



FAIR WORK  
AUSTRALIA

2 August 2011

Mr J Major  
Branch Secretary  
Australian Education Union - SA Branch  
Email: [aeusa@aeusa.asn.au](mailto:aeusa@aeusa.asn.au)

Dear Mr Major

**RE: Financial Report of the Australian Education Union - SA Branch  
for the year ended 31 December 2010 (FR2010/2901)**

I acknowledge receipt of the financial report of the Australian Education Union - SA Branch for the year ended 31 December 2010. The documents were lodged with Fair Work Australia on 27 June 2011.

The report has now been filed.

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](mailto: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](mailto:margaret.williams@fwa.gov.au)

**From:** [AEU SA Branch](#)  
**To:** [WILLIAMS, Margaret](#)  
**Subject:** AEU (SA Branch) FR2010/2901  
**Date:** Thursday, 28 July 2011 12:34:00 PM

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Dear Ms Williams

I refer to your correspondence of 21 July 2011 regarding the Financial Report of the Australian Education Union (SA Branch) lodged on 27 June 2011.

I confirm that the full report was provided to members on 31 May 2011.

I confirm that the expense item 'International Support' does not include any loan, grant or donation exceeding \$1000.

Yours sincerely

Jack Major

Branch Secretary



FAIR WORK  
AUSTRALIA

21 July 2011

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 2010 (FR2010/2901)**

I acknowledge receipt of the financial report of the Australian Education Union - SA Branch for the year ended 31 December 2010. The documents were lodged with Fair Work Australia on 27 June 2011.

The report has not been filed.

I have examined the financial report. Following that examination I have identified a matter, the details of which are set out below, that I require you to attend to before the report can be filed.

**Content of designated officer's certificate**

Section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

I note that the designated officer's certificate provided referred to "the financial statements" being provided to members. The designated officer's certificate should state that the General Purpose Financial Report was provided to members.

**International Support**

Note 3 to the financial statements discloses \$41,000 as expenses in International Support. The nature of the item 'International Support' is not clear. Please advise if this amount is for an affiliation as it should be identified as such.

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.

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](mailto:margaret.williams@fwa.gov.au). A copy of this letter has been forwarded to your auditor.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Margaret Williams', followed by a period.

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

Email: [margaret.williams@fwa.gov.au](mailto:margaret.williams@fwa.gov.au)



**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)  
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2010.

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

Correna Haythorpe	(President)	
Anne Crawford	(Vice President)	
David Smith	(Vice President)	
John (Jack) Major	(Branch Secretary)	
Jacqueline Bone-George	(Treasurer)	
Michael Braham	David Coulter	Lee Duhring
Denise Ellen	Meredith Farmer	Jennie-Marie Gorman
Katrina Hanlin	Malcolm Hawkins	Lesley Lindsay-Taylor
Carmen Kowalski	Keith Parkinson	Donald Peter
Chris Turrell	Malcolm Vaughan	Bob Woodbury

Note: All Committee Members are serving a 2 year term of office ending 31 December 2011. 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 within the Public Education industry within South Australia.

A major activity of the Union in 2010 was the implementation of the Decisions of the Industrial Relations Commission of SA following the prolonged arbitration on the Union's application for nationally competitive salaries and improvements in conditions for AEU members in the Department of Education and Children's Services and the Department of Employment Further Education Science and Technology that was conducted between 3 August and 30 October 2009.

The IRCSA Decision handed down on 10 February 2010 dealt with salary and classification matters. A second Decision delivered on 25 June 2010 included a major focus on modes of employment and regulation of workload matters. The result of this major activity was the making of new awards for DECS and DFEEST classifications where the AEU has coverage. These awards took effect from 3 September 2010.

Significant features of the new awards include salary increases that have restored South Australian educators to national salary parity and substantial increases in levels of permanent employment for non-teaching staff in schools and pre-schools and for lecturers in TAFE institutes.

The substantial focus on preparation of two new Arbitrated Enterprise Bargaining Awards to replace the former South Australian Education Staff (Government Preschools, School and TAFE) Enterprise Agreement was a significant change in emphasis of the work of the Union during 2010. The Union continued to incur substantial legal costs associated with the development of the two new awards.

The resolution of the AEU's Federal Conference in January 2010 to oppose the creation and publication of

inaccurate and misleading school league tables based on NAPLAN testing data published on the MySchool website heralded a national AEU Say No to League Tables campaign and the threat of non-cooperation with the conduct of the 2010 NAPLAN tests. The moratorium on the conduct of the tests was lifted following Deputy Prime Minister Gillard's agreement to form a working party of educational experts, including representation from the AEU, to provide advice on the legitimate use of student performance and other indicators of school effectiveness in the further development of the MySchool website.

The financial results of those activities is a profit of \$133,919.

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

The number of members as at 31 December 2010 was 13,646.

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

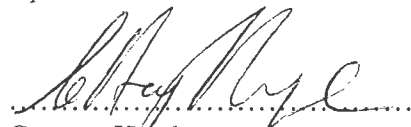
(b) in any other case -

(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;

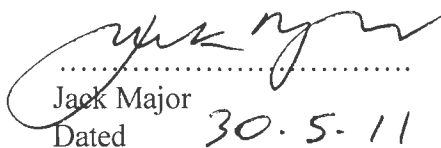
whichever is later.

The number of persons who as at 31 December 2010 were employees of the Branch measured on a full time equivalent basis was 42.2.



Correna Haythorpe

Dated 30/5/11



Jack Major

Dated 30.5.11

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 2010**

	Note	2010 \$	2009 \$
Revenue	2	6,961,533	6,969,966
Governance expenses		693,642	716,092
Administration & Personnel expense		1,126,099	990,511
Operations expense		3,471,750	5,529,165
Other Member Operations expense		1,161,086	1,375,599
Property expense		375,037	404,683
	3(a)	6,827,614	9,016,050
Net (Loss) / Profit for the year		133,919	(2,046,054)
Total other comprehensive income		133,919	(2,046,054)
Total comprehensive income attributable to members of the Union		133,919	(2,046,054)

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 2010**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2009	7,260,436	3,427,768	10,688,204
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>
Profit attributable to members of the Union	133,919	-	133,919
Balance as 31 December 2010	<u><u>5,348,301</u></u>	<u><u>3,427,768</u></u>	<u><u>8,776,069</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 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	58,852	168,554
Receivables	5	117,218	82,889
Other current assets	6	45,961	61,747
Other Financial Assets	7	4,991,300	4,731,349
<b>Total Current Assets</b>		<u>5,213,331</u>	<u>5,044,539</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	8	5,871,079	5,952,505
Financial Assets	7	2	2
<b>Total Non-Current Assets</b>		<u>5,871,081</u>	<u>5,952,507</u>
<b>TOTAL ASSETS</b>		<u>11,084,412</u>	<u>10,997,046</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	9	1,400,343	1,648,185
Short – term Provisions	10	878,801	692,341
<b>Total Current Liabilities</b>		<u>2,279,144</u>	<u>2,340,526</u>
<b>NON CURRENT LIABILITIES</b>			
Long – term Provisions	10	29,199	14,370
<b>Total Non Current Liabilities</b>		<u>29,199</u>	<u>14,370</u>
<b>TOTAL LIABILITIES</b>		<u>2,308,343</u>	<u>2,354,896</u>
<b>NET ASSETS</b>		<u>8,776,069</u>	<u>8,642,150</u>
<b>EQUITY</b>			
Asset Revaluation Reserve		3,427,768	3,427,768
Retained Earnings		5,348,301	5,214,382
<b>TOTAL EQUITY</b>		<u>8,776,069</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 CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Subscriptions		7,222,479	7,089,828
Journal Subscriptions & Advertising		42,825	45,136
Payments to Suppliers and Employees		(7,019,594)	(8,926,267)
Rent & Room Hire		79,466	87,223
Interest Received		268,306	446,324
Other Income		1,741	1,198
Net GST Payable		(376,470)	(241,880)
<b>Net Cash Used in Operating Activities</b>	11	<u>218,753</u>	<u>(1,498,438)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Plant and Equipment		(151,571)	(131,356)
Proceeds from Sale of Equipment		83,068	2,522
Withdrawals from/(Deposits to) Investments		(259,759)	1,759,102
Staff Loans Issued		(8,670)	(7,405)
Payments Received on Staff Loans		8,477	7,202
<b>Net Cash Used in Investing Activities</b>		<u>(328,455)</u>	<u>1,630,065</u>
Net (Decrease)/Increase in Cash Held		(109,702)	1312,627
Cash and cash equivalents at the beginning of the financial year		168,554	36,927
<b>Cash and cash equivalents at the end of the financial year 11</b>		<u><u>58,852</u></u>	<u><u>168,554</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 31 DECEMBER 2010

#### 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 30<sup>th</sup> May 2011 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 31<sup>st</sup> December 1996. Property, plant and equipment acquired since 1<sup>st</sup> 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 31<sup>st</sup> 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 2010 (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 five 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 2010. 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 2010 (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 2010 (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) New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting 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 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and amend the classification and measurement of financial assets. The Union has not yet determined any potential impact on the financial statements.

The changes made to accounting requirements include:

- i. simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- ii. simplifying the requirements for embedded derivatives;
- iii. removing the tainting rules associated with held-to-maturity assets;
- iv. removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- v. allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- vi. requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows.

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

**Note 1 Accounting policies (cont.)**

**(n) New Accounting Standards for Application in Future Periods (cont.)**

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Union.
- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - i. Tier 1: Australian Accounting Standards; and
  - ii. Tier 2: Australian Accounting Standards — Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

  - i. for-profit private sector entities that have public accountability; and
  - ii. the Australian Government and state, territory and local governments.

Subject to AASB 1049, general government sectors of the Australian Government and state and territory governments would also apply Tier 1 reporting requirements. The following entities can elect to apply Tier 2 of the framework when preparing general purpose financial statements:

  - i. for-profit private sector entities that do not have public accountability;
  - ii. not-for-profit private sector entities; and
  - iii. public sector entities, whether for-profit or not-for-profit, other than the Australian Government and state, territory and local governments.
- AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.
- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

This Standard clarifies that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments are not expected to impact the Union.



**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

**Note 1          Accounting policies (cont.)**

**(n)      New Accounting Standards for Application in Future Periods (cont.)**

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).  
This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Union.
- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).  
This Standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This Standard is not expected to impact the Union.
- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).  
This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.
- AASB 2010–3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139] (applicable for annual reporting periods commencing on or after 1 July 2010).  
This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:
  - i. requiring that recognition and/or adjustment of contingent consideration for acquisitions preceding 1 July 2009 be recognised against the cost of acquisition;
  - ii. clarifying the accounting for replacement share-based payments awarded to the acquiree's employees as part of the cost of the combination service, or in the case of non-replaced and unvested share-based payments of the acquiree that do not form part of the exchange, an allocation to both the cost of acquisition and post-combination services on the basis of a market-based measure; and
  - iii. making sundry transitional amendments to various Standards.This Standard is not expected to impact the Union.

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

**Note 1          Accounting policies (cont.)**

**(n)      New Accounting Standards for Application in Future Periods (cont.)**

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- i. clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standards financial statements;
- ii. adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- iii. amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- iv. adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- v. making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Union.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing from 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably, in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Union.

The Union does not anticipate early adoption of any of the above Australian Accounting Standards.

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

<b>Note 2</b>	<b>Revenue And Other Income</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	<b>REVENUE</b>		
	Subscriptions	6,563,517	6,479,430
	Interest	288,348	377,735
	Rent	40,979	47,901
	Room Hire	28,143	27,783
	(Loss)/Profit on sale of Plant & Equipment	456	(4,649)
	Other Income	1,215	1,289
	Journal Advertising & Subscriptions	38,875	40,507
	<b>TOTAL REVENUE</b>	<u>6,961,533</u>	<u>6,969,996</u>

**Note 3 Profit for the year**

**(a) EXPENSES**

**GOVERNANCE**

Branch, Area & Divisional Council Meetings	80,648	85,009
Sub-branch Administration Grants	5,245	7,477
Committee Expenses & Communication to Members	19,857	35,988
Executive Expenses	18,350	29,457
Donations	441	5,450
Entertainment & Travel	19,221	25,241
Travel sustentation	110	467
Executive Allowances	3,875	4,000
Salaries and related costs of Elected Officers	545,895	523,003
<b>TOTAL GOVERNANCE</b>	<u>693,642</u>	<u>716,092</u>

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

<b>Note 3</b>	<b>Profit for the Year (cont.)</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	<b>ADMINISTRATION &amp; PERSONNEL</b>		
	Accountancy & Audit	12,875	12,500
	Bank Fees	56,230	61,387
	Doubtful Debts	-	80
	Entertainment & Travel	892	858
	Fringe Benefits Tax	5,539	7,823
	Insurance	4,084	4,026
	Internet Access & Website	42,600	27,474
	Legal Fees	833	552
	Machine Maintenance	14,457	18,972
	Postage	8,515	9,549
	Printing & Stationery	20,141	28,526
	Provision for Annual Leave	(7,495)	44,127
	Provision for Long Service Leave	201,289	32,585
	Recruitment & Training	25,013	28,740
	Salaries and related costs	578,532	534,453
	Computer Expenses	90,422	107,050
	Sundry Expenses	12,675	12,163
	Telephone & Fax	59,497	59,646
		<hr/>	<hr/>
	<b>TOTAL ADMINISTRATION &amp; PERSONNEL</b>	<b>1,126,099</b>	<b>990,511</b>
		<hr/>	<hr/>
	<b>OPERATIONS</b>		
	Campaign & Publicity:		
	Advertising & Other Campaign Expenses	129,510	418,920
	Media Consultancy & Monitoring	13,460	35,858
		<hr/>	<hr/>
		<b>142,970</b>	<b>454,778</b>
	Membership Records:		
	Stationery/Resources	10,483	3,585
	Postage	13,638	13,451
	Salaries and related costs	182,411	174,421
		<hr/>	<hr/>
		<b>206,532</b>	<b>191,457</b>

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

<b>Note 3</b>	<b>Profit for the Year (cont.)</b>	<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
	OPERATIONS (Cont.)		
	Resource Centre:		
	Purchases	22,114	21,753
	Salaries and Related Costs	215,501	202,138
		<hr/>	<hr/>
		237,615	223,891
	Organisers:		
	Regional Office Expenses	14,368	15,021
	Motor Vehicle Expenses	63,946	61,305
	Depreciation - Motor Vehicles	44,115	45,814
	Salaries and Related Costs	1,551,259	1,554,207
	Travel & Sundry Expenses	53,808	69,558
		<hr/>	<hr/>
		1,727,496	1,745,905
	Industrial:		
	Legal Expenses	166,711	1,726,729
	Associated Legal Costs	2,271	221,870
	Salaries and Related Costs	474,330	456,818
	Travel & Sundry Expenses	2,027	3,457
		<hr/>	<hr/>
		645,339	2,408,874
	Communications:		
	AEU Journal - Printing	66,507	59,660
	- Delivery	50,913	52,648
	Newsletters - Printing	2,432	3,409
	- Delivery	1,169	2,992
	Travel & Accommodation	111	549
	Salaries and Related Costs	254,592	240,659
		<hr/>	<hr/>
		375,724	359,917
	Women's Officer:		
	Operating Expenses	33,780	41,134
	Salaries and Related Costs	102,025	102,484
	Travel & Sundry Expenses	269	725
		<hr/>	<hr/>
		136,074	144,343
	<b>TOTAL OPERATIONS</b>	<hr/>	<hr/>
		3,471,750	5,529,165
		<hr/>	<hr/>

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

Note 3	Profit for the Year (cont.)	2010	2009
		\$	\$
	OTHER MEMBER OPERATIONS		
	Legal Defence	111,598	313,185
	Union Development	216,116	217,818
	Member Professional Development	63,833	99,049
	International Support	41,000	41,195
	A.E.U. Affiliation	471,045	458,815
	Other Affiliations	60,475	58,702
	National Committees & Conferences		
	Travel & other expenses	6,886	6,728
	Sustentation	4,290	5,448
	Salaries and Related Costs	185,489	174,510
	Travel and accommodation	354	149
	<b>TOTAL OTHER MEMBER OPERATIONS</b>	<u>1,161,086</u>	<u>1,375,599</u>
	PROPERTY		
	Repairs & Maintenance	39,329	49,033
	Rates & Taxes	59,617	57,692
	Electricity	41,527	38,147
	Cleaning	42,734	43,589
	Insurance	14,831	14,348
	Sundry Property Expenses	15,543	13,315
	Depreciation		
	- Furniture & Fittings	8,192	8,307
	- Plant & Equipment	60,579	86,405
	- Buildings	37,500	37,500
	Salaries and Related Costs	55,185	56,347
	<b>TOTAL PROPERTY</b>	<u>375,037</u>	<u>404,683</u>
	<b>TOTAL EXPENSES</b>	<u>6,827,614</u>	<u>9,016,050</u>

**(b) Significant Revenue & Expenses**

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

Legal Expense	<u>166,711</u>	<u>1,726,729</u>
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**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

<b>Note 4</b>	<b>Cash and cash equivalents</b>	<b>2010</b>	<b>2009</b>
		\$	\$
	Petty Cash	400	500
	Cash at Bank	58,452	168,054
		<u>58,852</u>	<u>168,554</u>
		=====	=====
<b>Note 5</b>	<b>Receivables</b>		
	Trade Debtors	34,481	10,533
	Provision for Doubtful Debts	(100)	(100)
		<u>34,381</u>	<u>10,433</u>
	Sundry Debtors	82,837	72,456
		<u>117,218</u>	<u>82,889</u>
		=====	=====
<p>Note that in both 2010 and 2009 there were no amounts in Trade Debtors in relation to an amount receivable from the Australian Education Union.</p>			
<b>Note 6</b>	<b>Other Current Assets</b>		
	Prepayments	45,961	61,747
		<u>45,961</u>	<u>61,747</u>
		=====	=====
<b>Note 7</b>	<b>Other Financial Assets</b>		
	<b>Investments - Current</b>		
	Satisfac Deposits	2,669,945	2,513,975
	Bank SA:		
	Short Term Money Market	289,219	209,719
	Term Deposit/Bank Bills	524,288	500,000
	Members Equity Deposit	1,500,000	1,500,000
	Staff Computer Loans	7,848	7,655
		<u>4,991,300</u>	<u>4,731,349</u>
		=====	=====
	<b>Investments - Non-current</b>		
	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 2010 (CONT.)**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Note 8      Property, Plant &amp; Equipment</b>		
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	(81,267)	(43,767)
	<u>4,918,733</u>	<u>4,956,233</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	549,225	611,288
Accumulated Depreciation	(367,368)	(381,092)
	<u>181,857</u>	<u>230,196</u>
Furniture and Fittings - at cost	190,529	189,243
Accumulated Depreciation	(138,770)	(131,138)
	<u>51,759</u>	<u>58,105</u>
Motor Vehicles - at cost	275,959	304,496
Accumulated Depreciation	(80,529)	(119,825)
	<u>195,430</u>	<u>184,671</u>
<b>Total property, plant &amp; equipment</b>	<u><u>5,871,079</u></u>	<u><u>5,952,505</u></u>



**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

**Note 8 Property, Plant & Equipment (cont.)**

	<u>2010</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	4,956,233	487,000	36,300	230,196	58,105	184,671	5,952,505
Additions – cost	-	-	-	12,240	1,285	138,046	151,571
Disposals	-	-	-	-	561	(83,172)	(82,611)
Depreciation	(37,500)	-	-	(60,579)	(8,192)	(44,115)	(150,386)
Closing WDV	<u>4,918,733</u>	<u>487,000</u>	<u>36,300</u>	<u>181,857</u>	<u>51,759</u>	<u>195,430</u>	<u>5,871,079</u>

	<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>

**Note 9 Trade and other Payables**

	<u>2010</u>	<u>2009</u>
	\$	\$
Accrued Expenses	500,989	746,510
Subscriptions in advance	371,202	366,028
Employee Benefits		
Provision for Annual Leave		
Elected Officers	66,169	83,712
Other employees	411,983	401,935
	<u>478,152</u>	<u>485,647</u>
Provision for Sick Leave		
Elected Officers	6,267	4,583
Other employees	43,733	45,417
	<u>50,000</u>	<u>50,000</u>
	<u>1,400,343</u>	<u>1,648,185</u>

Note: Accrued Expenses include \$1,781 (2009 \$7,905) in relation to salary and oncost obligations for Elected Officers and \$8,071 (2009 \$213,784) 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 2010(CONT.)**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Note 10</b>		
<b>Provisions</b>		
<b>Current</b>		
Provision for Long Service Leave		
Elected Officers	28,093	63,071
Other employees	850,708	692,270
	<u>878,801</u>	<u>692,341</u>
	=====	=====
<b>Non Current</b>		
Provision for Long Service Leave		
Elected Officers	1,106	-
Other employees	28,093	14,370
	<u>29,199</u>	<u>14,370</u>
	=====	=====
<b>Note 11</b>		
<b>Cash Flows</b>		
a) <b>Reconciliation of Net Profit to Net Cash Provided by Operating Activities</b>		
Net Profit/(Loss)	133,919	(2,046,054)
Depreciation:		
- Motor Vehicles	44,115	45,814
- Furniture & Fittings	8,192	8,307
- Plant & Equipment	60,579	86,405
- Buildings	37,500	37,500
(Profit)/Loss on Sale of Equipment	(456)	4,649
Change in Assets and Liabilities:		
(Increase)/Decrease in Trade Debtors	(23,948)	5,664
(Increase)/Decrease in Sundry Debtors	(10,381)	55,029
Decrease in Prepayments	15,786	397
(Decrease)/Increase in Payables	(240,347)	227,139
(Decrease)/Increase in Provision for Annual Leave	(7,495)	44,127
Increase in Provision for Long Service Leave	201,289	32,585
	<u>218,753</u>	<u>(1,498,438)</u>
	=====	=====

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

		2010		2009
		\$		\$
<b>Note 11</b>	<b>Cash Flows (cont.)</b>			
	<b>b) Reconciliation of Cash</b>			
	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	400		500
	Cash at bank	58,452		168,054
		58,852		168,554
		58,852		168,554
	<b>c) Credit Stand-by Arrangements and Loan Facility</b>			
	The Union has no credit stand-by arrangements or loan facilities in place.			
	<b>d) Non-Cash Financing and Investments Activities</b>			
	There were no non-cash financing and investing activities during the year.			
	<b>e) Cash flows with other AEU branches</b>			
	Cash received from:			
	AEU Federal Office	125		-
	AEU (QLD Branch)	-		-
	Total cash received	125		-
		125		-
	Cash paid to:			
	AEU Federal Office	648,782		565,178
	AEU (Victorian Branch)	25		8,339
	Total cash paid	648,807		573,517
		648,807		573,517
<b>Note 12</b>	<b>Auditor's Remuneration</b>			
	Amounts received or due and receivable by auditors for:			
	- auditing or reviewing the financial report	12,875		12,500
	- other services	-		-
		12,875		12,500
		12,875		12,500

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (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)
David Smith (Vice President)	John (Jack) Major (Branch Secretary)
Jacqueline Bone-George (Treasurer)	Michael Braham
David Coulter	Lee Duhring
Denise Ellem	Meredith Farmer
Jennie-Marie Gorman	Katrina Hanlin
Malcolm Hawkins	Lesley Lindsay-Taylor
Carmen Kowalski	Donald Peter
Chris Turrell	Malcolm Vaughan
Bob Woodbury	

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2010, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$431,543 (2009 \$439,015). The aggregate amounts paid during the year ended 31st December 2010 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$76,216 (2009 \$58,832).

**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 42.2.

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONT.)**

**Note 15 Financial Instruments Disclosure**

(a) Interest rate risk

The Union's financial instruments consist mainly of deposits with banks, short term investments, amounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are also set out below.

	<u>2010</u>	Fixed interest Maturing in		
	Floating Interest rate	1 year or less	Non interest bearing	Total
<b>Financial assets</b>				
Cash on hand and in banks	58,452	-	400	58,852
Investments – other than public investments	289,219	4,694,233	7,848	4,991,300
Trade and other debtors	-	-	163,179	163,179
	<hr/>	<hr/>	<hr/>	<hr/>
	347,671	4,694,233	171,427	5,213,331
Weighted average interest rate	4.5%	6.4%		
<b>Financial Liabilities</b>				
Accrued Expenses	-	-	500,989	500,989
Subscriptions in advance	-	-	371,202	371,202
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	872,191	872,191
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2009</u>	Fixed interest Maturing in		
	Floating Interest rate	1 year or less	Non interest bearing	Total
<b>Financial assets</b>				
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
	<hr/>	<hr/>	<hr/>	<hr/>
	377,773	4,513,975	152,791	5,044,539
Weighted average interest rate	1.4%	5.5%		
<b>Financial Liabilities</b>				
Accrued Expenses	-	-	746,510	746,510
Subscriptions in advance	-	-	366,028	366,028
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	1,112,538	1,112,538
	<hr/>	<hr/>	<hr/>	<hr/>

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010 (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.

(d) Financial Risk Management Policies

The Union's Executive is responsible for, among other issues, monitoring and managing financial risk exposures of the Union. The Executive monitors the Union's transactions and reviews the effectiveness of controls relating to credit risk, financial risk and interest rate risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The Executive's overall risk management strategy seeks to ensure that the Union meets its financial targets, while minimising potential adverse effects of cash flow shortfalls

(e) Sensitivity Analysis

The following table illustrates sensitivities to the Union's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>Year ended 31 December 2010</b>		
+ 2% in interest rates	91,734	91,734
- 2% in interest rates	(93,183)	(93,183)
<b>Year ended 31 December 2009</b>		
+ 2% in interest rates	105,203	105,203
- 2% in interest rates	(113,208)	(113,208)

**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)

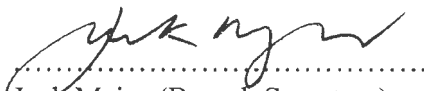
**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**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 30<sup>th</sup> May 2011, 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 2010 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 30.5.11





EdwardsMarshall

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## THE AUSTRALIAN EDUCATION UNION (SA BRANCH)

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

#### *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 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising 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 are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the Committee of Management also states, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### *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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 control 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 purpose 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 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 the Australian professional ethical pronouncements.



FAIR WORK  
AUSTRALIA

21 July 2011

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 2010 (FR2010/2901)**

I acknowledge receipt of the financial report of the Australian Education Union - SA Branch for the year ended 31 December 2010. The documents were lodged with Fair Work Australia on 27 June 2011.

The report has not been filed.

I have examined the financial report. Following that examination I have identified a matter, the details of which are set out below, that I require you to attend to before the report can be filed.

**Content of designated officer's certificate**

Section 268 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires the certificate by the designated officer to certify that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with section 266.

I note that the designated officer's certificate provided referred to "the financial statements" being provided to members. The designated officer's certificate should state that the General Purpose Financial Report was provided to members.

**International Support**

Note 3 to the financial statements discloses \$41,000 as expenses in International Support. The nature of the item 'International Support' is not clear. Please advise if this amount is for an affiliation as it should be identified as such.

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.

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](mailto: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](mailto:margaret.williams@fwa.gov.au)



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**THE AUSTRALIAN EDUCATION UNION (SA BRANCH)**

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

***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 and

- (a) it presents fairly, in all material respects, the financial position of the the Australia Education Union (SA Branch), as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act, 2009 and any other requirements imposed by Part 3 Chapter 8 of the RO Act; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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

Edwards Marshall  
Chartered Accountants

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

Adelaide  
South Australia

30 May 2011