



FAIR WORK
AUSTRALIA

13 July 2010

Mr J Major
Branch Secretary
Australian Education Union - SA Branch
Email: aeusa@aeusa.asn.au

cc: Jamie Dreckow
Edwards Marshall
Chartered Accountants
Email: info@edwardsmarshall.com.au

Dear Mr Major

**RE: Financial Report of the Australian Education Union - SA Branch
for the year ended 31 December 2009 (FR2009/10304)**

I acknowledge receipt of the financial report of the Australian Education Union - SA Branch for the year ended 31 December 2009. The documents were lodged with Fair Work Australia on 1 July 2010.

The report has now been filed.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged.

Discussion and Analysis of Concise Report

[Regulation 161\(1\)\(c\)](#) requires a concise report to contain a 'discussion and analysis of the principal factors affecting the financial performance, financial position and financial and investing activities of the reporting unit to assist the understanding of members'. Paragraph 27 of [AASB 1039](#) provides guidance as to matters to be addressed in the discussion and analysis and lists a number of items that should be covered. For example trends in revenue, measures of financial performance, the relationship between debt and equity, servicing and payment of borrowings and changes in the composition of the components of equity should be discussed and analysed.

The discussion and analysis provided by the Branch identifies the principal factors affecting the financial performance of the branch only. It does not cover the range of factors listed in paragraph 27 of AASB 1039. In future concise reports, please include a discussion and analysis of these factors.

Loans, Grants and Donations – General purpose financial report

I have noted that donations totalling \$5,450 were made in 2009. Under [subsection 237\(1\)](#) of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) there are certain steps that need to be taken if an individual donation exceeds \$1000.

Under [section 237\(1\)](#) of the RO Act, if an individual donation, grant or loan exceeds \$1000 a statement showing the relevant particulars of each must be lodged with Fair Work Australia. The statement must be signed by an officer of the Branch and must show the amount of each donation, the purpose for which it was made and, unless it was made to relieve a member of the organisation or their dependants from severe financial hardship, the name and address of the person to whom the donation was made. A [sample statement](#) is located on the Fair Work Australia website.

As no subsection 237(1) statement has been lodged we assume that no single donation exceeded \$1000. Should this not be the case, please immediately advise Fair Work Australia of the details and ensure that there is compliance with the reporting requirements of section 237, other than with respect to the required timeframe.

International Support

Note 3 to the financial statements discloses \$41,195 as expenses in International Support. The nature of the item 'International Support' is not clear but the wording suggests it may be a grant or donation. If this is the case then any individual grant or donation that exceeds \$1000 in the line item 'International Support' also needs to be included on the Loans, Grants and Donations Statement.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8661 7822 or by email at margaret.williams@fwa.gov.au. A copy of this letter has been forwarded to your auditor.

Yours sincerely,



Margaret Williams
Tribunal Services and Organisations
Fair Work Australia
Tel: (03) 8661 7822

Email: margaret.williams@fwa.gov.au

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

The Financial Statements of the Australian Education Union (South Australian Branch) have been audited in accordance with the provisions of the Fair Work (Registered Organisations) Act 2009 (the Act), and this concise report is provided for members in accordance with the Act and in accordance with a resolution passed by the Committee of Management on 10th May 2010.

This concise financial report of the Union for the year ended 31 December 2009 has been derived from the full report and cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the reporting unit as the full report. A copy of the full report and the auditor's report will be sent to any member, free of charge, upon request.

The principal factors affecting the financial position of the union during the reporting period include increased costs arising from enterprise bargaining negotiations and campaigning around these issues.

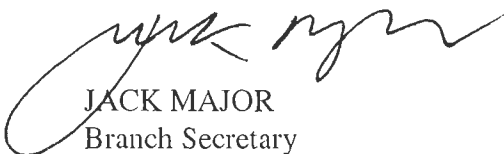
Certificates required to be given under the Act by the Accounting Officer and the Branch Executive have been completed in accordance with the provisions of the Act and contain no qualifications.

In accordance with the requirements of the Act, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 272 of the Fair Work (Registered Organisations) Act 2009, which read as follows:

Sub-section 272(1) A member of an reporting unit, or the General Manager , may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

Sub-section 272(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.

Sub-section 272(3) A reporting unit must comply with an application made under subsection (1)


JACK MAJOR
Branch Secretary

Dated: 11 MAY 2010

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2009.

The names of Branch Executive members in office at any time during the year are:

Correna Haythorpe	(President)	
Anne Crawford	(Vice President)	
Marcus Knill	(Vice President)	
John (Jack) Major	(Branch Secretary)	
David Smith	(Treasurer)	
Richard Baxter	Jacqueline Bone-George	David Coulter
Daniel Ellis	Brett Ferris	Andrew Gohl
Katrina Hanlin	Lara Kelly	Lesley Lindsay-Taylor
Ray Marino	Donald Peter	Peter Trethewey
Christine Waugh	Jan Webber	Lorraine Young

Note: All Committee Members are serving a 2 year term of office ending 31 December 2009. Office holders are listed at the beginning of the Committee Member list. All other Committee Members are known as Ordinary Branch Executive Members.

No officer or member of the Branch is

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme;

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

The principal activity of the Union during the year was operating as a trade union in the Education industry within South Australia.

The major activity of the union in 2009 was the preparation and conduct of arbitration of the AEU's salary and conditions claim for employees in South Australian schools, pre schools and TAFE institutes in the Industrial Relations Commission of South Australia.

Bargaining for a new enterprise agreement had commenced in February 2008, but following the breakdown of negotiations and the failure of a period of Industrial Commission supervised mediation, in November 2008 the Commission ordered that the matter proceed to arbitration.

The union engaged legal counsel to prepare an application for an interim salary increase which was heard on 28 and 29 January 2009. The Commission awarded a 3.75% interim salary increase to all classifications on 9 February 2009.

Arbitration of the union's application for nationally competitive salaries and improvements in conditions commenced with Opening Submissions on 3 August 2009 and hearings concluded on 30 October. The AEU case was supported by over 100 affidavits from AEU members representing all membership sectors, and by local and interstate expert witnesses.

In the lead up to the Industrial Commission hearing a community awareness campaign that included print and radio advertising in metropolitan and regional media and development of the AppleforTeacher website which facilitated on-line campaigning was implemented.

The substantial legal costs incurred in preparation and presentation of the union's application, and responding to the Government's separate applications for school and preschool employees, and for TAFE employees was met from the union's financial reserves.

The financial results of those activities is a loss of \$2,046,054.

There has been no significant change in the Union's financial affairs during the year.

The number of members as at 31 December 2009 was 13,353.

Members may resign from the Union in accordance with Federal Rule 17 which reads:

"17 - Resignation from membership and termination of eligibility

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

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

(a) where the member ceases to be eligible to become a member of the Union -

(i) on the day on which the notice is received at the office of the relevant Branch Secretary; or

(ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

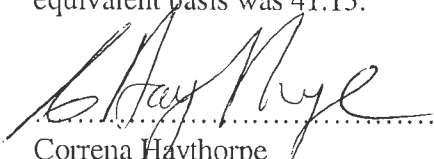
(b) in any other case -

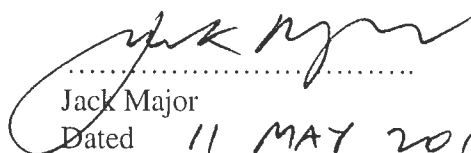
(i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or

(ii) on the day specified in the notice;

whichever is later.

The number of persons who as at 31 December 2009 were employees of the Branch measured on a full time equivalent basis was 41.13.


Correna Haythorpe
Dated 11 May 2010


Jack Major
Dated 11 MAY 2010

Dated & Signed in accordance with a resolution of the Executive Committee

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	\$	\$
Revenues	6,969,996	6,910,966
Governance expenses	716,092	724,838
Administration & Personnel expense	990,511	767,425
Operations expense	5,529,165	3,416,112
Other Member Operations expense	1,375,599	1,167,510
Property expense	404,683	405,840
	<u>9,016,050</u>	<u>6,481,725</u>
Net (Loss) / Profit for the year	<u>(2,046,054)</u>	<u>429,241</u>
Other comprehensive income		
Net gain on revaluation of financial assets	-	1,412,393
Total other comprehensive income	<u>(2,046,054)</u>	<u>1,412,393</u>
Total comprehensive income attributable to members of the Union	<u><u>(2,046,054)</u></u>	<u><u>1,841,634</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2008	6,831,195	2,015,375	8,846,570
Revaluation of property	-	1,412,393	1,412,393
Profit attributable to members of the Union	429,241	-	429,241
Balance as 31 December 2008	<u>7,260,436</u>	<u>3,427,768</u>	<u>10,688,204</u>
Loss attributable to members of the Union	(2,045,054)	-	(2,045,054)
Balance as 31 December 2009	<u>5,214,382</u> =====	<u>3,427,768</u> =====	<u>8,642,150</u> =====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	2009	2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	168,554	36,927
Receivables	82,889	143,581
Other current assets	61,747	62,144
Other Financial Assets	4,731,349	6,490,249
Total Current Assets	<u>5,044,539</u>	<u>6,732,901</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	5,952,505	6,006,346
Financial Assets	2	2
Total Non-Current Assets	<u>5,952,507</u>	<u>6,006,348</u>
TOTAL ASSETS	<u>10,997,046</u>	<u>12,739,249</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other Payables	1,648,185	1,376,919
Short – term Provisions	692,341	658,660
Total Current Liabilities	<u>2,340,526</u>	<u>2,035,579</u>
NON CURRENT LIABILITIES		
Long – term Provisions	14,370	15,466
Total Non Current Liabilities	<u>14,370</u>	<u>15,466</u>
TOTAL LIABILITIES	<u>2,354,896</u>	<u>2,051,045</u>
NET ASSETS	<u>8,642,150</u>	<u>10,688,204</u>
	=====	=====
EQUITY		
Asset Revaluation Reserve	3,427,768	3,427,768
Retained Earnings	5,214,382	7,260,436
TOTAL EQUITY	<u>8,642,150</u>	<u>10,688,204</u>
	=====	=====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Subscriptions	7,089,828	6,968,543
Journal Subscriptions & Advertising	45,136	40,885
Payments to Suppliers and Employees	(8,926,267)	(6,640,413)
Rent & Room Hire	87,223	86,580
Interest Received	446,324	445,261
Other Income	1,198	5,042
Net GST Payable	(241,880)	(378,256)
Net Cash Used in Operating Activities	<u>(1,498,438)</u>	<u>527,642</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment	(131,356)	(177,904)
Proceeds from Sale of Equipment	2,522	30,484
Withdrawals from/(Deposits to) Investments	1,759,102	(623,681)
Staff Loans Issued	(7,405)	(8,423)
Payments Received on Staff Loans	7,202	3,088
Net Cash Used in Investing Activities	<u>1,630,065</u>	<u>(776,436)</u>
Net Increase/(Decrease) in Cash Held	131,627	(248,794)
Cash and cash equivalents at the beginning of the financial year	36,927	285,721
Cash and cash equivalents at the end of the financial year	<u>168,554</u> =====	<u>36,927</u> =====

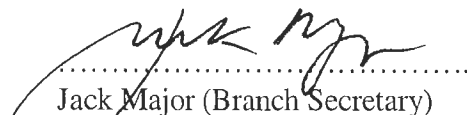
AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

COMMITTEE OF MANAGEMENT STATEMENT

We, Correna Haythorpe 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 on 10 May 2010, that in the opinion of the Committee of Management:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWA;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Australian Education Union (SA Branch) for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the year ended 31 December 2008 and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 200; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) the information sought in any request of a member of the reporting unit or the General Manager of FWA duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of FWA ; and
 - (vi) there has been compliance with any order for inspection of financial records made by the FWA under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) The branch has not undertaken recovery of wages activity.


.....
Correna Haythorpe (President)


.....
Jack Major (Branch Secretary)

Dated : 11 MAY 2010



Edwards Marshall

THE AUSTRALIAN EDUCATION UNION (SA BRANCH)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN EDUCATION UNION (SA BRANCH)**

Level 3 153 Flinders Street
Adelaide SA 5000
GPO Box 2163 Adelaide SA 5001
Telephone 08 8139 1111
Facsimile 08 8139 1100
info@edwardsmarshall.com.au
edwardsmarshall.com.au

Report on the Summarised Financial Report

We have audited the accompanying summarised financial report of the Australian Education Union (SA Branch) ("the Union"), which comprises the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the Committee of Management Statement, which were derived from the financial report of the Australian Education Union for the year ended 31 December 2009. We expressed an unmodified auditor's opinion on that financial report in our auditor's report dated 11 May 2010.

Committee of Management's Responsibility for the Summarised Financial Report

The Committee of Management are responsible for the preparation and presentation of the summarised financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act, 2009. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the summarised financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarised financial report based on our procedures, which were conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements.

Auditor's Opinion

In our opinion, the information reported in the summarised financial report is consistent, in all material respects, with the financial report from which it was derived. For a better understanding of the scope of our audit, this auditor's report should be read in conjunction with our audit report on the financial report dated 11 May 2010.

Edwards Marshall
Chartered Accountants

Jamie Dreckow
Chartered Accountant - (Partner)
Registered Company Auditor 222051

Adelaide
South Australia

Dated 11 May 2010

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2009.

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Marcus Knill	(Vice President)	
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David Smith	(Treasurer)	
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No officer or member of the Branch is

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme;

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

The principal activity of the Union during the year was operating as a trade union in the Education industry within South Australia.

The major activity of the Union in 2009 was the preparation and conduct of arbitration of the AEU's salary and conditions claim for employees in South Australian schools, pre schools and TAFE institutes in the Industrial Relations Commission of South Australia.

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The Union engaged legal counsel to prepare an application for an interim salary increase which was heard on 28 and 29 January 2009. The Commission awarded a 3.75% interim salary increase to all classifications on 9 February 2009.

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In the lead up to the Industrial Commission hearing a community awareness campaign that included print and radio advertising in metropolitan and regional media and development of the AppleforTeacher website which facilitated on-line campaigning was implemented.

The substantial legal costs incurred in preparation and presentation of the Union's application, and responding to the Government's separate applications for school and preschool employees, and for TAFE employees was met from the Union's financial reserves.

The financial results of those activities is a loss of \$2,046,054.

There has been no significant change in the Union's financial affairs during the year.

The number of members as at 31 December 2009 was 13,353.

Members may resign from the Union in accordance with Federal Rule 17 which reads:

"17 - Resignation from membership and termination of eligibility

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

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

(a) where the member ceases to be eligible to become a member of the Union -

(i) on the day on which the notice is received at the office of the relevant Branch Secretary; or

(ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

whichever is later; or

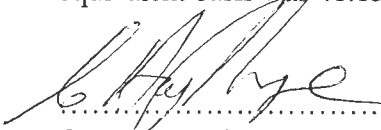
(b) in any other case -

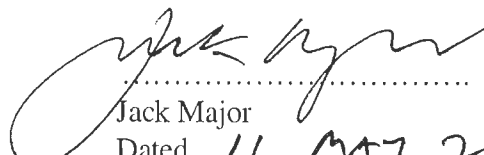
(i) at the end of 2 weeks after the notice is received at the office of the relevant Branch Secretary; or

(ii) on the day specified in the notice;

whichever is later.

The number of persons who as at 31 December 2009 were employees of the Branch measured on a full time equivalent basis was 41.13.


.....
Correna Haythorpe
Dated 11 May 2010


.....
Jack Major
Dated 11 MAY 2010

Dated & Signed in accordance with a resolution of the Executive Committee

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 \$	2008 \$
Revenue	2	6,969,996	6,910,966
Governance expenses		716,092	724,838
Administration & Personnel expense		990,511	767,425
Operations expense		5,529,165	3,416,112
Other Member Operations expense		1,375,599	1,167,510
Property expense		404,683	405,840
	3(a)	9,016,050	6,481,725
Net (Loss) / Profit for the year		(2,046,054)	429,241
Other comprehensive income			
Net gain on revaluation of financial assets		-	1,412,393
Total other comprehensive income		(2,046,054)	1,412,393
Total comprehensive income attributable to members of the Union		(2,046,054)	1,841,634

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2008	6,831,195	2,015,375	8,846,570
Revaluation of property		1,412,393	1,412,393
Profit attributable to members of the Union	429,241	-	429,241
Balance as 31 December 2008	<u>7,260,436</u>	<u>3,427,768</u>	<u>10,688,204</u>
Loss attributable to members of the Union	(2,046,054)	-	(2,046,054)
Balance as 31 December 2009	<u>5,214,382</u> =====	<u>3,427,768</u> =====	<u>8,642,150</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 31 DECEMBER 2009

	Notes	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	168,554	36,927
Receivables	5	82,889	143,581
Other current assets	6	61,747	62,144
Other Financial Assets	7	4,731,349	6,490,249
Total Current Assets		5,044,539	6,732,901
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	5,952,505	6,006,346
Financial Assets	7	2	2
Total Non-Current Assets		5,952,507	6,006,348
TOTAL ASSETS		10,997,046	12,739,249
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	9	1,648,185	1,376,919
Short – term Provisions	10	692,341	658,660
Total Current Liabilities		2,340,526	2,035,579
NON CURRENT LIABILITIES			
Long – term Provisions	10	14,370	15,466
Total Non Current Liabilities		14,370	15,466
TOTAL LIABILITIES		2,354,896	2,051,045
NET ASSETS		8,642,150	10,688,204
EQUITY			
Asset Revaluation Reserve		3,427,768	3,427,768
Retained Earnings		5,214,382	7,260,436
TOTAL EQUITY		8,642,150	10,688,204

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 31 DECEMBER 2009**

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		7,089,828	6,968,543
Journal Subscriptions & Advertising		45,136	40,885
Payments to Suppliers and Employees		(8,926,267)	(6,640,413)
Rent & Room Hire		87,223	86,580
Interest Received		446,324	445,261
Other Income		1,198	5,042
Net GST Payable		(241,880)	(378,256)
Net Cash Used in Operating Activities	11	(1,498,438)	527,642
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(131,356)	(177,904)
Proceeds from Sale of Equipment		2,522	30,484
Withdrawals from/(Deposits to) Investments		1,759,102	(623,681)
Staff Loans Issued		(7,405)	(8,423)
Payments Received on Staff Loans		7,202	3,088
Net Cash Used in Investing Activities		1,630,065	(776,436)
Net Increase/(Decrease) in Cash Held		131,627	(248,794)
Cash and cash equivalents at the beginning of the financial year		36,927	285,721
Cash and cash equivalents at the end of the financial year 11		168,554	36,927

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 31 DECEMBER 2009

Note 1 **Accounting policies**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Act 2009. 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 complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The financial report covers Australian Education Union (South Australian Branch) which is a branch of a registered union under the Fair Work (Registered Organisations) Act 2009 in Australia.

The financial report was authorised for issue on 10th May 2010 by the Branch Executive.

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

(a) **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 and impairment losses. 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 October 2008. The valuation was performed by Mr Paul C Tilley FAPI, AREI, CREI (Val), Certified Practising Valuer.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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%

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 1 Accounting policies (cont.)

(a) Property, Plant and Equipment (cont.)

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying value is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

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.

(b) Employee Benefits

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to balance date. The provision recognises the employees' previous service with the South Australian Institute of Teachers. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled within 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on National Government bonds with terms to maturity that match the expected timing of cash flows.

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.

(c) Trade & Other Payables

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 2009. Trade accounts are normally settled within 30 days.

(d) 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.

(e) Goods and Services Tax (GST)

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

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)

Note 1 Accounting policies (cont.)

(f) **Critical Accounting Estimates and Judgements**

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

Key Estimates – Impairment

The branch assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(g) **Impairment of Assets**

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

Where it is not possible to estimate the recoverable amount of an individual asset, the branch estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(i) **Comparative Figures**

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

(j) **Revenue and other income**

Subscription revenue is recognised as revenue in the period to which the subscription relates. To the extent that subscriptions are received for the following year, these are treated as subscriptions in advance at balance date.

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

(k) **Asset Revaluation Reserve**

The Asset Revaluation Reserve records revaluation of non-current assets.

(l) **Provisions**

Provisions are recognised when the Union has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of amounts required to settle the obligation at the end of the reporting period.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)

Note 1 Accounting policies (cont.)

(m) **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument. Settlement date accounting is adopted for financial assets. Financial instruments are initially measured at fair value plus transactions costs. Financial instruments are classified and measured as set out below:

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At the end of each reporting period, the Union assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset.

(n) **Adoption of New and Revised Accounting Standards**

During the current year, the Australian Accounting Standards Board revised AASB 101, and as a result there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Entity's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that the owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement – the statement of comprehensive income, or two statements – a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Entity's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 1 Accounting policies (cont.)

(n) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt. A discussion of those future requirements and their impact on the Union is as follows:

- AASB 123: Borrowing Costs and AASB 2007–6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 and AASB 138 and Interpretations 1 and 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Union as a policy of capitalising qualifying borrowing costs has been maintained by the Union.
- AASB 2008–5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) and AASB 2008–6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB’s annual improvements project. No changes are expected to materially affect the Union.

The Union does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the Union’s financial statements.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 2	Revenue And Other Income	2009	2008
		\$	\$
	REVENUE		
	Subscriptions	6,479,430	6,319,073
	Interest	377,735	479,388
	Rent	47,901	48,076
	Room Hire	27,783	29,810
	(Loss)/Profit on sale of Plant & Equipment	(4,649)	(7,725)
	Other Income	1,289	2,891
	Journal Advertising & Subscriptions	40,507	39,453
	TOTAL REVENUE	<u>6,969,996</u>	<u>6,910,966</u>

Note 3 Profit for the year

(a) EXPENSES

GOVERNANCE

Branch, Area & Divisional Council Meetings	85,009	87,939
Sub-branch Administration Grants	7,477	6,436
Committee Expenses & Communication to Members	35,988	43,347
Executive Expenses	29,457	26,642
Donations	5,450	500
Entertainment & Travel	25,241	32,158
Travel sustentation	467	712
Executive Allowances	4,000	4,000
Salaries and related costs of Elected Officers	523,003	523,104
TOTAL GOVERNANCE	<u>716,092</u>	<u>724,838</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 3	Profit for the Year (cont.)	2009	2008
		\$	\$
	ADMINISTRATION & PERSONNEL		
	Accountancy & Audit	12,500	15,500
	Bank Fees	61,387	55,957
	Doubtful Debts	80	(310)
	Entertainment & Travel	858	2,957
	Fringe Benefits Tax	7,823	5,100
	Insurance	4,026	3,843
	Internet Access & Website	27,474	18,211
	Legal Fees	552	2,325
	Machine Maintenance	18,972	21,836
	Postage	9,549	8,475
	Printing & Stationery	28,526	19,906
	Provision for Annual Leave	44,127	(735)
	Provision for Long Service Leave	32,585	(87,412)
	Recruitment & Training	28,740	19,065
	Salaries and related costs	534,453	535,324
	Computer Expenses	107,050	34,056
	Sundry Expenses	12,163	10,898
	Telephone & Fax	59,646	102,429
	TOTAL ADMINISTRATION & PERSONNEL	990,511	767,425
	OPERATIONS		
	Campaign & Publicity:		
	Advertising & Other Campaign Expenses	418,920	291,233
	Media Consultancy & Monitoring	35,858	20,623
		454,778	311,856
	Membership Records:		
	Stationery/Resources	3,585	8,499
	Postage	13,451	15,551
	Salaries and related costs	174,421	164,361
		191,457	188,411

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 3	Profit for the Year (cont.)	2009	2008
		\$	\$
	OPERATIONS (Cont.)		
	Resource Centre:		
	Purchases	21,753	24,075
	Salaries and Related Costs	202,138	195,791
		<hr/>	<hr/>
		223,891	219,866
	Organisers:		
	Regional Office Expenses	15,021	17,092
	Motor Vehicle Expenses	61,305	58,682
	Depreciation - Motor Vehicles	45,814	47,578
	Salaries and Related Costs	1,554,207	1,551,384
	Travel & Sundry Expenses	69,558	70,305
		<hr/>	<hr/>
		1,745,905	1,745,041
	Industrial:		
	Legal Expenses	1,726,729	75,622
	Associated Legal Costs	221,870	72,356
	Salaries and Related Costs	456,818	351,227
	Travel & Sundry Expenses	3,457	2,973
		<hr/>	<hr/>
		2,408,874	502,178
	Communications:		
	AEU Journal - Printing	59,660	63,621
	- Delivery	52,648	38,452
	Newsletters - Printing	3,409	3,767
	- Delivery	2,992	3,230
	Travel & Accommodation	549	484
	Salaries and Related Costs	240,659	226,537
		<hr/>	<hr/>
		359,917	336,091
	Women's Officer:		
	Operating Expenses	41,134	47,209
	Salaries and Related Costs	102,484	64,604
	Travel sustentation	725	856
		<hr/>	<hr/>
		144,343	112,669
	TOTAL OPERATIONS	<hr/>	<hr/>
		5,529,165	3,416,112
		<hr/>	<hr/>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 3	Profit for the Year (cont.)	2009	2008
		\$	\$
	OTHER MEMBER OPERATIONS		
	Legal Defence	313,185	175,336
	Union Development	217,818	158,080
	Member Professional Development	99,049	78,327
	International Support	41,195	41,195
	A.E.U. Affiliation	458,815	482,726
	Other Affiliations	58,702	55,984
	National Committees & Conferences		
	Travel & other expenses	6,728	5,116
	Sustentation	5,448	6,618
	Salaries and Related Costs	174,510	161,954
	Travel and accommodation	149	2,174
	TOTAL OTHER MEMBER OPERATIONS	<u>1,375,599</u>	<u>1,167,510</u>
	PROPERTY		
	Repairs & Maintenance	49,033	57,026
	Rates & Taxes	57,692	54,224
	Electricity	38,147	33,173
	Cleaning	43,589	39,126
	Insurance	14,348	15,907
	Sundry Property Expenses	13,315	29,198
	Depreciation		
	- Furniture & Fittings	8,307	6,684
	- Plant & Equipment	86,405	72,332
	- Buildings	37,500	41,760
	Salaries and Related Costs	56,347	56,410
	TOTAL PROPERTY	<u>404,683</u>	<u>405,840</u>
	TOTAL EXPENSES	<u>9,016,050</u>	<u>6,481,725</u>
		=====	=====

(b) Significant Revenue & Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Legal Expense	1,726,729	75,622
	=====	=====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 4	Cash and cash equivalents	2009	2008
		\$	\$
	Petty Cash	500	500
	Cash at Bank	168,054	36,427
		<u>168,554</u>	<u>36,927</u>
		=====	=====
Note 5	Receivables		
	Trade Debtors	10,533	16,197
	Provision for Doubtful Debts	(100)	(100)
		<u>10,433</u>	<u>16,097</u>
	Sundry Debtors	72,456	127,484
		<u>82,889</u>	<u>143,581</u>
		=====	=====
<p>Note that in both 2009 and 2008 there were no amounts in Trade Debtors in relation to an amount receivable from the Australian Education Union.</p>			
Note 6	Other Current Assets		
	Prepayments	61,747	62,144
		<u>61,747</u>	<u>62,144</u>
		=====	=====
Note 7	Other Financial Assets		
	Investments - Current		
	Satisfac Deposits	2,513,975	4,521,420
	Bank SA:		
	Short Term Money Market	209,719	353,212
	Term Deposit/Bank Bills	500,000	1,608,164
	Members Equity Deposit	1,500,000	-
	Staff Computer Loans	7,655	7,453
		<u>4,731,349</u>	<u>6,490,249</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 31 DECEMBER 2009 (CONT.)

	2009	2008
	\$	\$
Note 8		
Property, Plant & Equipment		
Land and Buildings		
An independent valuation of the land and buildings was undertaken on 31 October 2008. The valuation was performed by Mr Paul C Tilley FAPI, AREI, CREI (Val), Certified Practising Valuer.		
Greenhill Road – at independent valuation	5,000,000	5,000,000
Accumulated Depreciation	(43,767)	(6,267)
	<u>4,956,233</u>	<u>4,993,733</u>
Porter Street – at independent valuation	487,000	487,000
	<u>487,000</u>	<u>487,000</u>
Works of Art – at cost	36,300	36,300
	<u>36,300</u>	<u>36,300</u>
Plant & Equipment - at cost	611,288	683,969
Accumulated Depreciation	(381,092)	(471,470)
	<u>230,196</u>	<u>212,499</u>
Furniture and Fittings - at cost	189,243	191,229
Accumulated Depreciation	(131,138)	(126,834)
	<u>58,105</u>	<u>64,395</u>
Motor Vehicles - at cost	304,496	286,430
Accumulated Depreciation	(119,825)	(74,011)
	<u>184,671</u>	<u>212,419</u>
Total property, plant & equipment	<u>5,952,505</u>	<u>6,006,346</u>
	=====	=====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 8 Property, Plant & Equipment (cont.)

	<u>2009</u>							
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total	
Opening WDV	4,993,733	487,000	36,300	212,499	64,395	212,419	6,006,346	
Additions – cost	-	-	-	111,272	2,017	18,066	131,355	
Disposals	-	-	-	(7,170)	-	-	(7,170)	
Depreciation	(37,500)	-	-	(86,405)	(8,307)	(45,814)	(178,026)	
Closing WDV	<u>4,956,233</u>	<u>487,000</u>	<u>36,300</u>	<u>230,196</u>	<u>58,105</u>	<u>184,671</u>	<u>5,952,505</u>	
	<u>2008</u>							
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total	
Opening WDV	3,746,500	363,600	36,300	231,459	15,504	229,041	4,622,404	
Additions – cost	-	-	-	53,581	55,575	68,748	177,904	
Revaluations	1,285,567	126,826	-	-	-	-	1,412,393	
Disposals	-	-	-	(209)	-	(37,792)	(38,001)	
Depreciation	(38,334)	(3,426)	-	(72,332)	(6,684)	(47,578)	(168,354)	
Closing WDV	<u>4,993,733</u>	<u>487,000</u>	<u>36,300</u>	<u>212,499</u>	<u>64,395</u>	<u>212,419</u>	<u>6,006,346</u>	

Note 9 Trade and other Payables

	<u>2009</u>	<u>2008</u>
	\$	\$
Accrued Expenses	746,510	485,942
Subscriptions in advance	366,028	399,457
Employee Benefits		
Provision for Annual Leave		
Elected Officers	83,712	89,956
Other employees	401,935	351,564
	<u>485,647</u>	<u>441,520</u>
Provision for Sick Leave		
Elected Officers	4,583	6,200
Other employees	45,417	43,800
	<u>50,000</u>	<u>50,000</u>
	<u>1,648,185</u>	<u>1,376,919</u>
	=====	=====

Note: Accrued Expenses include \$7,905 (2008 \$19,515) in relation to salary and oncost obligations for Elected Officers and \$213,784 (2008 \$84,600) in relation to legal costs.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009(CONT.)

	2009	2008
	\$	\$
Note 10		
Provisions		
Current		
Provision for Long Service Leave		
Elected Officers	63,071	47,650
Other employees	629,270	611,010
	<u>692,341</u>	<u>658,660</u>
	=====	=====
Non Current		
Provision for Long Service Leave		
Elected Officers	-	-
Other employees	14,370	15,466
	<u>14,370</u>	<u>15,466</u>
	=====	=====
Note 11		
Cash Flows		
a) Reconciliation of Net Profit to Net Cash Provided by Operating Activities		
Net (Loss)/Profit	(2,046,054)	429,241
Depreciation:		
- Motor Vehicles	45,814	47,578
- Furniture & Fittings	8,307	6,684
- Plant & Equipment	86,405	72,332
- Buildings	37,500	41,760
Loss on Sale of Equipment	4,649	7,306
Change in Assets and Liabilities:		
Decrease/(Increase) in Trade Debtors	5,664	(1,498)
Decrease in Provision for Doubtful Debts	-	(310)
Decrease/(Increase) in Sundry Debtors	55,029	(34,727)
Decrease in Prepayments	397	25,351
Increase in Payables	227,139	22,072
Increase/(Decrease) in Provision for Annual Leave	44,127	(735)
Increase/(Decrease) in Provision for Long Service Leave	32,585	(87,412)
	<u>(1,498,438)</u>	<u>527,642</u>
	=====	=====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

		2009	2008
		\$	\$
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	168,054	36,427
		168,554	36,927
		=====	=====
	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.		
	e) Cash flows with other AEU branches		
	Cash received from:		
	AEU Federal Office	-	215
	AEU (QLD Branch)	-	390
	Total cash received	-	605
		=====	=====
	Cash paid to:		
	AEU Federal Office	565,178	628,920
	AEU (Victorian Branch)	8,339	17
	Total cash paid	573,517	628,937
		=====	=====
Note 12	Auditor's Remuneration		
	Amounts received or due and receivable by auditors for:		
	- auditing or reviewing the financial report	12,500	15,500
	- other services	-	-
		12,500	15,500
		=====	=====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (CONT.)**

Note 12 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:

Correna Haythorpe (President)	Anne Crawford (Vice President)
Marcus Knill (Vice President)	John (Jack) Major (Branch Secretary)
Richard Baxter	Jacqueline Bone-George
David Coulter	Daniel Ellis
Brett Ferris	Andrew Gohl
Katrina Hanlin	Lara Kelly
Lelsey Lindsay-Taylor	Ray Marino
Donald Peter	David Smith (Treasurer)
Peter Trethewey	Christine Waugh
Jan Webber	Lorraine Young

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2009, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$439,015 (2008 \$432,112). The aggregate amounts paid during the year ended 31st December 2009 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$58,832 (2008 \$66,042).

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 41.13.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (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>2009</u>	Floating Interest rate	Fixed interest Maturing in 1 year or less	Non interest bearing	Total
Financial assets				
Cash on hand and in banks	168,054	-	500	168,554
Investments – other than public investments	209,719	4,513,975	7,655	4,731,349
Trade and other debtors	-	-	144,636	144,636
	<u>377,773</u>	<u>4,513,975</u>	<u>152,791</u>	<u>5,044,539</u>
Weighted average interest rate	1.4%	5.5%		
Financial Liabilities				
Accrued Expenses	-	-	746,510	746,510
Subscriptions in advance	-	-	366,028	366,028
	<u>-</u>	<u>-</u>	<u>1,112,538</u>	<u>1,112,538</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2008</u>	Floating Interest rate	Fixed interest Maturing in 1 year or less	Non interest bearing	Total
Financial assets				
Cash on hand and in banks	36,427	-	500	36,927
Investments – other than public investments	353,212	6,129,584	7,453	6,490,249
Trade and other debtors	-	-	205,725	205,725
	<u>389,639</u>	<u>6,129,584</u>	<u>213,678</u>	<u>6,732,901</u>
Weighted average interest rate	3.2%	7.5%		
Financial Liabilities				
Accrued Expenses	-	-	485,942	485,942
Subscriptions in advance	-	-	399,457	399,457
	<u>-</u>	<u>-</u>	<u>885,399</u>	<u>885,399</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2009 (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

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009 the attention of members is drawn to the provisions of subsections (1), (2) and (3) of Section 272, which read as follows:

Sub-section 272(1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

Sub-section 272(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.

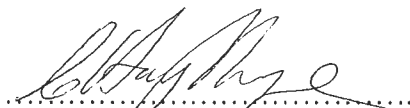
Sub-section 272(3) A reporting unit must comply with an application made under subsection (1)

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

COMMITTEE OF MANAGEMENT STATEMENT

We, Correna Haythorpe 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 on 10th May 2010, that in the opinion of the Committee of Management:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWA;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Australian Education Union (SA Branch) for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the year ended 31 December 2009 and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) the information sought in any request of a member of the reporting unit or the General Manager of FWA duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of FWA; and
 - (vi) there has been compliance with any order for inspection of financial records made by FWA under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) The branch has not undertaken recovery of wages activity.


.....
Correna Haythorpe (President)


.....
Jack Major (Branch Secretary)

Dated 11 MAY 2010



THE AUSTRALIAN EDUCATION UNION (SA BRANCH)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN EDUCATION UNION (SA BRANCH)**

Level 3 153 Flinders Street
Adelaide SA 5000
GPO Box 2163 Adelaide SA 5001
Telephone 08 8139 1111
Facsimile 08 8139 1100
info@edwardsmarshall.com.au
edwardsmarshall.com.au

Report on the Financial Report

We have audited the accompanying financial report of the Australian Education Union (SA Branch) ("the Union") which comprises the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and statement by the Committee of Management.

Committee of Management's Responsibility for the Financial Report

The Committee of Management of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act, 2009. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements and the Fair Work (Registered Organisations) Act 2009.



THE AUSTRALIAN EDUCATION UNION (SA BRANCH)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN EDUCATION UNION (SA BRANCH)
(CONT)**

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Adelaide SA 5000
GPO Box 2163 Adelaide SA 5001
Telephone 08 8139 1111
Facsimile 08 8139 1100
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edwardsmarshall.com.au

Auditor's Opinion

In our opinion, the financial report of The Australian Education Union (SA Branch) is in accordance with the Fair Work (Registered Organisations) Act, 2009 including:

- (a) presents fairly the Union's financial position as at 31 December 2009 and its financial performance for the year ended on that date;
- (b) complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act, 2009 and any other requirements imposed by Part 3 Chapter 8 of the RO Act.

We have obtained all of the information and explanations required from the Union.

Edwards Marshall
Chartered Accountants

Jamie Dreckow
Chartered Accountant - (Partner)
Registered Company Auditor 222051

Adelaide
South Australia

Dated 11 May 2010