



FAIR WORK
COMMISSION

30 January 2014

Mr Jack Major
Secretary, South Australia Branch
Australian Education Union
163 Greenhill Road
PARKSIDE SA 5063

Dear Mr Major,

**Re: Lodgement of Financial Statements and Accounts - Australian Education Union,
South Australia Branch - for year ended 31 December 2012 (FR2012/593)**

I refer to the above financial statements and accounts which were lodged on 21 June 2013. I acknowledge an unusual delay in corresponding to you in relation to these reports.

The documents comply with the relevant legislative requirements and have been filed.

I take this opportunity to remind you that the new Reporting Guidelines issued on 26 June 2013 will apply to the next report, for the year ended 31 December 2013. If you have any queries in relation to the requirements, please do not hesitate to contact an officer of the Regulatory Compliance Branch of the Fair Work Commission.

Yours sincerely

Stephen Kellett

Senior Adviser, Regulatory Compliance Branch

From: KELLETT, Stephen
Sent: Thursday, 30 January 2014 10:13 AM
To: 'Jack Major'
Subject: RE: Financial Report y/e 31 Dec 2012 - filing

Dear Mr Major,

Please see attached my letter in relation to the above. I also attach a copy of the new Reporting Guidelines for your and your auditor's convenient reference when preparing the 2013 report.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

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EAST SYDNEY NSW 2011

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**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2012.

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

Correna Haythorpe	(President)	
Jan Murphy	(Vice President)	
David Smith	(Vice President)	
John (Jack) Major	(Branch Secretary)	
Jacqueline Bone-George	(Treasurer)	
Margaret Bastian	Pat Cavanough	Steve Clark
Trina Coburn	David Coulter	Anne Crawford
Tammy Edwardson	Denise Ellem	Meredith Farmer
Katrina Hanlin	Malcolm Hawkins	Donald Peter
Chris Turrell	Malcolm Vaughan	Bob Woodbury

Note: All Committee Members are serving a 2 year term of office ending 31 December 2013. 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.

In November 2011 the union set the following priorities to direct its work in 2012;

- Increase Government funding to public schools, early childhood education centres and TAFE Institutes
- Enhance and support the professional status of AEU members in public education
- Protect and promote quality teaching and learning
- Protect and enhance the industrial rights of AEU members
- Promote human rights and social justice.

Accordingly the principal activities of the union centred on achievement of these goals.

A focus on recruitment and retention continued to be a key priority for the AEU (SA Branch) to ensure that the union retains strong membership density in all sectors. Membership stability was maintained through the conduct of recruitment blitzes and the implementation of successful strategies that have been utilised by other Branches to recruit and retain members, including the setting of recruitment targets. In particular, New Educators and lapsed members were a key priority for recruitment.

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (Cont.)**

Member training and development play a critical role in providing the tools and strategies needed to encourage AEU members to actively engage and recruit their colleagues. AEU training and development activities were linked to building the capacity of AEU activists to effectively manage grievances at the local level. New Workplace Representative training continued to be a priority of the Union in order to develop the skills of new Sub-branch Secretaries and therefore increase the engagement of all members in worksites.

A major activity involving all membership sectors was the development of an enterprise bargaining Log of Claims for members in the preschool, schooling and TAFE sectors, and subsequent negotiations with South Australian government representatives leading to new Enterprise Agreements covering preschool and schools and TAFE SA that replaced the 2010 arbitrated awards of the SA Industrial Commission. The bargaining process led to wages outcomes that re-established the competitiveness of South Australian AEU members' salaries in the national context. The first wage increase arising from the new Enterprise Agreements took effect from 12 October 2012.

The schooling sector membership participated in a campaign to influence the Federal government to legislate for the introduction of the school funding reforms recommended in the Gonski Review and for the State Government to commit to a share of the increased level of funding that implementation of Gonski would require.

TAFE members participated in the national *Invest in Quality, Invest in TAFE* campaign with the aim of raising political awareness of the erosion of quality training provision that has been a feature of the introduction of fully contestable VET funding in other jurisdictions and continued to draw attention to the undermining of TAFE that would prove to be a key feature of the State government's *Skills for All* vocational education and training reforms. AEU monitoring of the establishment of TAFE SA as a statutory authority under the direction of a TAFE SA Board ensured that members' industrial entitlements were preserved in the new corporate structure.

Preschool members faced the implementation of Universal Access to 15 hours per week of preschool education and qualifications upgrade required by the National Quality Framework.

The financial results of those activities is a profit of \$285,255.
There has been no significant change in the Union's financial affairs during the year.

The number of members as at 31 December 2012 was 13,380.

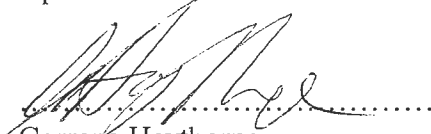
Members may resign from the Union in accordance with Federal Rule 17 which reads:

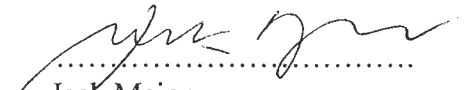
“17 - Resignation from membership and termination of eligibility

- (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.

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (Cont.)**

The number of persons who as at 31 December 2012 were employees of the Branch measured on a full time equivalent basis was 43.5.


.....
Correna Haythorpe
Dated 7-5-13


.....
Jaek Major
Dated 7-5-13

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 2012**

	Note	2012	2011
		\$	\$
Revenue	2	7,450,976	7,335,207
Governance expenses		760,925	748,620
Administration & Personnel expense		1,304,243	1,050,663
Operations expense		3,509,721	3,509,937
Other Member Operations expense		1,163,834	1,257,219
Property expense		426,998	391,018
	3(a)	<u>7,165,721</u>	<u>6,957,457</u>
Net (Loss) / Profit for the year		<u>285,255</u>	<u>377,750</u>
		<u>285,255</u>	<u>377,750</u>
Total other comprehensive income		<u>285,255</u>	<u>377,750</u>
Total comprehensive income attributable to members of the Union		<u><u>285,255</u></u>	<u><u>377,750</u></u>

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 2012**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2011	5,348,301	3,427,768	8,776,069
Profit attributable to members of the Union	377,750	-	377,750
Balance as 31 December 2011	<u>5,726,051</u>	<u>3,427,768</u>	<u>9,153,819</u>
Profit attributable to members of the Union	285,255	-	285,255
Balance as 31 December 2012	<u><u>6,011,306</u></u>	<u><u>3,427,768</u></u>	<u><u>9,439,074</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 2012

	Notes	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	46,571	73,094
Receivables	5	102,548	168,203
Other current assets	6	57,342	53,646
Other Financial Assets	7	6,194,701	5,617,449
Total Current Assets		6,401,162	5,912,392
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	5,748,769	5,754,710
Financial Assets	7	2	2
Total Non-Current Assets		5,748,771	5,754,712
TOTAL ASSETS		12,149,933	11,667,104
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	9	1,591,119	1,541,372
Short – term Provisions	10	1,100,151	963,061
Total Current Liabilities		2,691,270	2,504,433
NON CURRENT LIABILITIES			
Long – term Provisions	10	19,589	8,852
Total Non Current Liabilities		19,589	8,852
TOTAL LIABILITIES		2,710,859	2,513,285
NET ASSETS		9,439,074	9,153,819
EQUITY			
Asset Revaluation Reserve		3,427,768	3,427,768
Retained Earnings		6,011,306	5,726,051
TOTAL EQUITY		9,439,074	9,153,819

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 2012**

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		7,645,380	7,530,226
Journal Subscriptions & Advertising		27,849	43,055
Payments to Suppliers and Employees		(7,017,060)	(6,798,902)
Rent & Room Hire		83,821	86,945
Interest Received		388,571	277,583
Other Income		13,340	2,028
Net GST Payable		(470,119)	(470,770)
Net Cash Used in Operating Activities	11	671,782	670,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(190,507)	(29,774)
Proceeds from Sale of Equipment		69,454	-
Withdrawals from/(Deposits to) Investments		(576,085)	(632,047)
Staff Loans Issued		(4,736)	(1,509)
Payments Received on Staff Loans		3,569	7,407
Net Cash Used in Investing Activities		(698,305)	(655,923)
Net (Decrease)/Increase in Cash Held		(26,523)	14,242
Cash and cash equivalents at the beginning of the financial year		73,094	58,852
Cash and cash equivalents at the end of the financial year 11		46,571	73,094

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 2012

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 21st May 2012 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 2012 (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 2011. 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 2012 (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 Equivalent

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 2012 (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 a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- 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;

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 1 Accounting policies (cont.)

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

- 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; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Union has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

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:

- Tier 1: Australian Accounting Standards; and
- 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.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Union.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 1 Accounting policies (cont.)

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

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127 (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Union has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Union.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Union.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 1 Accounting policies (cont.)

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

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Union does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- a) require only those benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as either other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
 - i. for an offer that may be withdrawn – when the employee accepts;
 - ii. for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
 - iii. where the termination is associated with a restructuring of activities under AASB 137 and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Union has not yet been able to reasonably estimate the impact of these changes to AASB 119.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 2	Revenue And Other Income	2012	2011
		\$	\$
	REVENUE		
	Subscriptions	6,985,323	6,868,335
	Interest	326,281	344,678
	Rent	45,272	47,479
	Room Hire	30,280	32,214
	(Loss)/Profit on sale of Plant & Equipment	24,135	(480)
	Other Income	3,583	1,959
	Journal Advertising & Subscriptions	28,052	41,022
	Donations	8,050	-
	TOTAL REVENUE	<u>7,450,976</u>	<u>7,335,207</u>

Note 3 Profit for the year

(a) EXPENSES

GOVERNANCE

Branch, Area & Divisional Council Meetings	86,171	81,632
Sub-branch Administration Grants	5,470	6,057
Committee Expenses & Communication to Members	40,856	40,217
Executive Expenses	10,656	27,006
Donations	370	1,350
Entertainment & Travel	19,651	25,169
Travel sustentation		750
Executive Allowances	3,750	3,875
Salaries and related costs of Elected Officers	594,001	562,564
TOTAL GOVERNANCE	<u>760,925</u>	<u>748,620</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 3	Profit for the Year (cont.)	2012	2011
		\$	\$
	ADMINISTRATION & PERSONNEL		
	Accountancy & Audit	14,164	15,431
	Bank Fees	52,828	53,957
	Doubtful Debts	-	(100)
	Entertainment & Travel	555	466
	Fringe Benefits Tax	4,087	4,139
	Insurance	4,333	4,079
	Internet Access & Website	23,877	21,110
	Legal Fees	455	-
	Machine Maintenance	26,425	29,384
	Postage	7,255	8,252
	Printing & Stationery	19,113	22,512
	Provision for Annual Leave	38,321	23,702
	Provision for Long Service Leave	147,827	63,913
	Provision for Sick Leave	-	30,000
	Recruitment & Training	35,523	15,625
	Salaries and related costs	676,182	590,526
	Computer Expenses	185,121	101,406
	Sundry Expenses	12,740	14,120
	Telephone & Fax	55,437	52,141
		<hr/>	<hr/>
	TOTAL ADMINISTRATION & PERSONNEL	1,304,243	1,050,663
		<hr/>	<hr/>
	OPERATIONS		
	Campaign & Publicity:		
	Advertising & Other Campaign Expenses	75,329	157,444
	Media Consultancy & Monitoring	13,141	12,136
		<hr/>	<hr/>
		88,470	169,580
	Membership Records:		
	Stationery/Resources	5,609	5,005
	Postage	14,111	14,071
	Salaries and related costs	196,131	204,071
		<hr/>	<hr/>
		215,851	223,147

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 3	Profit for the Year (cont.)	2012	2011
		\$	\$
	OPERATIONS (Cont.)		
	Resource Centre:		
	Purchases	23,493	17,960
	Salaries and Related Costs	217,295	213,291
		<hr/>	<hr/>
		240,788	231,251
	Organisers:		
	Regional Office Expenses	7,560	7,151
	Motor Vehicle Expenses	53,718	57,306
	Depreciation - Motor Vehicles	40,864	41,393
	Salaries and Related Costs	1,673,957	1,635,623
	Travel & Sundry Expenses	83,510	74,369
		<hr/>	<hr/>
		1,859,609	1,815,842
	Industrial:		
	Legal Expenses	3,950	11,794
	Salaries and Related Costs	532,522	511,889
	Travel & Sundry Expenses	5,096	4,868
		<hr/>	<hr/>
		541,568	528,551
	Communications:		
	AEU Journal - Printing	61,600	68,721
	- Delivery	59,724	51,167
	Newsletters - Printing	-	1,235
	- Delivery	-	873
	Travel & Accommodation	18	398
	Salaries and Related Costs	271,446	261,154
		<hr/>	<hr/>
		392,788	383,548
	Women's Officer:		
	Operating Expenses	46,691	49,091
	Salaries and Related Costs	120,198	107,722
	Travel & Sundry Expenses	3,758	1,205
		<hr/>	<hr/>
		170,647	158,018
	TOTAL OPERATIONS	<hr/>	<hr/>
		3,509,721	3,509,937
		<hr/>	<hr/>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 3	Profit for the Year (cont.)	2012	2011
		\$	\$
	OTHER MEMBER OPERATIONS		
	Legal Defence	94,435	107,385
	Union Development	154,267	262,456
	Member Professional Development	66,238	88,983
	International Support	55,000	50,060
	A.E.U. Affiliation	512,862	479,899
	Other Affiliations	66,659	65,146
	National Committees & Conferences		
	Travel & other expenses	7,169	7,637
	Sustentation	5,860	5,731
	Salaries and Related Costs	199,905	188,676
	Travel and accommodation	1,439	1,246
	TOTAL OTHER MEMBER OPERATIONS	<u>1,163,834</u>	<u>1,257,219</u>
	PROPERTY		
	Repairs & Maintenance	53,761	46,260
	Rates & Taxes	63,810	62,426
	Electricity	51,456	47,012
	Cleaning	51,440	43,174
	Insurance	15,794	15,195
	Sundry Property Expenses	15,759	10,219
	Depreciation		
	- Furniture & Fittings	10,526	8,210
	- Plant & Equipment	62,239	58,560
	- Buildings	37,500	37,500
	Salaries and Related Costs	64,713	62,462
	TOTAL PROPERTY	<u>426,998</u>	<u>391,018</u>
	TOTAL EXPENSES	<u><u>7,165,721</u></u>	<u><u>6,957,457</u></u>

(b) Significant Revenue & Expenses

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

Advertising and Other Campaign Expenses	75,329	157,444
A.E.U. Affiliation	512,862	479,899
	<u>=====</u>	<u>=====</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 4	Cash and cash equivalents	2012	2011
		\$	\$
	Petty Cash	400	400
	Cash at Bank	46,171	72,694
		<u>46,571</u>	<u>73,094</u>
		=====	=====
Note 5	Receivables		
	Trade Debtors	11,979	10,205
	Provision for Doubtful Debts	-	-
		<u>11,979</u>	<u>10,205</u>
	Sundry Debtors	90,569	157,998
		<u>102,548</u>	<u>168,203</u>
		=====	=====
<p>Note that in both 2012 and 2011 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	57,342	53,646
		<u>57,342</u>	<u>53,646</u>
		=====	=====
Note 7	Other Financial Assets		
	Investments - Current		
	Credit Union SA Deposits	3,019,042	2,843,924
	Bank SA:		
	Short Term Money Market	586,012	721,754
	Term Deposit/Bank Bills	1,086,531	549,822
	Members Equity Deposit	1,500,000	1,500,000
	Staff Computer Loans	3,116	1,949
		<u>6,194,701</u>	<u>5,617,449</u>
		=====	=====
	Investments - Non-current		
	Credit Union SA 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 2012 (CONT.)**

	2012	2011
	\$	\$
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	(156,267)	(118,767)
	4,843,733	4,881,233
Porter Street – at independent valuation	487,000	487,000
	36,300	36,300
Works of Art – at cost	36,300	36,300
	496,513	524,306
Plant & Equipment - at cost	496,513	524,306
Accumulated Depreciation	(382,376)	(374,291)
	114,137	150,015
Furniture and Fittings - at cost	214,479	193,106
Accumulated Depreciation	(156,328)	(146,981)
	58,151	46,125
Motor Vehicles - at cost	270,294	275,959
Accumulated Depreciation	(60,846)	(121,922)
	209,448	154,037
Total property, plant & equipment	5,748,769	5,754,710

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

Note 8 Property, Plant & Equipment (cont.)

	<u>2012</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	4,881,233	487,000	36,300	150,015	46,125	154,037	5,754,710
Additions – cost	-	-	-	35,709	22,552	132,248	190,509
Disposals	-	-	-	(9,348)	-	(35,973)	(45,321)
Depreciation	(37,500)	-	-	(62,239)	(10,526)	(40,864)	(151,129)
Closing WDV	<u>4,843,733</u>	<u>487,000</u>	<u>36,300</u>	<u>114,137</u>	<u>58,151</u>	<u>209,448</u>	<u>5,748,769</u>

	<u>2011</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	4,918,733	487,000	36,300	181,857	51,759	195,430	5,871,079
Additions – cost	-	-	-	27,198	2,576	-	29,774
Disposals	-	-	-	(480)	-	-	(480)
Depreciation	(37,500)	-	-	(58,560)	(8,210)	(41,393)	(145,663)
Closing WDV	<u>4,881,233</u>	<u>487,000</u>	<u>36,300</u>	<u>150,015</u>	<u>46,125</u>	<u>154,037</u>	<u>5,754,710</u>

Note 9 Trade and other Payables

	<u>2012</u>	<u>2011</u>
	\$	\$
Accrued Expenses	657,446	610,039
Subscriptions in advance	313,498	349,479
Employee Benefits		
Provision for Annual Leave		
Elected Officers	78,957	72,300
Other employees	461,218	429,554
	<u>540,175</u>	<u>501,854</u>
Provision for Sick Leave		
Elected Officers	9,898	9,910
Other employees	70,102	70,090
	<u>80,000</u>	<u>80,000</u>
	<u>1,591,119</u>	<u>1,541,372</u>
	=====	=====

Note: Accrued Expenses include \$8,710 (2011 \$2,303) in relation to salary and oncost obligations for Elected Officers and \$4,384 (2011 \$4,606) 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 2012(CONT.)**

	2012	2011
	\$	\$
Note 10		
Provisions		
Current		
Provision for Long Service Leave		
Elected Officers	148,173	90,720
Other employees	951,978	872,341
	<u>1,100,151</u>	<u>963,061</u>
	=====	=====
Non Current		
Provision for Long Service Leave		
Elected Officers	8,489	3,932
Other employees	11,100	4,920
	<u>19,589</u>	<u>8,852</u>
	=====	=====
Note 11		
Cash Flows		
a) Reconciliation of Net Profit to Net Cash Provided by Operating Activities		
Net Profit	285,255	377,750
Depreciation:		
- Motor Vehicles	40,864	41,393
- Furniture & Fittings	10,526	8,210
- Plant & Equipment	62,239	58,560
- Buildings	37,500	37,500
(Profit)/Loss on Sale of Equipment	(24,135)	480
Change in Assets and Liabilities:		
(Increase)/Decrease in Trade Debtors	(1,774)	24,276
Decrease in Provision for Doubtful Debts	-	(100)
Decrease/(Increase) in Sundry Debtors	67,429	(75,161)
(Increase) in Prepayments	(3,696)	(7,685)
Increase in Payables	11,426	87,327
Increase in Provision for Annual Leave	38,321	23,702
Increase in Provision for Long Service Leave	147,827	63,913
Increase in Provision for Sick Leave	-	30,000
Net Cash Provided by Operating Activities	<u>671,782</u>	<u>670,165</u>
	=====	=====

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT.)**

		2012		2011
		\$		\$
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	400		400
	Cash at bank	46,171		72,694
		46,571		73,094
		46,571		73,094
	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	2,850		841
	AEU (Vic Branch)	-		1,293
	AEU (Tas Branch)	683		137
	AEU (Qld Branch)	569		-
	Total cash received	4,102		2,271
		4,102		2,271
	Cash paid to:			
	AEU Federal Office	620,111		578,954
	AEU (Victorian Branch)	147		-
	Total cash paid	620,258		578,954
		620,258		578,954
Note 12	Auditor's Remuneration			
	Amounts received or due and receivable by auditors for:			
	- auditing or reviewing the financial report	14,164		15,431
	- other services	-		-
		14,164		15,431
		14,164		15,431

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (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)	Jan Murphy (Vice President)
David Smith (Vice President)	John (Jack) Major (Branch Secretary)
Jacqueline Bone-George (Treasurer)	Margaret Bastian
Pat Cavanough	Steve Clark
Trina Coburn	David Coulter
Anne Crawford	Denise Ellem
Meredith Farmer	Tammy Edwardson
Katrina Hanlin	Malcolm Hawkins
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 2012, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$501,546 (2011 \$471,727). The aggregate amounts paid during the year ended 31st December 2012 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$59,002 (2011 \$60,485).

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 43.5.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (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>2012</u>	Fixed interest Maturing in		
	Floating Interest rate	1 year or less	Non interest bearing	Total
Financial assets				
Cash on hand and in banks	46,171	-	400	46,571
Investments – other than public investments	586,012	5,605,573	3,116	6,194,701
Trade and other debtors	-	-	159,890	159,890
	<hr/>	<hr/>	<hr/>	<hr/>
	632,183	5,605,573	163,406	6,401,162
Weighted average interest rate	4.1%	5.4%		
Financial Liabilities				
Accrued Expenses	-	-	657,446	657,446
Subscriptions in advance	-	-	313,498	313,498
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	970,944	970,944
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2011</u>	Fixed interest Maturing in		
	Floating Interest rate	1 year or less	Non interest bearing	Total
Financial assets				
Cash on hand and in banks	72,694	-	400	73,094
Investments – other than public investments	721,754	4,893,746	1,949	5,617,449
Trade and other debtors	-	-	221,849	221,849
	<hr/>	<hr/>	<hr/>	<hr/>
	794,448	4,893,746	224,198	5,912,392
Weighted average interest rate	4.4%	6.3%		
Financial Liabilities				
Accrued Expenses	-	-	610,039	610,039
Subscriptions in advance	-	-	349,479	349,479
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	959,518	959,518
	<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 2012 (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 quarterly 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 \$
Year ended 31 December 2012		
+ 2% in interest rates	116,940	116,940
- 2% in interest rates	(118,000)	(118,000)
Year ended 31 December 2011		
+ 2% in interest rates	91,734	91,734
- 2% in interest rates	(93,183)	(93,183)

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)



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 2012, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies, other explanatory notes and the 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 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 have 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 whether the financial report is free from material misstatement.

An audit involves performing the 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 to 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 circumstance, 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 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 the Australian professional ethical pronouncements.



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 Australian Education Union (SA Branch), as at 31 December 2012, 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 requirement 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

Dated 7/5/13

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FAIR WORK
COMMISSION

18 January 2013

Mr Jack Major
Secretary
Australian Education Union-South Australian Branch
Sent by fax: (08) 8373 1254

Dear Mr Major,

Re: Lodgement of Financial Report - [FR2012/593]
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Australian Education Union-South Australian Branch (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

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

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to orgs@fwc.gov.au. If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement.	/ /	As soon as practicable after end of financial year
(b) A # designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).		
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> the General Purpose Financial Report (which includes the Committee of Management Statement); the Auditor's Report; and the Operating Report. 	/ /	(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting, or (b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.
Present full report to:		
(a) General Meeting of Members - s266 (1),(2); OR	/ /	Within 6 months of end of financial year
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	Within 6 months of end of financial year
Lodge full report with the Fair Work Commission, together with the #Designated Officer's certificate++ – s268	/ /	Within 14 days of meeting

* the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.

The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.