



23 June 2015

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

via email: aeusa@aeusa.asn.au

Dear Mr Major

Australian Education Union South Australian Branch Financial Report for the year ended 31 December 2014 - [FR2014/441]

I acknowledge receipt of the financial report of the Australian Education Union South Australian Branch (the reporting unit). The documents were lodged with the Fair Work Commission (FWC) on 16 June 2015.

The financial report has now been filed.

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 2015 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. You are not required to take any further action in respect of the report lodged. The FWC will confirm these concerns have been addressed prior to filing next year's report.

Related Parties

Key management personnel

Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17 requires the General Purpose Financial Report (GPFR) to disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a listing of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

This information has not been provided in the GPFR. Please note this may differ from the information disclosure in relation to employee expenses.

Statement of Comprehensive Income

Disclosure of employee expenses to office holders and other employees

The employee expense note (Note 15) to the financial statements has disclosed wages and salaries, superannuation, leave and other entitlements and other employee expenses for officer holders and employees separately, but does not separately disclose separation and redundancies provided for officers and employees.

The Reporting Guidelines require that all employee and office holder expenses be detailed separately (refer to items 16(f) and 16(g)).

Please note that Reporting Guideline 17 states that if the activities identified in item 16 have not occurred in the reporting period, a statement of this effect must be included in the GPFR.

Statement of Financial Position

Disclosure of employee provisions to office holders and other employees

The employee provisions note (Note 10) to the financial statements has disclosed annual leave and long service leave separately for office holders and employees, but does not separately disclose separation and redundancies and other employee provisions provided for officers and employees.

The Reporting Guidelines require that all employee and office holder provisions be detailed separately (refer to items 20(c) and 20(d)).

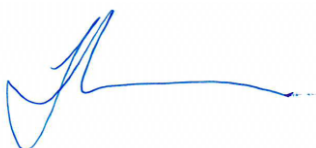
Please note that Reporting Guideline 21 states that if the activities identified in item 20 have not occurred in the reporting period, a statement of this effect must be included in the GPFR.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 reporting guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

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 7886 or via email at joanne.fenwick@fwc.gov.au.

Yours sincerely



Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



Australian Education Union

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fax: [08] 8373 1254 **website:** www.aeusa.asn.au

Your reference:
Our reference:

16 June 2015

Ms Bernadette O'Neill
General Manager
Fair Work Commission
GPO BOX 1994
MELBOURNE VICTORIA 3001

Dear Ms O'Neill

Re: Australian Education Union (SA Branch) Financial Reports

I certify that the documents lodged herewith are copies of the General Purpose Financial Report, Committee of Management Statement, Operating Report and Auditor's 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 25 May 2015, and members were advised of publication on the website by notice in an e-news publication, provided free of charge to members of the Australian Education Union (SA Branch);

That the full report was presented to a meeting of the Committee of Management of the Reporting Unit on 15 June 2015 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 and title.

JACK MAJOR
Branch Secretary

Enc:

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

Financial Statements

For the year ended

31 December 2014

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AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2014.

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 2014 the South Australian Branch of the Union set the priorities consistent with the Strategic Objectives endorsed by AEU Federal Executive and adopted by the AEU nationally.

The AEU SA Branch endorsed working with the AEU nationally to ensure a strong, viable public education system by campaigning to;

1. Increase government funding to public schools, early childhood education centres and TAFE Institutes;
2. Enhance and support the professional status of AEU members in public education;
3. Protect and promote quality teaching and learning;
4. Protect and enhance the industrial rights of AEU members;
5. Promote human rights and social justice.

At a State level, the AEU committed to the following priorities:

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 as in the Charter of Public Education; vigorously oppose policy directions which are detrimental to public education and training, such as IPS, vouchers and the marketisation of 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.
6. Engage members in the development of an EB claim which protects and enhances AEU members' rights.
7. Consult on and develop a strategic plan for the union which provides for achieving these priorities.

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.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 (Cont.)

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.

A high campaigning priority continued to be full implementation of the funding reforms recommended by the Gonski Review, in particular the additional resourcing that would flow in years five and six of the agreement signed between the South Australian State Government and the Commonwealth subsequently rejected by the incoming Federal Coalition Government.

A Department for Education and Child Development restructure replaced regional structures with Education Partnerships. The AEU continued to question the efficacy of this new structure which brought with it school and preschool leader workload concerns and questions on access to student support services previously based in regions.

The provision of quality vocational education provision continued to be a concern of the union with the expansion of the contestable funding model associated with rollout of the State Government's Skills for All training reform. The combined effect of contestable VET funding and enrolment caps placed on TAFE SA 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.

Preschool members campaigned for the continuation of the Universal Access guarantee of 15 hours of preschool education and continued their workload campaign addressing increased administrative demands Leave on Time – Leave it Behind.

The financial results of those activities is a loss of \$247,587.

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

The number of persons who as at 31 December 2014 were employees of the Branch measured on a full time equivalent basis was 44.3.

The number of members as at 31 December 2014 was 13,442

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 2014 (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 names of Branch Executive members in office at any time during the year are:

David Smith	(President)	
Jan Murphy	(Vice President)	
Howard Spreadbury	(Vice President)	
John (Jack) Major	(Branch Secretary)	
Jenni-Marie Gorman	(Treasurer)	
Jackie Bone-George	Ann Clarke	Trina Coburn
David Coulter	Meredith Farmer	Brett Ferris
Larry Higgins	Penny Karatzovalis	Anne Nutt
Paul Petit	Trish Phillips	Dash Taylor Johnson
Elisa Rescue	Jo Roberts	Chris Turrell
Malcolm Vaughan	Rhianna Woodbury	

Note: All Committee Members are serving a 2 year term of office ending 31 December 2015.

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.

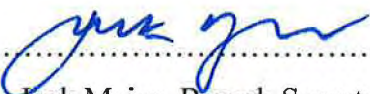
For the financial reporting period ending 31 December 2014 the two highest paid officers of the Branch were;

Branch President David Smith	\$172,028	no relevant non-cash benefits
Branch Secretary Jack Major	\$164,968	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

25.12.15

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

COMMITTEE OF MANAGEMENT STATEMENT

On the 25th May 2015 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 2014:

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 2014 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 and no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

25. 5. 15

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014	2013
		\$	\$
Revenue			
Membership Subscription		7,235,523	7,053,055
Other Revenue	2	334,497	488,380
Total Revenue		<u>7,570,020</u>	<u>7,541,435</u>
Total Income		<u>7,570,020</u>	<u>7,541,435</u>
Expenses			
Governance expenses		835,542	793,041
Administration & Personnel expense		1,342,626	1,137,212
Operations expense		3,767,608	3,823,559
Other Member Operations expense		1,464,866	1,182,340
Property expense		406,965	439,145
Total Expenses	3(a)	<u>7,817,607</u>	<u>7,375,297</u>
(Loss)/Profit for the year		<u>(247,587)</u>	<u>166,138</u>
Other Comprehensive Income			
Gain on revaluation of land and buildings		1,519,267	-
Total Other Comprehensive Income		<u>1,519,267</u>	<u>-</u>
Total comprehensive income attributable to members of the Union		<u><u>1,271,680</u></u>	<u><u>166,138</u></u>

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2013	6,011,306	3,427,768	9,439,074
Profit attributable to members of the Union	166,138	-	166,138
Balance as 31 December 2013	<u>6,177,444</u>	<u>3,427,768</u>	<u>9,605,212</u>
Profit attributable to members of the Union	(247,587)	-	(247,587)
Other comprehensive income for the year	1,519,267	-	1,519,267
Transfer to Asset Revaluation Reserve	11 (1,519,267)	1,519,267	-
Balance as 31 December 2014	<u><u>5,929,857</u></u>	<u><u>4,947,035</u></u>	<u><u>10,876,892</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 2014

	Notes	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	41,379	67,142
Receivables	5	62,502	73,741
Other current assets	6	145,961	180,611
Other Financial Assets	7	6,061,602	6,304,407
Total Current Assets		<u>6,311,444</u>	<u>6,625,901</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	8	7,100,608	5,627,631
Financial Assets	7	2	2
Total Non-Current Assets		<u>7,100,610</u>	<u>5,527,633</u>
Total Assets		<u>13,412,054</u>	<u>12,253,534</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	9	1,370,404	1,628,345
Employee Provisions	10	1,151,283	979,749
Total Current Liabilities		<u>2,521,687</u>	<u>2,608,094</u>
NON CURRENT LIABILITIES			
Employee Provisions	10	13,475	40,228
Total Non Current Liabilities		<u>13,475</u>	<u>40,228</u>
TOTAL LIABILITIES		2,535,162	2,648,322
NET ASSETS		<u>10,876,892</u>	<u>9,605,212</u>
EQUITY			
Asset Revaluation Reserve	11	4,947,035	3,427,768
Retained Earnings		5,929,857	6,177,444
Total Equity		<u>10,876,892</u>	<u>9,605,212</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 2014**

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Subscriptions		7,930,478	7,764,032
Journal Subscriptions & Advertising		34,423	32,681
Payments to Suppliers and Employees		(8,025,725)	(7,697,771)
Rent & Room Hire		80,749	89,553
Interest Received		244,765	291,623
Other Income		5,524	116,415
Net GST Payable		(445,552)	(458,832)
Net Cash (Used in)/Provided by Operating Activities	12(a)	<u>(175,338)</u>	<u>137,701</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(134,097)	(7,424)
Proceeds from Sale of Equipment		40,867	-
Withdrawals from/(Deposits to) Investments		242,385	(110,192)
Staff Loans Issued		(1,500)	(1,497)
Payments Received on Staff Loans		1,920	1,983
Net Cash From/(Used) in Investing Activities		<u>149,575</u>	<u>(117,130)</u>
Net (Decrease)/Increase in Cash Held		(25,763)	20,571
Cash and cash equivalents at the beginning of the financial year		67,142	46,571
Cash and cash equivalents at the end of the financial year	12(b)	<u><u>41,379</u></u>	<u><u>67,142</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 2014**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 25th May 2015 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 2014 (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 15th December 2014. The valuation was performed by Mr W Fudali FAPI, 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 2014 (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 2014. 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 2014 (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 2014 (CONT.)**

Note 1 Accounting policies (cont.)

(n) New Accounting Standards

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous year.

Future Australian Accounting Standards Requirements

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

– AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Union on initial application include certain simplifications to the classification of financial assets and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the committee anticipate that the adoption of AASB 9 may have an impact on the Union's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 2014-4: Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)

The amendments to AASB 116 and AASB 138 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects other than the consumption of the economic benefits embodied in the asset.

Note 2 Other Revenue	2014	2013
	\$	\$
Other Revenue		
Interest	227,099	268,394
Rent	52,216	47,416
Room Hire	21,763	30,976
Other Income	5,943	114,110
Journal Advertising & Subscriptions	27,476	27,484
Donations	-	-
Total Other Revenue	<u>334,497</u>	<u>488,380</u>

There were no Capitation fees or Levies received during the year ended 31 December 2014 (2013 \$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 2014 (CONT.)**

Note 3	Profit for the year	2014	2013
		\$	\$
(a)	Expenses		
	GOVERNANCE		
	Branch, Area & Divisional Council Meetings	85,928	83,873
	Sub-branch Administration Grants	3,727	3,531
	Committee Expenses & Communication to Members	40,396	48,828
	Executive Expenses	15,852	13,687
	Donations	250	1,960
	Entertainment & Travel	19,385	19,478
	Travel sustentation	645	1,915
	Executive Allowances	3,500	3,750
	Salaries and related costs of Elected Officers	665,859	616,019
	Total Governance	<u>835,542</u>	<u>793,041</u>
	ADMINISTRATION & PERSONNEL		
	Accountancy & Audit	13 14,500	14,500
	Bank Fees	57,050	56,189
	Doubtful Debts	-	-
	Entertainment & Travel	774	1,377
	Fringe Benefits Tax	4,868	4,554
	Insurance	4,832	4,623
	Internet Access & Website	28,015	21,313
	Legal Fees	-	7,685
	Loss from sale of assets	13,029	1,295
	Machine Maintenance	22,974	26,697
	Postage	7,617	7,324
	Printing & Stationery	22,421	17,985
	Provision for Annual Leave	51,346	18,772
	Provision for Long Service Leave	144,781	(99,763)
	Recruitment & Training	18,428	21,666
	Salaries and related costs	659,987	713,247
	Computer Expenses	228,740	252,372
	Sundry Expenses	12,487	11,721
	Telephone & Fax	50,777	55,655
	Total Administration & Personnel	<u>1,342,626</u>	<u>1,137,212</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 3	Profit for the year (cont.)	Note	2014	2013
			\$	\$
(a)	Expenses (cont.)			
	OPERATIONS			
	Campaign & Publicity:			
	Advertising & Other Campaign Expenses		85,297	175,923
	Media Consultancy & Monitoring		16,327	15,616
			<u>101,624</u>	<u>191,539</u>
	Membership Records:			
	Stationery/Resources		2,203	2,603
	Postage		12,707	12,763
	Salaries and related costs		204,746	204,729
			<u>219,656</u>	<u>220,095</u>
	Resource Centre:			
	Purchases		17,364	25,888
	Salaries and Related Costs		214,300	206,801
			<u>231,664</u>	<u>232,689</u>
	Organisers:			
	Regional Office Expenses		7,288	7,248
	Motor Vehicle Expenses		66,898	68,936
	Depreciation - Motor Vehicles		37,897	40,544
	Salaries and Related Costs		1,868,338	1,843,365
	Travel & Sundry Expenses		75,506	68,478
			<u>2,055,927</u>	<u>2,028,571</u>
	Industrial:			
	Legal Expenses		3,581	55,138
	Salaries and Related Costs		589,563	560,564
	Travel & Sundry Expenses		3,940	2,993
			<u>597,084</u>	<u>618,695</u>
	Communications:			
	AEU Journal - Printing		43,611	43,678
	- Delivery		59,104	59,212
	Travel & Accommodation		606	967
	Salaries and Related Costs		293,267	283,702
			<u>396,588</u>	<u>387,559</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 3	Profit for the Year (cont.)	2014	2013
		\$	\$
(a)	Expenses (cont.)		
	OPERATIONS (cont.)		
	Women's Officer:		
	Operating Expenses	42,656	14,946
	Salaries and Related Costs	120,323	128,058
	Travel & Sundry Expenses	2,086	1,407
		<u>165,065</u>	<u>144,411</u>
	Total Operations	<u>3,767,608</u>	<u>3,823,559</u>
	 OTHER MEMBER OPERATIONS		
	Legal Defence	238,735	142,632
	Union Development	216,361	129,635
	Member Professional Development	77,094	38,713
	International Support	60,000	55,000
	A.E.U. Affiliation	559,686	547,309
	Other Affiliations	80,386	51,148
	National Committees & Conferences		
	Travel & other expenses	9,636	9,229
	Sustentation	5,600	4,880
	Salaries and Related Costs	215,221	201,907
	Travel and accommodation	2,147	1,887
	Total Other Member Operations	<u>1,464,866</u>	<u>1,182,340</u>
	 PROPERTY		
	Repairs & Maintenance	44,145	69,709
	Rates & Taxes	62,485	65,743
	Electricity	50,443	63,490
	Cleaning	55,047	51,587
	Insurance	15,274	15,829
	Sundry Property Expenses	13,044	11,908
	Depreciation		
	- Furniture & Fittings	9,248	9,971
	- Plant & Equipment	41,845	39,252
	- Buildings	37,500	37,500
	Salaries and Related Costs	77,934	74,156
	Total Property	<u>406,965</u>	<u>439,145</u>
	 Total Expenses	 <u><u>7,817,607</u></u>	 <u><u>7,375,297</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 3	Profit for the Year (cont.)	2014	2013
		\$	\$

(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 2014 (2013 \$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	85,297	175,923
Computer Expenses	228,740	252,372
A.E.U. Affiliation	559,686	547,309
	<u>636,743</u>	<u>596,621</u>

c) Affiliations and Compulsory Levies

Affiliations		
Australia Education Union (A.E.U.)	559,686	547,309
SA Union	77,057	49,312
Levies	-	-
	<u>636,743</u>	<u>596,621</u>

Note 4 Cash and Cash Equivalents

Petty Cash	400	400
Cash at Bank	40,979	66,742
	<u>41,379</u>	<u>67,142</u>

Note 5 Receivables

Trade Debtors	4,037	12,948
Provision for Doubtful Debts	-	-
	<u>4,037</u>	<u>12,948</u>
Sundry Debtors	58,465	60,793
	<u>62,502</u>	<u>73,741</u>

Note: Trade Debtors include \$566 (2013 \$198) 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 2014 (CONT.)**

	2014	2013
	\$	\$
Note 6 Other Current Assets		
Prepayments	145,961	180,611
	<u> </u>	<u> </u>
 Note 7 Other Financial Assets		
Investments - Current		
Credit Union SA Deposits	3,287,086	3,164,584
Bank SA:		
At call Savings	337,879	501,767
Term Deposit/Bank Bills	934,427	1,135,426
Members Equity Deposit	1,500,000	1,500,000
Staff Computer Loans	2,210	2,630
	<u> </u>	<u> </u>
	<u>6,061,602</u>	<u>6,304,407</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 15 th December 2014. The valuation was performed by W Fudali FAPI, Certified Practising Valuer.		
Greenhill Road – at independent valuation	6,175,000	5,000,000
Accumulated Depreciation	-	(193,767)
	<u> </u>	<u> </u>
	6,175,000	4,806,233
Porter Street – at independent valuation	600,000	487,000
	<u> </u>	<u> </u>
Works of Art – at cost	36,300	36,300
	<u> </u>	<u> </u>
Plant & Equipment - at cost	442,249	476,450
Accumulated Depreciation	(372,931)	(395,436)
	<u> </u>	<u> </u>
	69,318	81,014

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

	2014	2013
	\$	\$
Note 8 Property, Plant & Equipment (cont.)		
Furniture and Fittings - at cost	215,161	214,479
Accumulated Depreciation	(175,675)	(166,299)
	<u>39,486</u>	<u>48,180</u>
Motor Vehicles - at cost	272,768	270,294
Accumulated Depreciation	(92,264)	(101,390)
	<u>180,504</u>	<u>168,904</u>
Total property, plant & equipment	<u><u>7,100,608</u></u>	<u><u>5,627,631</u></u>

	<u>2014</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	4,806,233	487,000	36,300	81,014	48,180	168,904	5,627,631
Additions – cost	-	-	-	33,610	552	99,935	134,097
Revaluations	1,406,267	113,000	-	-	-	-	1,519,267
Disposals	-	-	-	(3,461)	725	(50,438)	(53,174)
Depreciation	(37,500)	-	-	(41,845)	(9,971)	(37,897)	(127,213)
Closing WDV	<u>6,175,000</u>	<u>600,000</u>	<u>36,300</u>	<u>69,318</u>	<u>39,486</u>	<u>180,504</u>	<u>7,100,608</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>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

	2014 \$	2013 \$
Note 9 Trade and Other Payables		
Accrued Expenses	392,115	674,350
Subscriptions in advance	287,996	315,048
Employee Benefits		
Provision for Annual Leave		
Elected Officers	96,157	84,177
Other employees	514,136	474,770
	<u>610,293</u>	<u>558,947</u>
Provision for Sick Leave		
Elected Officers	10,598	9,926
Other employees	69,402	70,074
	<u>80,000</u>	<u>80,000</u>
	<u><u>1,370,404</u></u>	<u><u>1,628,345</u></u>

Note: Accrued Expenses include \$2,324 (2013 \$2,092) in relation to salary and oncost obligations for Elected Officers; \$35,797 (2013 \$2,775) in relation to legal costs and there are no amounts outstanding in relation to consideration to employers for payroll deductions of membership deductions (\$nil 2013).

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

No more than 12 months	1,189,028	1,469,398
More than 12 months	181,376	158,947
	<u>1,370,404</u>	<u>1,628,345</u>

Note 10 Employee Provisions

Current

Provision for Long Service Leave		
Elected Officers	164,885	94,066
Other employees	986,398	885,683
	<u>1,151,283</u>	<u>979,749</u>

Non Current

Provision for Long Service Leave		
Elected Officers	-	18,084
Other employees	13,475	22,144
	<u>13,475</u>	<u>40,228</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

	2014	2013
	\$	\$
Note 11		
a) Equity		
Asset Revaluation Reserve		
Balance at start of the year	3,427,768	3,427,768
Transferred to reserve	1,519,267	-
Balance as at end of year	<u>4,947,035</u>	<u>3,427,768</u>

Note 12 Cash Flows

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

Net (Loss)/ Profit	(247,587)	166,138
Depreciation:		
- Motor Vehicles	37,897	40,544
- Furniture & Fittings	9,248	9,971
- Plant & Equipment	41,845	39,252
- Buildings	37,500	37,500
(Profit)/Loss on Sale of Equipment	13,029	1,295
Change in Assets and Liabilities:		
(Increase)/Decrease in Trade Debtors	8,912	(969)
Decrease/(Increase) in Sundry Debtors	2,328	29,776
Decrease/(Increase) in Prepayments	34,650	(123,269)
(Decrease)/Increase in Payables	(309,287)	18,454
Increase in Provision for Annual Leave	51,346	18,772
Increase/(Decrease) in Provision for Long Service Leave	144,781	(99,763)
Net Cash (Used in)/Provided by Operating Activities	<u>(175,338)</u>	<u>137,701</u>

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	40,979	66,742
	<u>41,379</u>	<u>67,142</u>

c) Credit Stand-by Arrangements and Loan Facility

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

d) Non-Cash Financing and Investments Activities

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

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

	2014	2013
	\$	\$
Note 12		
Cash Flows (cont.)		
e) Transactions with other AEU branches		
Revenue received from:		
AEU Federal Office	198	835
AEU (ACT Branch)	-	614
AEU (Tas Branch)	-	307
AEU (Qld Branch)	614	-
AEU (Vic Branch)	614	-
	<u>1,426</u>	<u>1,756</u>
Total revenue received		
Expenses paid to:		
AEU Federal Office	664,463	758,402
AEU (Victorian Branch)	415	1,612
	<u>664,878</u>	<u>760,014</u>
Total expenses paid		
Note 13		
Auditor's Remuneration		
Amounts received or due and receivable by auditors for:		
- auditing or reviewing the financial report	14,500	14,500
- other services	-	-
	<u>14,500</u>	<u>14,500</u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 14 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:

David Smith (President)	Jan Murphy (Vice President)
Howard Spreadbury (Vice President)	John (Jack) Major (Branch Secretary)
Jennie-Marie Gorman (Treasurer)	Jackie Bone-George
Ann Clarke	Trina Coburn
David Coulter	Meredith Farmer
Brett Ferris	Larry Higgins
Penny Karatzovalis	Anne Nutt
Paul Petit	Trish Phillips
Dash Taylor Johnson	Elisa Resce
Jo Roberts	Chris Turrell
Malcolm Vaughan	Rhianna Woodbury

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2014, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$557,715 (2013 \$514,647). The aggregate amounts paid during the year ended 31st December 2014 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$75,521 (2013 \$65,567).

Note 15 Employee expenses

	2014	2013
	\$	\$
Holdings of office:		
Wages and salaries	514,647	514,647
Superannuation	65,697	65,697
Leave and other entitlements	7,971	7,971
Other employee expenses	31,454	31,454
Subtotal employee expenses for holders of office	<u>619,769</u>	<u>619,769</u>
Employees other than office holders		
Wages and salaries	3,451,161	3,451,161
Superannuation	402,743	402,743
Leave and other entitlements	116,172	116,172
Other employee expenses	246,453	246,453
Subtotal employee expenses for non holders of office	<u>4,216,529</u>	<u>4,216,529</u>
Total employee expenses	<u><u>4,836,298</u></u>	<u><u>4,836,298</u></u>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 16 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 44.3.

Note 17 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>2014</u>	Fixed interest Maturing in 1 year or less	Non interest bearing	Total
	Floating Interest rate			
Financial assets				
Cash on hand and in banks	40,979	-	400	41,379
Investments – other than public investments	329,767	5,721,513	2,210	6,053,490
Trade and other debtors	-	-	208,463	208,463
	<hr/>	<hr/>	<hr/>	<hr/>
	370,746	5,721,513	211,073	6,303,332
Weighted average interest rate	<hr/> 2.1%	<hr/> 3.7%		
Financial Liabilities				
Accrued Expenses	-	-	392,115	392,115
Subscriptions in advance	-	-	287,996	287,996
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	680,111	680,111
	<hr/>	<hr/>	<hr/>	<hr/>
	<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
	<hr/>	<hr/>	<hr/>	<hr/>
	568,509	5,800,010	257,382	6,625,901
Weighted average interest rate	<hr/> 2.7%	<hr/> 4.3%		
Financial Liabilities				
Accrued Expenses	-	-	674,350	674,350
Subscriptions in advance	-	-	315,048	315,048
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	978,398	978,398
	<hr/>	<hr/>	<hr/>	<hr/>

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 17 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 2014		
+ 2% in interest rates	127,923	127,923
- 2% in interest rates	(123,337)	(123,337)
Year ended 31 December 2013		
+ 2% in interest rates	126,426	126,426
- 2% in interest rates	(125,505)	(125,505)

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014 (CONT.)**

Note 18 Section 272 Fair Work (Registered Organisations) Act 2009

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 (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 2014, statement of profit and loss and other 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 requirements of the Reporting Guidelines of Division 3 of Part 3 of Chapter 8 of 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.



AUSTRALIAN EDUCATION UNION (SA BRANCH)

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

Audit Declarations

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

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

Opinion

In our opinion,

- a) the financial report presents fairly, in all material respects, the financial position of the Australian Education Union (SA Branch), as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the requirements of the Reporting Guidelines of Division 3 of Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*; and
- b) 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

25 May 2015