

Rec'd 2/7/04
S/A

AEU South Australian Branch

Australian Education Union

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Branch President: Andrew Gohl
Branch Secretary: Jack Major

Your reference:
Our reference: JAM:JD:ATU2

30 June 2004

Industrial Registrar
Australian Industrial Registry
GPO Box 1994S
MELBOURNE VIC 3001

Dear Sir

Re: Australian Education Union (SA Branch) - Accounts

I certify that the attached copies of the Summary of Accounts, Auditor's Report, Accounts and Statements of the Australian Education Union (SA Branch) for the financial year 1 January 2003 to 31 December 2003, are copies of the documents that were so presented to the Australian Education Union (SA Branch) Committee of Management meeting held on 28 June 2004.

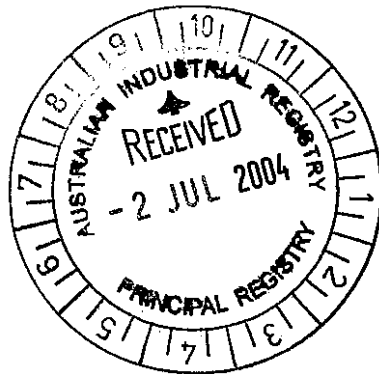
These accounts and auditors reports have been published in the AEU Journal published on 2 June 2004, copies of which are provided free of charge to all members of the AEU (SA Branch).

Yours sincerely



JACK MAJOR
Branch Secretary

Encl.



AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	Note	2003 \$	2002 \$
Revenues from ordinary activities	2	5,282,909	4,995,565
Expenses from ordinary activities			
Governance		461,109	458,774
Administration & Personnel		1,110,443	1,163,783
Operations		2,253,112	2,208,104
Other Member Operations		947,869	749,514
Property		338,701	324,393
	2	<u>5,111,234</u>	<u>4,904,568</u>
Net Profit from ordinary activities	10(b)	<u>171,675</u>	<u>90,997</u>
Increase in Asset Revaluation Reserve	10(a)	<u>2,015,375</u>	<u>-</u>
Total valuation adjustments recognised directly in equity		<u>2,015,375</u>	<u>-</u>
Total changes in equity of the Union		<u><u>2,187,050</u></u>	<u><u>90,997</u></u>

The attached notes are to be read in conjunction with these financial statements.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2003

	Notes	2003 \$	2002 \$
CURRENT ASSETS			
Cash assets	3	112,943	72,727
Receivables	4	127,898	96,312
Other	5	80,223	51,935
Other Financial Assets	6	4,958,820	4,733,957
Total Current Assets		<u>5,279,884</u>	<u>4,954,931</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	7	4,655,570	2,702,203
Other Financial Assets	6	2	2
Total Non-Current Assets		<u>4,655,572</u>	<u>2,702,205</u>
TOTAL ASSETS		<u>9,935,456</u>	<u>7,657,136</u>
CURRENT LIABILITIES			
Payables	8	487,431	425,729
Provisions	9	749,444	719,105
Total Current Liabilities		<u>1,236,875</u>	<u>1,144,834</u>
NON CURRENT LIABILITIES			
Provisions	9	71,124	71,895
Total Non Current Liabilities		<u>71,124</u>	<u>71,895</u>
TOTAL LIABILITIES		<u>1,307,999</u>	<u>1,216,729</u>
NET ASSETS		<u>8,627,457</u>	<u>6,440,407</u>
EQUITY			
Asset Revaluation Reserve	10(a)	2,015,375	-
Retained Profits	10(b)	6,612,082	6,440,407
TOTAL EQUITY		<u>8,627,457</u>	<u>6,440,407</u>

The attached notes are to be read in conjunction with these financial statements.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	Note	2003 \$	2002 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		5,392,583	5,094,098
Journal Subscriptions & Advertising		51,019	48,762
Payments to Suppliers and Employees		(5,074,961)	(4,857,387)
Rent & Room Hire		52,687	54,130
Interest Received		259,824	234,421
Other Income		13,507	55,216
Net GST Payable		(317,667)	(297,864)
Net Cash Provided by Operating Activities	11	<u>376,992</u>	<u>331,376</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(156,814)	(95,766)
Proceeds From Sale of Equipment		44,901	51,136
Redemptions from/(Deposits to) Investments		(225,818)	(230,962)
Staff/Member Loans Issued		(4,395)	(4,997)
Payments Received on Staff/Member Loans		5,350	10,152
Net Cash Used in Investing Activities		<u>(336,776)</u>	<u>(270,437)</u>
Net Increase/(Decrease) in Cash Held		40,216	60,939
Cash at the Beginning of the Reporting Period		72,727	11,788
Cash at the End of the Reporting Period	11	<u><u>112,943</u></u>	<u><u>72,727</u></u>

The attached notes are to be read in conjunction with these financial statements.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

Note 1 Accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Workplace Relations Act 1996. The financial statements have been prepared on the basis of historical costs. The accounting policies have been consistently applied unless otherwise stated.

The financial report covers Australian Education Union (South Australian Branch) which is a branch of a registered union under the Workplace Relations Act 1996 in Australia.

The following is a summary of the significant accounting policies adopted by the organisation in the preparation of the financial statements.

(a) Investments

Investments are brought to account at cost.

(b) Property, Plant and Equipment

Property, plant and equipment transferred from South Australian Institute of Teachers have been recorded at their net written down value as at 31st December 1996. Property, plant and equipment acquired since 1st January 1997, are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation. The carrying amount of all property, plant and equipment is reviewed annually to ensure it is not in excess of the remaining service potential of these assets.

An independent valuation of the land and buildings was undertaken on 31st December 2003. The valuation was performed by Mr Paul C Tilley FAPI, AREI, CREI (Val), Certified Practising Valuer.

The depreciable amount of all fixed assets is depreciated over their useful life using the straight line and diminishing value methods.

The depreciation rates used for each class of asset are as follows:

Buildings	2.5%
Plant and Equipment	15% - 50%
Furniture & fittings	10% - 50%
Motor Vehicles	15% - 30%

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the proceeds of disposal, and is included in income in the year of disposal.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 1 Accounting policies (cont.)

(c) Employee Benefits

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

Provision for Long Service Leave for employees with more than seven years service has been disclosed as a current liability and the balance as non-current.

(d) Creditors and Accrued Expenses

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Branch as at 31 December 2003. Trade accounts are normally settled within 30 days.

(e) Subscriptions in advance

Subscriptions received are recognised as revenue in the period to which the subscriptions relate.

(f) Trade and Sundry Debtors

Trade and sundry debtors are normally settled within 30 days and are carried at amounts due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful debts.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 2	Net Profit from ordinary activities	2003	2002
		\$	\$
	The Net Profit from ordinary activities includes the following items of Revenue and Expense.		
	REVENUES		
	Ordinary activities		
	Subscriptions	4,895,598	4,617,566
	Interest	263,600	242,535
	Rent	42,287	40,521
	Room Hire	5,509	5,108
	(Loss)/Profit on sale of Plant & Equipment	3,751	(189)
	Other Income	20,598	23,449
	Legal Settlements	-	22,435
	Journal Subscriptions	582	701
	Journal Advertising	50,984	43,439
	TOTAL REVENUE	5,282,909	4,995,565
	EXPENSES		
	Ordinary activities		
	GOVERNANCE		
	Branch, Area & Divisional Council Meetings	61,960	62,081
	Sub-branch Administration Grants	2,089	6,454
	Committee Expenses & Communication to Members	33,675	19,052
	Executive Expenses	34,355	32,725
	Entertainment & Travel	8,392	11,804
	Executive Allowances	4,000	3,625
	Salaries to Elected Officers	316,638	323,033
	TOTAL GOVERNANCE	461,109	458,774

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 2	Net Profit from ordinary activities (cont.)	2003 \$	2002 \$
	ADMINISTRATION & PERSONNEL		
	Accountancy & Audit	10,475	10,500
	Bank Fees	48,014	46,629
	Doubtful Debts	425	(45)
	Entertainment & Travel	1,682	1,322
	Fringe Benefits Tax	3,314	2,964
	Insurance	4,705	3,953
	Internet Access & Website	8,774	11,465
	Legal Fees	243	1,154
	Machine Maintenance	16,171	14,025
	Payroll Tax	130,135	130,262
	Postage	10,020	10,838
	Printing & Stationery	26,849	30,801
	Provision for Annual Leave	65,259	(14,274)
	Provision for Long Service Leave	(35,691)	87,312
	Recruitment & Training	16,290	22,594
	Salaries	349,107	348,812
	Seconded Staff On-costs	59,249	51,509
	Computer Expenses	18,911	25,625
	Sundry Expenses	1,699	3,482
	Superannuation	257,689	253,216
	Telephone & Fax	63,796	60,771
	Workcover	53,327	60,868
	TOTAL ADMINISTRATION & PERSONNEL	1,110,443	1,163,783
	OPERATIONS		
	Campaign & Publicity:		
	Advertising & Other Campaign Expenses	86,215	150,956
	Media Consultancy & Monitoring	19,591	20,281
		105,806	171,237
	Membership Records:		
	Stationery/Resources	3,166	3,875
	Postage	17,745	15,930
	Salaries	105,409	91,875
		126,320	111,680

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 2	Net Profit from ordinary activities (cont.)	2003	2002
		\$	\$
	OPERATIONS (Cont.)		
	Resource Centre:		
	Purchases	33,513	26,814
	Salaries	120,775	122,597
		<u>154,288</u>	<u>149,411</u>
	Organisers:		
	Regional Office Expenses	13,181	24,996
	Motor Vehicle Expenses	58,668	50,585
	Depreciation - Motor Vehicles	46,967	49,579
	Salaries	967,942	958,787
	Travel & Sundry Expenses	55,282	41,311
		<u>1,142,040</u>	<u>1,125,258</u>
	Industrial:		
	Legal Expenses	14,683	20,908
	Salaries	287,082	245,920
	Travel & Sundry Expenses	5,620	8,711
		<u>307,385</u>	<u>275,539</u>
	Journal:		
	Printing	72,245	67,114
	Delivery	36,135	45,907
	Travel & Accommodation	314	235
	Salaries	199,658	176,403
		<u>308,352</u>	<u>289,659</u>
	Women's Officer:		
	Operating Expenses	38,850	21,391
	Salaries	70,071	63,929
		<u>108,921</u>	<u>85,320</u>
	TOTAL OPERATIONS	<u><u>2,253,112</u></u>	<u><u>2,208,104</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 2	Net Profit from ordinary activities (cont.)	2003	2002
		\$	\$
	OTHER MEMBER OPERATIONS		
	Legal Defence	224,619	64,667
	Union Development	169,289	154,049
	Member Professional Development	73,341	64,939
	International Support	32,645	36,713
	A.E.U. Affiliation	287,163	284,053
	Other Affiliations	48,031	46,988
	National Committees & Conferences	7,872	7,506
	Salaries	104,909	90,599
	TOTAL OTHER MEMBER OPERATIONS	<u>947,869</u>	<u>749,514</u>
	PROPERTY		
	Repairs & Maintenance	33,638	28,694
	Rates & Taxes	41,783	43,729
	Electricity	34,871	32,050
	Cleaning	34,872	30,403
	Insurance	14,324	11,951
	Sundry Property Expenses	10,244	13,349
	Depreciation		
	- Furniture & Fittings	8,466	9,158
	- Plant & Equipment	56,023	51,384
	- Buildings	68,625	68,625
	Salaries	35,855	35,050
	TOTAL PROPERTY	<u>338,701</u>	<u>324,393</u>
	TOTAL EXPENSES	<u><u>5,111,234</u></u>	<u><u>4,904,568</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003(CONT.)**

Note 3	Cash assets	2003	2002
		\$	\$
	Petty Cash	500	500
	Cash at Bank	112,443	72,227
		<u>112,943</u>	<u>72,727</u>
Note 4	Receivables		
	Trade Debtors	28,634	14,180
	Provision for Doubtful Debts	(100)	(100)
		<u>28,534</u>	<u>14,080</u>
	Sundry Debtors	99,364	82,232
		<u>127,898</u>	<u>96,312</u>
Note 5	Other		
	Prepayments	80,223	51,935
		<u>80,223</u>	<u>51,935</u>
Note 6	Other Financial Assets		
	Investments - Current		
	Satisfac Deposits	2,564,568	2,420,839
	Bank SA:		
	Short Term Money Market	329,808	299,808
	Bank Bills	2,058,852	2,006,763
	Staff Computer Loans	4,514	4,868
	Member Emergency Relief Loans	1,078	1,679
		<u>4,958,820</u>	<u>4,733,957</u>
	Investments - Non-current		
	Satisfac Credit Union Share		
	- at cost	2	2
		<u>2</u>	<u>2</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003(CONT.)**

	2003	2002
	\$	\$
Note 7 Property, Plant & Equipment		
Land and Buildings		
An independent valuation of the land and buildings was undertaken on 31 st December 2003. The valuation was performed by Mr Paul C Tilley FAPI, AREI, CREI (Val), Certified Practising Valuer.		
Greenhill Road – at cost	-	2,525,000
Accumulated Depreciation	-	(378,750)
Greenhill Road – at independent valuation	3,900,000	-
	<hr/>	<hr/>
	3,900,000	2,146,250
Porter Street – at cost	-	220,000
Accumulated Depreciation	-	(33,000)
Porter Street – at independent valuation	380,000	-
	<hr/>	<hr/>
	380,000	187,000
Works of Art – at cost	36,300	36,300
	<hr/>	<hr/>
Plant & Equipment - at cost	443,424	421,793
Accumulated Depreciation	(309,726)	(292,114)
	<hr/>	<hr/>
	133,698	129,679
Furniture and Fittings - at cost	130,505	119,437
Accumulated Depreciation	(106,886)	(98,420)
	<hr/>	<hr/>
	23,619	21,017
Motor Vehicles - at cost	249,530	277,943
Accumulated Depreciation	(67,577)	(95,986)
	<hr/>	<hr/>
	181,953	181,957
Total property, plant & equipment	<hr/> <hr/>	<hr/> <hr/>
	4,655,570	2,702,203

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003(CONT.)**

Note 7 Property, Plant & Equipment (cont.)

	<u>2003</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	2,146,250	187,000	36,300	129,679	21,017	181,957	2,702,203
Additions – cost	-	-	-	65,220	11,068	80,527	156,815
Disposals	-	-	-	(5,178)	-	(33,564)	(38,742)
Depreciation	(63,125)	(5,500)	-	(56,023)	(8,466)	(46,967)	(180,081)
Revaluation increment	1,816,875	198,500	-	-	-	-	2,015,375
Closing WDV	<u>3,900,000</u>	<u>380,000</u>	<u>36,300</u>	<u>133,698</u>	<u>23,619</u>	<u>181,953</u>	<u>4,655,570</u>

	<u>2002</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	2,209,375	192,500	36,300	168,736	27,258	202,339	2,836,508
Additions – cost	-	-	-	12,443	2,917	80,405	95,765
Disposals	-	-	-	(116)	-	(51,208)	(51,324)
Depreciation	(63,125)	(5,500)	-	(51,384)	(9,158)	(49,579)	(178,746)
Closing WDV	<u>2,146,250</u>	<u>187,000</u>	<u>36,300</u>	<u>129,679</u>	<u>21,017</u>	<u>181,957</u>	<u>2,702,203</u>

Note 8 Payables

	<u>2003</u>	<u>2002</u>
	\$	\$
Accrued Expenses	285,450	230,002
Subscriptions in advance	201,981	195,727
	<u>487,431</u>	<u>425,729</u>

Note 9 Provisions

Current

Provision for Annual Leave	299,084	233,825
Provision for Long Service Leave	400,360	435,280
Provision for Sick Leave	50,000	50,000
	<u>749,444</u>	<u>719,105</u>

Non Current

Provision for Long Service Leave	<u>71,124</u>	<u>71,895</u>
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AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003(CONT.)**

	2003	2002
	\$	\$
Note 10		
(a) Asset Revaluation Reserve		
Balance at the beginning of the financial year	-	-
Revaluation increment on land and buildings	2,015,375	-
Balance at the end of the financial year	<u>2,015,375</u>	<u>-</u>
 (b) Retained Profits		
Balance at the beginning of the financial year	6,440,407	6,349,410
Net Profit from ordinary activities	171,675	90,997
Balance at the end of the financial year	<u>6,612,082</u>	<u>6,440,407</u>

Note 11 Cash Flows

a) Reconciliation of Net Profit from ordinary activities to Net Cash Provided by Operating Activities

Net Profit from ordinary activities	171,675	90,997
Depreciation:		
- Motor Vehicles	46,967	49,579
- Furniture & Fittings	8,466	9,158
- Plant & Equipment	56,023	51,384
- Buildings	68,625	68,625
Loss/(Gain) on Sale of Equipment	(3,751)	189
Change in Assets and Liabilities:		
(Increase) in Trade Debtors	(25,954)	(8,132)
(Decrease)/Increase in Provision for Doubtful Debts	-	(1,330)
(Increase)/Decrease in Sundry Debtors	(8,041)	(6,597)
(Increase)/Decrease in Prepayments	(28,288)	18,365
(Decrease)/Increase in Payables	61,702	(13,900)
(Decrease)/Increase in Provision for Annual Leave	65,259	(14,274)
(Decrease)/Increase in Provision for Long Service Leave	(35,691)	87,312
Net Cash Provided by Operating Activities	<u>376,992</u>	<u>331,376</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

	2003	2002
	\$	\$
Note 11		
Cash Flows (cont.)		

b) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash on hand	500	500
Cash at bank	112,443	72,227
	<u>112,943</u>	<u>72,727</u>

c) Credit Stand-by Arrangements and Loan Facility

The Union has no credit stand-by arrangements or loan facilities in place.

d) Non-Cash Financing and Investments Activities

There were no non-cash financing and investing activities during the year.

Note 12 Auditor's Remuneration

Amounts received or due and receivable
by auditors for:

- auditing	10,475	10,500
- other services	-	-
	<u>10,475</u>	<u>10,500</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 13 Related Party Transactions

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

The names of Executive members who have held office during the year are:

John Gregory	Chris Waugh
Daniel Farmer	John (Jack) Major
Jacqueline Bone-George	Robert Bowler
Nicolas Cava	Patricia Cavanagh
Nola Foster	Bronwen Goodman
Correna Haythorpe	Samantha Lisle
Fay Nightingale	Helen O'Connor
Roy Page	Keith Parkinson
Gail Shepherdson	David Smith
Peter Tretheway	Michael Williss
Roger Zubrinich	

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31st December 2003, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$314,301 (2002 \$325,201). The aggregate amounts paid during the year ended 31st December 2003 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$41,093 (2002 \$49,033).

The aggregate amount of all loans in existence at the reporting date that have been made by the reporting entity to an Executive member is \$nil (2002 \$191). The aggregate amount of loans made during the reporting period was \$nil (2002 \$nil) and the aggregate amount of repayments received during the reporting period was \$nil (2002 \$1,500). The Executive member concerned in 2002 was John Gregory. The terms and conditions of this loan are consistent with loans available to all staff of the Union. The loans are made with the Unions normal trading terms.

Note 14 Segment information

The Union operates as a trade union in the Education industry within South Australia. The principal place of business is 163 Greenhill Road, Parkside, South Australia. The number of full time equivalent employees as at reporting date is 39.8.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 15 Financial Instruments Disclosure

(a) Interest rate risk

The Australian Education Union (SA Branch) exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	<u>2003</u>				
	Floating Interest rate	Fixed interest Maturing in 1 year or less	Non interest bearing	Total	
Financial assets					
Cash on hand and in banks	112,443	-	500	112,943	
Investments – other than public investments	336,120	4,623,420	-	4,959,540	
Trade and other debtors	-	-	213,713	213,713	
	<u>448,563</u>	<u>4,623,420</u>	<u>214,213</u>	<u>5,286,196</u>	
Weighted average interest rate	4.37%	5.49%			
Financial Liabilities					
Accrued Expenses	-	-	285,450	285,450	
Subscriptions in advance	-	-	201,981	201,981	
	<u>-</u>	<u>-</u>	<u>487,431</u>	<u>487,431</u>	
	<u>2002</u>				
	Floating Interest rate	Fixed interest Maturing in 1 year or less	Fixed interest Maturing in 1 to 2 years	Non interest bearing	Total
Financial assets					
Cash on hand and in banks	72,227	-	-	500	72,727
Investments – other than public investments	306,120	3,237,715	1,183,575	-	4,727,410
Trade and other debtors	-	-	-	154,794	154,794
	<u>378,347</u>	<u>3,237,715</u>	<u>1,183,575</u>	<u>155,294</u>	<u>4,954,931</u>
Weighted average interest rate	3.73%	5.02%	6.35%		
Financial Liabilities					
Accrued Expenses	-	-	-	230,002	230,002
Subscriptions in advance	-	-	-	195,727	195,727
	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,729</u>	<u>425,729</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (CONT.)**

Note 15 Financial Instruments Disclosure (cont.)

(b) Credit Risk Exposure

Credit risk on financial assets represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Australian Education Union (SA Branch) which have been recognised in the balance sheet is the carrying amount, net of any provision for doubtful debts.

(c) Net Fair Values of Financial Assets and Financial Liabilities

Net fair value of financial assets and financial liabilities are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers.

The carrying amounts of cash on hand and in banks, investments, trade and other debtors, prepayments, accrued expenses and subscriptions in advance are not materially different from their net fair values.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

PRESCRIBED INFORMATION NOTICE

Notice is hereby given that under Sub-section 274(4) of the Workplace Relations Act, 1996, this Committee of Management is required to bring to members' attention the provision of Section 274 subsection (1) to (3) inclusive. Specifically:

Sub-section 274(1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.

Sub-section 274(2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.

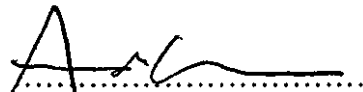
Sub-section 274(3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

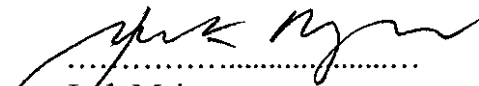
COMMITTEE OF MANAGEMENT'S CERTIFICATE

We, Andrew Gohl and Jack Major, being two members of the Committee of the Management of Australian Education Union (SA Branch), do state on behalf of the Committee of Management and in accordance with a resolution passed by the Committee, that:

- (i) in the opinion of the committee of management, the financial statements show a true and fair view of the financial affairs of the organisation as at 31st December 2003;
- (ii) during the year ended 31st December 2003 the meetings of the committee of management were, in the opinion of the committee, held in accordance with the rules of the organisation;
- (iii) that to the knowledge of any members of the Committee, there have been, during the year ended 31st December 2003, no instances where records of the organisation or other documents (not being documents containing information made available to a member of the organisation under sub-section 274(2) of the Workplace Relations Act 1996), or copies of those records or other documents, or copies of the rules of the organisation, have not been furnished, or made available, to members of the Union in accordance with the Workplace Relations Act 1996, the Regulations, or the rules of the organisation; and
- (iv) that the branch has complied with sub-section 279(1) and (6) of the Act in relation to the financial statements in respect of the year ended 31st December 2002 and the auditors report thereon. Specifically the financial documents were presented to a meeting of the Committee of Management on 23rd June 2003.



Andrew Gohl
Committee of Management



Jack Major
Committee of Management

Dated 12.05.04

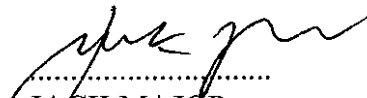
AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

ACCOUNTING OFFICER'S CERTIFICATE

I, **JACK MAJOR**, being the officer responsible for keeping the accounting records of the Australian Education Union (SA Branch), certify that as at 31st December 2003 the number of persons that were members was 12,379.

In my opinion,

- (i) the financial statements show a true and fair view of the financial affairs of the organisation as at the 31st December 2003;
- (ii) a record has been kept of all moneys paid by, or collected from, members of the organisation, and all moneys so paid or collected have been credited to the bank account or accounts to which those moneys are to be credited, in accordance with the rules of the organisation;
- (iii) before any expenditure was incurred by the organisation, approval of the incurring of the expenditure was obtained in accordance with the rules of the organisation;
- (iv) no payment was made for a purpose other than the purpose for which the fund was operated;
- (v) all loans or other financial benefits granted to persons holding office in the organisation were authorised in accordance with the rules of the organisation; and
- (vi) the register of members of the organisation was maintained in accordance with the Act.


.....
JACK MAJOR
Branch Secretary

Dated 12.05.04



EdwardsMarshall

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Kent Town, South Australia 5067
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DX 240 Adelaide
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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE AUSTRALIAN EDUCATION UNION (SA BRANCH)**

SCOPE

The financial report and Executive Committee's responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Accounting Officer's certificate and Committee of Management's certificate of the Australian Education Union (SA Branch) for the year ended 31 December 2003.

The Executive Committee of the Australian Education Union (SA Branch) is responsible for the preparation and fair presentation of the financial report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the Members of the Australian Education Union (SA Branch). Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, including compliance with Accounting Standards, other mandatory financial reporting requirements in Australia and the Workplace Relations Act, 1996, a view which is consistent with our understanding of the Australian Education Union (SA Branch)'s financial position, and of its performance as represented by the results of its operations and its cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Executive Committee.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Partners

Brenton W Ellery FCA
Brian T Morris FCA
Hugh L McPharlin FCA
Jonathon W Sando FCA
Trevor J Spratt FCA
Steven M Wild FCA
Noel W Clifford FCA
Jamie T Dreckow CA
Geoffrey R Kay CA
Benjamin L T Miels CA
Angelo R Piantadosi FCA
Grantley W Stevens CA

Senior Employees

Paul A Dutton CA
Paul Feltrin CA
Belinda C Goedecke FCA
Stephen A Hunter FCA
Carly Thornton CA
Nicholas K Wilkins FCA



**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE AUSTRALIAN EDUCATION UNION (SA BRANCH) (CONT)**

AUDIT OPINION

In our opinion:

- (a) the financial report of the Australian Education Union (SA Branch) is properly drawn up in accordance with Section 273 of the Workplace Relations Act, 1996 so as to give a true and fair view of the financial position of the organisation at 31 December 2003 and the financial performance, profit and cash flows for the year then ended in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia; and
- (b) there were kept by the Australian Education Union (SA Branch) in respect of the year, satisfactory accounting records including records of the sources and nature of the income of the organisation (including income from members) and records of the nature and purposes of the expenditure of the organisation; and
- (c) the information and explanations that officers or employees of the organisation were required to provide were provided.

Edwards Marshall

Edwards Marshall
Chartered Accountants

Jon Sando
Jon Sando
(Partner)

Adelaide
South Australia

Dated *13/5/04*

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003	2002
	\$	\$
Income		
Subscriptions	4,895,598	4,617,566
Interest	263,600	242,535
Other Income	123,711	135,464
Total Income	<u>5,282,909</u>	<u>4,995,565</u>
Expenses		
Governance	461,109	458,774
Administration & Personnel	1,110,443	1,163,783
Operations	2,253,112	2,208,104
Other Member Operations	947,869	749,514
Property	338,701	324,393
Total Expenses	<u>5,111,234</u>	<u>4,904,568</u>
Net Profit from ordinary activities	<u>171,675</u>	<u>90,997</u>
Increase in Asset Revaluation Reserve	<u>2,015,375</u>	<u>-</u>
Total valuation adjustments recognised directly in equity	<u>2,015,375</u>	<u>-</u>
Total changes in equity of the Union	<u><u>2,187,050</u></u>	<u><u>90,997</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**SUMMARY STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2003**

	2003	2002
	\$	\$
ASSETS		
Current Assets	5,279,884	4,954,931
Non-Current Assets	4,655,572	2,702,205
TOTAL ASSETS	<u>9,935,456</u>	<u>7,657,136</u>
LIABILITIES		
Current Liabilities	1,236,875	1,144,834
Non Current Liabilities	71,124	71,895
TOTAL LIABILITIES	<u>1,307,999</u>	<u>1,216,729</u>
NET ASSETS	<u>8,627,457</u>	<u>6,440,407</u>
EQUITY		
Asset Revaluation Reserve	2,015,375	-
Retained Profits	6,612,082	6,440,407
TOTAL EQUITY	<u>8,627,457</u>	<u>6,440,407</u>

**SUMMARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	2003	2002
	\$	\$
Net Cash Provided by Operating Activities	376,992	331,376
Net Cash Provided by/(Used in) Investing Activities	(336,776)	(270,437)
Net Increase/(Decrease) in Cash Held	40,216	(60,939)
Cash at the Beginning of the year	72,727	11,788
Cash at the End of the year	<u>112,943</u>	<u>72,727</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**SUMMARY OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

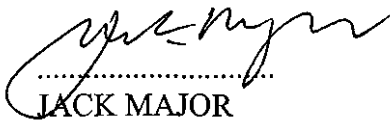
The Financial Statements of the Australian Education Union (South Australian Branch) have been audited in accordance with the provisions of the Workplace Relations Act 1996 (the Act), and the following summary is provided for members in accordance with Section 279(1) of the Act.

In my opinion this summary of the financial statements is consistent with the statutory Accounts of the financial affairs of the organisation as at the 31st December 2003. A copy of the Auditors' Report, Accounts and Statements will be supplied free of charge to members upon request.

Certificates required to be given under the Act by the Accounting Officer and the Branch Executive have been completed in accordance with the provisions of the Act and contain no qualifications.

In accordance with the requirements of the Act, attention of members is drawn to the provisions of subsection (1), (2) and (3) of section 274 which reads as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under subsection (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.


.....

JACK MAJOR
Branch Secretary

Dated *12.5.04*




EdwardsMarshall

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF THE AUSTRALIAN EDUCATION UNION (SA BRANCH)

We have audited the summarised financial report of the Australian Education Union (SA Branch) for the year ended 31 December 2003 comprising the summarised statement of financial position, summarised statement of financial performance and summarised statement of cash flows in accordance with Australian Auditing Standards.

In our opinion, the information reported in the summarised financial report is consistent with the annual statutory financial report from which it is derived and upon which we expressed an unqualified audit opinion in our report to the members dated 13 May 2004. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual statutory financial report.

Edwards Marshall
Chartered Accountants


(Partner)

Adelaide
South Australia

Dated *13/5/04*

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Carly Thornton CA
Nicholas K Wilkins FCA



Australian Government
Australian Industrial Registry

Level 35, Nauru House
80 Collins Street, Melbourne, VIC 3000
GPO Box 1994S, Melbourne, VIC 3001
Telephone: (03) 8661 7777
Fax: (03) 9654 6672

Mr Jack Major
Branch Secretary
Australian Education Union
South Australian Branch
164 Greenhill Road
PARKSIDE SA 5063

Dear Mr Major,

**Re: Australian Education Union - South Australian Branch
Financial documents for year ended 31 December 2003 - FR 2003/664**

Receipt is acknowledged of the financial documents of the South Australian Branch of the Australian Education Union for the year ended 31 December 2003, together with a copy of the summary of the accounts for that year. The documents and summary were lodged in the Industrial Registry on 2 July 2004.

The documents and summary have been filed.

New Legislation

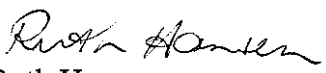
As previously advised, the Workplace Relations (Registration and Accountability of Organisations) legislation (the RAO legislation) generally came into operation on 12 May 2003.

Many of the provisions relating to registered organisations previously contained in the *Workplace Relations Act 1996* (WR Act) are now replicated in the Registration and Accountability of Organisations Schedule (**the RAO Schedule**), with some amendments. Other matters are substantially changed by the RAO Schedule, particularly the financial reporting requirements.

Your branch has correctly completed and lodged its financial documents for the financial year ended 31 December 2003 under the WR Act. However, the reporting obligations for the financial year ending 31 December 2004 will be governed by the requirements of the RAO Schedule.

Accordingly, you may wish to bring the requirements of the new legislation to the attention of the branch's auditor.

Yours sincerely


Ruth Hansen
Statutory Services Branch

16 July 2004