



28 June 2014

Mr Jack Major
Branch Secretary
Australian Education Union - SA Branch
163 Greenhill Road
PARKSIDE SA 5063

By email: aeusa@aeusa.asn.au

Dear Mr Major

Re: Lodgement of Financial Statements and Accounts - Australian Education Union - SA Branch - for year 31 December 2013 (FR2013/490)

I acknowledge receipt of the financial report of the Australian Education Union - SA Branch. The documents were lodged with the Fair Work Commission on 19 June 2014.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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

Please note that the financial report for the year ending 31 December 2014 may be subject to an advanced compliance review.

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 7639 or by email at margaret.williams@fwc.gov.au.

Yours sincerely

Margaret Williams
Regulatory Compliance Branch



Australian Education Union

SA Branch | 163 Greenhill Road, Parkside, SA 5063

phone: [08] 8272 1399

email: aeusa@aeusa.asn.au

fax: [08] 8373 1254

website: www.aeusa.asn.au

Your reference
Our reference

17 June 2014

General Manager
Fair Work Australia
GPO BOX 1994
MELBOURNE VICTORIA 3001

Dear Ms O'Neill

Re: Australian Education Union (SA Branch) Financial Reports

I certify;

That I am the designated officer for the purpose of s.268 of the Fair Work (Registered Organisations) Act 2009 and that the documents lodged herewith are copies of the full financial report referred to in s.268 of the Fair Work (Registered Organisations) Act 2009;

That in accordance with s.265 of the Fair Work (Registered Organisations) Act 2009 the full report was provided to members by publication on the AEU (SA Branch) website on 26 May 2014, and members were advised of publication on the website by notice in the AEU Journal and an e-news publication, both of which are provided free of charge to members.

That the full report was presented to a meeting of the Committee of Management of the Branch on 16 June 2014 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Jack Major", is written over the typed name.

JACK MAJOR
Branch Secretary

Enc:



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

Financial Statements

For the year ended

31 December 2013

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AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2013.

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

In March 2013 the South Australian Branch of the Union set the following priorities to direct its work in the year ahead;

1. Enhance and support the recruitment, organising, education and retention of members;
2. Develop and promote workplace leaders and activists to build capacity in worksites and within AEU structures;
3. Enhance and support AEU links with community networks and public education allies;
4. Positively promote public education and vigorously oppose policy directions which are detrimental to public education and training;
5. Promote sector specific Organiser focus areas such as school and preschool leaders, TAFE, Early Childhood, Aboriginal Education, New Educators, SSOs, OHS, Women members.

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 Branch to ensure that the union retains strong membership density in all education sectors. Membership stability was maintained through the conduct of recruitment blitzes and the implementation of successful strategies that have been utilised by other Branches and Associated Bodies of the Union to recruit and retain members, including the setting of recruitment targets. In particular, New Educators and lapsed members were a key priority for recruitment.

Member training and development continued to 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.

The schooling sector membership participated in the national I Give a Gonski campaign that focussed on developing community and government support for Federal legislation that would introduce the regime of school funding reforms recommended in the Gonski Review, and for the South Australian State Government to commit to a share of the increased level of funding that implementation.

The AEU campaigned hard to ensure that the implementation of school funding reform would be an election commitment of whichever political party won the 7 September Federal election.

A Department for Education and Child Development restructure known as Brighter Futures with the aim of removing Regional structures and the school support staff based in them and replacing them with a Partnerships model with central management of support services brought with it workload concerns and questions on how this new model would provide access to greater support and resources for schools and preschools.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (Cont.)

The provision of quality vocational education provision continued to be a concern of the union with the continuing rollout of the State government's Skills for All training reforms and formation of one TAFE SA to replace the three TAFE institutes. Greater implementation of contestable VET funding led to a substantial reduction of TAFE SA's share of South Australian government funded training effort and rising union, employer and community concern about the quality of training outcomes offered by some Skills for All accredited training organisations. The level of the union's TAFE Division membership has been adversely affected by this reduction in TAFE training effort and employment.

In the face of increasing privatisation of TAFE the union participated in the Stop TAFE Cuts campaign initiated by the union nationally. June 3 was nominated as National TAFE Day with activities designed to bring to community attention the campaign theme; TAFE - Too Good to Lose.

Preschool members faced implementation issues relating to the introduction of Universal Access to 15 hours per week of preschool education and qualifications upgrade required by the National Quality Framework and the changes to preschool enrolment occasioned by the Same First Day policy. For 2013 only, there were two preschool intakes, (to reduce to one in term 1 in 2014), but continued transition to school across the year, with consequent effect on contract and casual employment in terms 3 and 4.

The preschool campaign, Leave on time – Leave it Behind addressed the workload implications of the impost of the introduction of the national early childhood priorities on members' work life balance, and the increasing administrative demands made on staff in preschool programs.

Throughout the reporting period the SA Branch of the union has in conjunction with the Federal Office made submissions to Federal and State enquiries and Departmental reviews affecting the work of AEU members, notably the House of Representatives Inquiry into TAFE and the DeBelle Independent Education Inquiry, with the aim of protecting and enhancing the professional status of AEU members.

The financial results of those activities is a profit of \$166,138.

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

The number of persons who as at 31 December 2013 were employees of the Branch measured on a full time equivalent basis was 42.9.

The number of members as at 31 December 2013 was 13,282.

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 2013 (Cont.)

To the best of the Committee of Management's belief and knowledge, 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 AEU (SA Branch) is obliged to provide information concerning officers, employees and/or members who are on Superannuation boards, directors of companies or members of boards.

See Attachment A

This information has been masked where these positions are not held because of their position in the organisation. However any AEU (SA Branch) member has a right to this information and will be provided it upon request to the AEU (SA Branch) Branch Secretary at aeusa@aeusa.asn.au

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 Cavanagh	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 Officers.

Federal Branch Rule 34(1C)C requires the disclosure to members the identity of the two highest paid officers of the Branch in terms of relevant remuneration for the disclosure period.

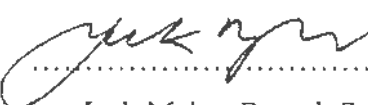
For the financial reporting period ending 31 December 2013 the two highest paid officers of the Branch were;

Branch President Correna Haythorpe	\$160,489	no relevant non-cash benefits
Branch Secretary Jack Major	\$153,302	no relevant non-cash benefits

This declaration is made in accordance with a resolution of the Committee of Management

Signature of designated Officer

Name and title of designated officer


.....

Jack Major, Branch Secretary

Dated *26 May 2014*

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

COMMITTEE OF MANAGEMENT STATEMENT

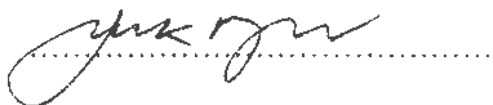
On the 26th May 2014 the Committee of the Management of Australian Education Union (SA Branch), passed the following resolution in relation to the general purpose financial report for the year ended 31 December 2013:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of FWC;
- (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 2013 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 FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the General Manager of FWC; and
 - (vi) where any order for inspection of financial records has been made by the FWC under section 273 of the Fair Work (Registered Organisations) Act 2009, there has been compliance.
- (f) The branch has not undertaken recovery of wages activity.

This declaration is made in accordance with a resolution of the Committee of Management

Signature of designated Officer



Name and title of designated officer Jack Major, Branch Secretary

Dated 26 May 2014

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 \$	2012 \$
Revenue			
Membership Subscription		7,053,055	6,985,323
Other Revenue	2	488,380	441,518
Total Revenue		<u>7,541,435</u>	<u>7,426,841</u>
Other Income			
Net gains from sale of assets		-	24,135
Total Other income		<u>-</u>	<u>24,135</u>
Total Income		<u>7,541,435</u>	<u>7,450,976</u>
Expenses			
Governance expenses		793,041	760,925
Administration & Personnel expense		1,137,212	1,304,243
Operations expense		3,823,559	3,509,721
Other Member Operations expense		1,182,340	1,163,834
Property expense		439,145	426,998
Total Expenses	3(a)	<u>7,375,297</u>	<u>7,165,721</u>
Profit for the year		<u>166,138</u>	<u>285,255</u>
Other Comprehensive Income		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total comprehensive income attributable to members of the Union		<u><u>166,138</u></u>	<u><u>285,255</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 2013**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2012	5,726,051	3,427,768	9,153,819
Profit attributable to members of the Union	285,255	-	285,255
Balance as 31 December 2012	<u>6,011,306</u>	<u>3,427,768</u>	<u>9,439,074</u>
Profit attributable to members of the Union	166,138	-	166,138
Balance as 31 December 2013	<u><u>6,177,444</u></u>	<u><u>3,427,768</u></u>	<u><u>9,605,212</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 2013

	Notes	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	67,142	46,571
Receivables	5	73,741	102,548
Other current assets	6	180,611	57,342
Other Financial Assets	7	6,304,407	6,194,701
Total Current Assets		<u>6,625,901</u>	<u>6,401,162</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	5,627,631	5,748,769
Financial Assets	7	2	2
Total Non-Current Assets		<u>5,627,633</u>	<u>5,748,771</u>
Total Assets		<u>12,253,534</u>	<u>12,149,933</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	9	1,628,345	1,591,119
Employee Provisions	10	979,749	1,100,151
Total Current Liabilities		<u>2,608,094</u>	<u>2,691,270</u>
NON CURRENT LIABILITIES			
Employee Provisions	10	40,228	19,589
Total Non Current Liabilities		<u>40,228</u>	<u>19,589</u>
TOTAL LIABILITIES		2,648,322	2,710,859
NET ASSETS		<u><u>9,605,212</u></u>	<u><u>9,439,074</u></u>
EQUITY			
Asset Revaluation Reserve		3,427,768	3,427,768
Retained Earnings		6,177,444	6,011,306
Total Equity		<u><u>9,605,212</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 CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		7,764,032	7,645,380
Journal Subscriptions & Advertising		32,681	27,849
Payments to Suppliers and Employees		(7,697,771)	(7,017,060)
Rent & Room Hire		89,553	83,821
Interest Received		291,623	388,571
Other Income		116,415	13,340
Net GST Payable		(458,832)	(470,119)
Net Cash Used in Operating Activities	11(a)	<u>137,701</u>	<u>671,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(7,424)	(190,507)
Proceeds from Sale of Equipment		-	69,454
Withdrawals from/(Deposits to) Investments		(110,192)	(576,085)
Staff Loans Issued		(1,497)	(4,736)
Payments Received on Staff Loans		1,983	3,569
Net Cash Used in Investing Activities		<u>(117,130)</u>	<u>(698,305)</u>
Net (Decrease)/Increase in Cash Held		20,571	(26,523)
Cash and cash equivalents at the beginning of the financial year		46,571	73,094
Cash and cash equivalents at the end of the financial year 11(b)		<u><u>67,142</u></u>	<u><u>46,571</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 2013**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 26th May 2014 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.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)

Note 1 Accounting policies (cont.)

(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%

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.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 1 Accounting policies (cont.)

(b) Employee Benefits (cont.)

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 2013. 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.

(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.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)

Note 1 Accounting policies (cont.)

(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.

(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.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)

Note 1 Accounting policies (cont.)

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

An assessment of Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Union and their potential impact on the Union when adopted in future periods is discussed below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

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;
- 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.

These Standards are mandatorily applicable for annual reporting periods commencing on or after 1 January 2015. Although the members of the committee anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 1 Accounting policies (cont.)

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

- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (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.

Since the Union is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. The Union is yet to decide whether it will take advantage of Tier 2 reporting.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments and is not expected to significantly impact the Union's financial statements.

- AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment, but is not expected to significantly impact the Union's financial statements.

- AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

This Standard is not expected to significantly impact the Union's financial statements.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 1 Accounting policies (cont.)

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

- AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements by defining an "investment entity" and requiring that, with limited exceptions, the entity not consolidate its subsidiaries. The unconsolidated subsidiaries must also be measured at fair value through profit or loss in accordance with AASB 9. The amendments also introduce additional disclosure requirements. As the Union does not meet the definition of an investment entity, this Standard is not expected to significantly impact the Union's financial statements.

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.

This Interpretation is not expected to significantly impact the Union's financial statements.

Note 2 Other Revenue	2013 \$	2012 \$
Other Revenue		
Interest	268,394	326,281
Rent	47,416	45,272
Room Hire	30,976	30,280
Other Income	114,110	3,583
Journal Advertising & Subscriptions	27,484	28,052
Donations	-	8,050
Total Other Revenue	488,380	441,518

There were no Capitation fees or Levies received during the year ended 31 December 2013 (2012 \$nil).

No financial support was received from another reporting unit of the organisation.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 3	Profit for the year	2013	2012
		\$	\$
(a) Expenses			
GOVERNANCE			
Branch, Area & Divisional Council Meetings		83,873	86,171
Sub-branch Administration Grants		3,531	5,470
Committee Expenses & Communication to Members		48,828	40,856
Executive Expenses		13,687	10,656
Donations		1,960	370
Entertainment & Travel		19,478	19,651
Travel sustentation		1,915	-
Executive Allowances		3,750	3,750
Salaries and related costs of Elected Officers		616,019	594,001
Total Governance		793,041	760,925
ADMINISTRATION & PERSONNEL			
Accountancy & Audit	12	14,500	14,164
Bank Fees		56,189	52,828
Doubtful Debts		-	-
Entertainment & Travel		1,377	555
Fringe Benefits Tax		4,554	4,087
Insurance		4,623	4,333
Internet Access & Website		21,313	23,877
Legal Fees		7,685	455
Loss from sale of assets		1,295	-
Machine Maintenance		26,697	26,425
Postage		7,324	7,255
Printing & Stationery		17,985	19,113
Provision for Annual Leave		18,772	38,321
Provision for Long Service Leave		(99,763)	147,827
Recruitment & Training		21,666	35,523
Salaries and related costs		713,247	676,182
Computer Expenses		252,372	185,121
Sundry Expenses		11,721	12,740
Telephone & Fax		55,655	55,437
Total Administration & Personnel		1,137,212	1,304,243

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 3	Profit for the year (cont.)	Note	2013	2012
			\$	\$
(a)	Expenses (cont.)			
	OPERATIONS			
	Campaign & Publicity:			
	Advertising & Other Campaign Expenses		175,923	75,329
	Media Consultancy & Monitoring		15,616	13,141
			<hr/>	<hr/>
			191,539	88,470
	Membership Records:			
	Stationery/Resources		2,603	5,609
	Postage		12,763	14,111
	Salaries and related costs		204,729	196,131
			<hr/>	<hr/>
			220,095	215,851
	Resource Centre:			
	Purchases		25,888	23,493
	Salaries and Related Costs		206,801	217,295
			<hr/>	<hr/>
			232,689	240,788
	Organisers:			
	Regional Office Expenses		7,248	7,560
	Motor Vehicle Expenses		68,936	53,718
	Depreciation - Motor Vehicles		40,544	40,864
	Salaries and Related Costs		1,843,365	1,673,957
	Travel & Sundry Expenses		68,478	83,510
			<hr/>	<hr/>
			2,028,571	1,859,609
	Industrial:			
	Legal Expenses		55,138	3,950
	Salaries and Related Costs		560,564	532,522
	Travel & Sundry Expenses		2,993	5,096
			<hr/>	<hr/>
			618,695	541,568
	Communications:			
	AEU Journal - Printing		43,678	61,600
	- Delivery		59,212	59,724
	Travel & Accommodation		967	18
	Salaries and Related Costs		283,702	271,446
			<hr/>	<hr/>
			387,559	392,788

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 3	Profit for the Year (cont.)	2013	2012
		\$	\$
(a)	Expenses (cont.)		
	OPERATIONS (cont.)		
	Women's Officer:		
	Operating Expenses	14,946	46,691
	Salaries and Related Costs	128,058	120,198
	Travel & Sundry Expenses	1,407	3,758
		<u>144,411</u>	<u>170,647</u>
	Total Operations	<u>3,823,559</u>	<u>3,509,721</u>
	OTHER MEMBER OPERATIONS		
	Legal Defence	142,632	94,435
	Union Development	129,635	154,267
	Member Professional Development	38,713	66,238
	International Support	55,000	55,000
	A.E.U. Affiliation	547,309	512,862
	Other Affiliations	51,148	66,659
	National Committees & Conferences		
	Travel & other expenses	9,229	7,169
	Sustentation	4,880	5,860
	Salaries and Related Costs	201,907	199,905
	Travel and accommodation	1,887	1,439
	Total Other Member Operations	<u>1,182,340</u>	<u>1,163,834</u>
	PROPERTY		
	Repairs & Maintenance	69,709	53,761
	Rates & Taxes	65,743	63,810
	Electricity	63,490	51,456
	Cleaning	51,587	51,440
	Insurance	15,829	15,794
	Sundry Property Expenses	11,908	15,759
	Depreciation		
	- Furniture & Fittings	9,971	10,526
	- Plant & Equipment	39,252	62,239
	- Buildings	37,500	37,500
	Salaries and Related Costs	74,156	64,713
	Total Property	<u>439,145</u>	<u>426,998</u>
	Total Expenses	<u><u>7,375,297</u></u>	<u><u>7,165,721</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 3	Profit for the Year (cont.)	2013	2012
		\$	\$

(a) Expenses (cont.)

There have been no expenses incurred as consideration for employers making payroll deductions of membership subscriptions during the year ended 31 December 2013 (2012 \$nil). No penalties were imposed on the organisation under the RO Act with respect to conduct of the AEU (SA branch).

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
Computer Expenses	252,372	-
A.E.U. Affiliation	547,309	512,862
	<u>547,309</u>	<u>512,862</u>

c) Affiliations and Compulsory Levies

Affiliations		
Australia Education Union (A.E.U.)	547,309	512,862
SA Union	49,312	64,722
Levies	-	-
	<u>596,621</u>	<u>577,584</u>

Note 4 Cash and Cash Equivalents

Petty Cash	400	400
Cash at Bank	66,742	46,171
	<u>67,142</u>	<u>46,571</u>

Note 5 Receivables

Trade Debtors	12,948	11,979
Provision for Doubtful Debts	-	-
	<u>12,948</u>	<u>11,979</u>
Sundry Debtors	60,793	90,569
	<u>73,741</u>	<u>102,548</u>

Note: Trade Debtors include \$198 (2012 \$nil) in relation to amounts receivable from the Australian Education Union.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

	2013	2012
	\$	\$
Note 6 Other Current Assets		
Prepayments	180,611	57,342
	<u> </u>	<u> </u>
 Note 7 Other Financial Assets		
Investments - Current		
Credit Union SA Deposits	3,164,584	3,019,042
Bank SA:		
At call Savings	501,767	586,012
Term Deposit/Bank Bills	1,135,426	1,086,531
Members Equity Deposit	1,500,000	1,500,000
Staff Computer Loans	2,630	3,116
	<u>6,304,407</u>	<u>6,194,701</u>
	<u> </u>	<u> </u>
Investments - Non-current		
Credit Union SA Share		
- at cost	2	2
	<u> </u>	<u> </u>
 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	(193,767)	(156,267)
	<u>4,806,233</u>	<u>4,843,733</u>
Porter Street – at independent valuation	487,000	487,000
	<u> </u>	<u> </u>
Works of Art – at cost	36,300	36,300
	<u> </u>	<u> </u>
Plant & Equipment - at cost	476,450	496,513
Accumulated Depreciation	(395,436)	(382,376)
	<u>81,014</u>	<u>114,137</u>

AUSTRALLAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

	2013	2012
	\$	\$
Note 8 Property, Plant & Equipment (cont.)		
Furniture and Fittings - at cost	214,479	214,479
Accumulated Depreciation	(166,299)	(156,328)
	<u>48,180</u>	<u>58,151</u>
Motor Vehicles - at cost	270,294	270,294
Accumulated Depreciation	(101,390)	(60,846)
	<u>168,904</u>	<u>209,448</u>
Total property, plant & equipment	<u><u>5,627,631</u></u>	<u><u>5,748,769</u></u>

	<u>2013</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	4,843,733	487,000	36,300	114,137	58,151	209,448	5,748,769
Additions – cost	-	-	-	7,424	-	-	7,424
Disposals	-	-	-	(1,295)	-	-	(1,295)
Depreciation	(37,500)	-	-	(39,252)	(9,971)	(40,544)	(127,267)
Closing WDV	<u>4,806,233</u>	<u>487,000</u>	<u>36,300</u>	<u>81,014</u>	<u>48,180</u>	<u>168,904</u>	<u>5,627,631</u>

	<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>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

	2013	2012
	\$	\$
Note 9 Trade and Other Payables		
Accrued Expenses	674,350	657,446
Subscriptions in advance	315,048	313,498
Employee Benefits		
Provision for Annual Leave		
Elected Officers	84,177	78,957
Other employees	474,770	461,218
	<u>558,947</u>	<u>540,175</u>
Provision for Sick Leave		
Elected Officers	9,926	9,898
Other employees	70,074	70,102
	<u>80,000</u>	<u>80,000</u>
	<u><u>1,628,345</u></u>	<u><u>1,591,119</u></u>

Note: Accrued Expenses include \$2,092 (2012 \$8,710) in relation to salary and oncost obligations for Elected Officers; \$2,775 (2012 \$4,384) in relation to legal costs and there are no amounts outstanding in relation to consideration to employers for payroll deductions of membership deductions (\$nil 2012).

Total Trade and Other Payables are expected to be settled in:

No more than 12 months	1,469,398	1,333,892
More than 12 months	158,947	257,227
	<u><u>1,628,345</u></u>	<u><u>1,591,119</u></u>

Note 10 Employee Provisions

Current

Provision for Long Service Leave		
Elected Officers	94,066	148,173
Other employees	885,683	951,978
	<u>979,749</u>	<u>1,100,151</u>

Non Current

Provision for Long Service Leave		
Elected Officers	18,084	8,489
Other employees	22,144	11,100
	<u>40,228</u>	<u>19,589</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013(CONT.)**

	2013	2012
	\$	\$
Note 11 Cash Flows		
a) Reconciliation of Net Profit to Net Cash Provided by Operating Activities		
Net Profit	166,138	285,255
Depreciation:		
- Motor Vehicles	40,544	40,864
- Furniture & Fittings	9,971	10,526
- Plant & Equipment	39,252	62,239
- Buildings	37,500	37,500
(Profit)/Loss on Sale of Equipment	1,295	(24,135)
Change in Assets and Liabilities:		
(Increase)/Decrease in Trade Debtors	(969)	(1,774)
Decrease/(Increase) in Sundry Debtors	29,776	67,429
(Increase) in Prepayments	(123,269)	(3,696)
Increase in Payables	18,454	11,426
Increase in Provision for Annual Leave	18,772	38,321
(Decrease)/Increase in Provision for Long Service Leave	(99,763)	147,827
Net Cash Provided by Operating Activities	<u><u>137,701</u></u>	<u><u>671,782</u></u>

d) 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	66,742	46,171
	<u><u>67,142</u></u>	<u><u>46,571</u></u>

e) Credit Stand-by Arrangements and Loan Facility

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

f) Non-Cash Financing and Investments Activities

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

	2013	2012
	\$	\$
Note 11 Cash Flows (cont.)		
e) Transactions with other AEU branches		
Revenue received from:		
AEU Federal Office	835	2,850
AEU (ACT Branch)	614	-
AEU (Tas Branch)	307	683
AEU (Qld Branch)	-	569
	<u>1,756</u>	<u>4,102</u>
Total revenue received	<u>1,756</u>	<u>4,102</u>
Expenses paid to:		
AEU Federal Office	758,402	620,111
AEU (Victorian Branch)	1,612	147
	<u>760,014</u>	<u>620,258</u>
Total expenses paid	<u>760,014</u>	<u>620,258</u>
Note 12 Auditor's Remuneration		
Amounts received or due and receivable by auditors for:		
- auditing or reviewing the financial report	14,500	14,164
- other services	-	-
	<u>14,500</u>	<u>14,164</u>
	<u>14,500</u>	<u>14,164</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)**

Note 13 Related Party Transactions

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

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

Correna Haythorpe (President)	Jan Murphy (Vice President)
David Smith (Vice President)	John (Jack) Major (Branch Secretary)
Jacqueline Bone-George (Treasurer)	Margaret Bastian
Pat Cavanagh	Steve Clark
Trina Coburn	David Coulter
Anne Crawford	Denise Ellem
Meredith Farmer	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 2013, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$514,647 (2012 \$501,546). The aggregate amounts paid during the year ended 31st December 2013 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$65,567 (2012 \$59,002).

Note 14 Employee expenses

	2013	2012
	\$	\$
Holders of office:		
Wages and salaries	514,647	488,010
Superannuation	65,697	59,002
Leave and other entitlements	7,971	13,536
Other employee expenses	31,454	37,203
Subtotal employee expenses for holders of office	<u>619,769</u>	<u>597,751</u>
Employees other than office holders		
Wages and salaries	3,451,161	3,228,173
Superannuation	402,743	391,707
Leave and other entitlements	116,172	127,466
Other employee expenses	246,453	205,002
Subtotal employee expenses for holders of office	<u>4,216,529</u>	<u>3,952,348</u>
Total employee expenses	<u><u>4,836,298</u></u>	<u><u>4,550,099</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONT.)

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 42.9.

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>2013</u>		Fixed interest Maturing in 1 year or less	Non interest bearing	Total
	Floating Interest rate			
Financial assets				
Cash on hand and in banks	66,742	-	400	67,142
Investments – other than public investments	501,767	5,800,010	2,630	6,304,407
Trade and other debtors	-	-	254,352	254,352
	<u>568,509</u>	<u>5,800,010</u>	<u>257,382</u>	<u>6,625,901</u>
Weighted average interest rate	<u>2.7%</u>	<u>4.3%</u>		
Financial Liabilities				
Accrued Expenses	-	-	762,571	762,571
Subscriptions in advance	-	-	315,048	315,048
	<u>-</u>	<u>-</u>	<u>1,077,619</u>	<u>1,077,619</u>

<u>2012</u>		Fixed interest Maturing in 1 year or less	Non interest bearing	Total
	Floating Interest rate			
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
	<u>632,183</u>	<u>5,605,573</u>	<u>163,406</u>	<u>6,401,162</u>
Weighted average interest rate	4.1%	5.4%		
Financial Liabilities				
Accrued Expenses	-	-	657,446	657,446
Subscriptions in advance	-	-	313,498	313,498
	<u>-</u>	<u>-</u>	<u>970,944</u>	<u>970,944</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (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 2013		
+ 2% in interest rates	126,426	126,426
- 2% in interest rates	(125,505)	(125,505)
Year ended 31 December 2012		
+ 2% in interest rates	116,940	116,940
- 2% in interest rates	(118,000)	(118,000)

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)
OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2013 (Cont.)

ATTACHMENT A

Trustee of a Superannuation Scheme, Director of a Company or Member of a Board

Officer/Employee	Company / Board name	Principal Activity	Position due to role with AEU (SA Branch)
Elected Officers and Executive Committee Officers			
Correna Haythorpe	Training and Skills Commission	Principal activity is to provide independent, strategic advice on how South Australia can invest in a sustainable, highly skilled workforce, particularly in key growth sectors.	Yes
Jack Major	Australian Education Union's International Trust fund Committee	Principal activities involve monitoring, evaluating, proposing and allocating funds to teacher union development projects in other countries	Yes
Jacqueline Bone-George	Teachers Registration Board of South Australia	The principal activity of the Board is to regulate the teaching profession in South Australia	Yes
David Coulter	Teachers Registration Board of South Australia	The principal activity of the Board is to regulate the teaching profession in South Australia	Yes
Bob Woodbury	Teachers Registration Board of South Australia	The principal activity of the Board is to regulate the teaching profession in South Australia	Yes
Other Employees			
Jill Cavanough	Safe Work Ministerial Advisory Council	The principal activity is to set the strategic vision for South Australia's workplace safety agenda, and to advise the Minister for Industrial Relations on occupational health, safety and welfare standards, policy and legislative matters, and any relevant education and training.	Yes

This information has been masked where these positions are not held because of their position in the organisation. However any AEU (SA Branch) member has a right to this information and will be provided it upon request to the AEU (SA Branch). Branch Secretary at aeusa@aeusa.asn.au



**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 2013, statement of profit and loss and other comprehensive income, statement of changes in equity and cash flow statement 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.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report relates to the financial report of Australian Education Union (SA Branch) for the year ended 31 December 2013, including its presentation on the Australian Education Union web site. The Committee of Management is responsible for the integrity of the Australian Education Union web site. This audit report refers only to the statements named above for the South Australian Branch. It does not provide an opinion on any other information that may be hyper linked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial reports to confirm the information included in the audited financial report presented on the web site.



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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Audit Declarations

We have concluded that management's use of the going concern basis of accounting in preparation of the financial statements is appropriate.

The auditor is an approved auditor in accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, is a member of the Institute of Chartered Accountants in Australia and holds a current Public Practice Certificate.

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 2013, 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.

Edwards Marshall
Chartered Accountants

Jamie Dreckow
Partner

Adelaide
South Australia

Dated 26 May 2014