disclosures

	2019	2018
	$	$
Fees/allowances in respect of attendances at conferences/meetings as representatives of the Group [already included at 27(d)]	**25,271**	46,940
Meetings and conferences expenses: members, council, committees, panels or other bodies	**3,447,435**	4,032,462
Legal costs:		
- Litigation	**291,920**	353,436
- Other legal matters	**89,037**	336,695

(f) Revenue disclosure

Donations or grants received	**75,000**	52,500

(g) Cashflows with reporting units

Australian Education Union		
Cash inflows	**-**	-
Cash outflows	**3,176,707**	(3,125,568)

There have been no other cashflows with reporting units of the Group.

Notes to the Financial Statements

For the Year Ended 31 December 2019

29 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or the Commissioner:

1. A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

2. The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

3. A reporting unit must comply with an application made under subsection (1).

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Report required under Subsection 255(2A)

For the year ended 31 December 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2019.

	2019 $	2018 $
Remuneration and other employment related costs and expenses - employees	21,995,708	21,126,458
Advertising	10,654	17,493
Operating costs	12,631,801	13,790,701
Donations to political parties	-	-
Legal costs	380,957	690,131

Margaret Vos
Custodian

John Dixon
Branch Secretary

Dated: 28 April 2020

Australian Education Union
New South Wales Teachers Federation Branch

ABN: 86 600 150 697

Officer Declaration Statement

I, Margaret Vos being the Custodian and John Dixon being Branch Secretary of the Australian Education Union New South Wales Teachers Federation Branch, declare that the following activities did not occur during the reporting period ending 31 December 2019 (including the comparative year).

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- ~~receive periodic or membership subscriptions~~
- receive capitation fees or any other revenue amount from another reporting unit
- ~~receive revenue via compulsory levies~~
- ~~receive donations or grants~~
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- ~~pay capitation fees or any other expense to another reporting unit~~
- ~~pay affiliation fees to other entity~~
- ~~pay compulsory levies~~
- ~~pay a grant that was $1,000 or less~~
- ~~pay a grant that exceeded $1,000~~
- ~~pay a donation that was $1,000 or less~~
- ~~pay a donation that exceeded $1,000~~
- ~~pay wages and salaries to holders of office~~
- ~~pay superannuation to holders of office~~
- ~~pay leave and other entitlements to holders of office~~
- ~~pay separation and redundancy to holders of office~~
- ~~pay other employee expenses to holders of office~~
- ~~pay wages and salaries to employees (other than holders of office)~~
- ~~pay superannuation to employees (other than holders of office)~~
- ~~pay leave and other entitlements to employees (other than holders of office)~~
- ~~pay separation and redundancy to employees (other than holders of office)~~
- ~~pay other employee expenses to employees (other than holders of office)~~
- ~~pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit~~
- ~~incur expenses due to holding a meeting as required under the rules of the organisation~~
- ~~pay legal costs relating to litigation~~
- ~~pay legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- ~~have a receivable with other reporting unit(s)~~
- ~~have a payable with other reporting unit(s)~~
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- ~~have a payable in respect of legal costs relating to litigation~~
- ~~have a payable in respect of legal costs relating to other legal matters~~
- ~~have an annual leave provision in respect of holders of office~~
- ~~have a long service leave provision in respect of holders of office~~

- ~~have a separation and redundancy provision in respect of holders of office~~
- ~~have other employee provisions in respect of holders of office~~
- ~~have a annual leave provision in respect of employees (other than holders of office)~~
- ~~have a long service leave provision in respect of employees (other than holders of office)~~
- ~~have a separation and redundancy provision in respect of employees (other than holders of office)~~
- ~~have other employee provisions in respect of employees (other than holders of office)~~
- ~~have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch~~
- ~~transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity~~
- ~~have a balance within the general fund~~
- ~~provide cash flows to another reporting unit and/or controlled entity~~
- ~~receive cash flows from another reporting units and/or controlled entity~~
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Margaret Vos
Custodian

John Dixon
Branch Secretary

Dated: 28 April 2020

DALEY
AUDIT

INDEPENDENT AUDIT REPORT

To the members of Australian Education Union New South Wales Teachers Federation Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Education Union New South Wales Teachers Federation Branch and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report of presents fairly, in all material aspects, the financial position of Australian Education Union New South Wales Teachers Federation Branch and its subsidiaries ("the Group") as at 31 December 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

We declare that management's use of the going concern basis in the preparation of the financial statements of the Group is appropriate.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditors Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

DALEY
AUDIT

INDEPENDENT AUDIT REPORT

To the members of Australian Education Union New South Wales Teachers Federation Branch

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

DALEY
AUDIT

INDEPENDENT AUDIT REPORT
To the members of Australian Education Union New South Wales Teachers Federation Branch

- Conclude on the appropriateness of the Committee of Managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an auditor registered under the RO Act.

Daley Audit
Daley Audit

Michael Mundt
Michael Mundt
Partner

Registration number (as required by the RO Commissioner under the RO Act): AA 2017/67

Wollongong
Dated: 28 April 2020

Liability limited by scheme approved under Professional Standards Legislation.