



3 August 2017

Ms Leah York  
Branch Secretary  
South Australian Branch  
Australian Education Union  
[lyork@aeusa.asn.au](mailto:lyork@aeusa.asn.au)

CC: [jdreckow@nexiaem.com.au](mailto:jdreckow@nexiaem.com.au)

Dear Ms York,

**Australian Education Union-South Australian Branch  
Financial Report for the year ended 31 December 2016 - [FR2016/425]**

I acknowledge receipt of the financial report of the Australian Education Union-South Australian Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 20 June 2017.

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 2017 may be subject to an advanced compliance review.

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

**Committee of Management Statement**

Financial Reporting Guideline 36(d) requires that the COM statement 'must be dated as at the date the designated officer signs the statement'. The Committee of Management (COM) Statement was signed but not dated.

**Auditor's report: declaration regarding going concern**

Paragraph 39 of the Reporting Guidelines requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statements.

## Disclosure of payables in respect of legal costs

Reporting Guideline 20(b) requires a payable in relation to legal costs to be disclosed by (i) "litigation" and by (ii) "other legal matters". Note 9 discloses a legal costs liability but does not distinguish based on the categories indicated above.


## **Reporting Requirements**

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC 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 at <http://www.roc.gov.au/running-a-registered-organisation/financial-reporting>.

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at [david.vale@roc.gov.au](mailto:david.vale@roc.gov.au).

Yours faithfully

A handwritten signature in blue ink that reads "David Vale". The signature is written in a cursive style and is contained within a rectangular box.

David Vale  
Principal Adviser, Financial Reporting  
Registered Organisations Commission



## 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:

20 June 2017

Mr Mark Bielecki  
Commissioner  
Registered Organisations Commission  
GPO BOX 1994  
MELBOURNE VICTORIA 3001

Dear Mr Bielecki

**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 18 May 2017.

That the full report was presented to a meeting of the Committee of Management of the Reporting Unit on 19 June 2017 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Leah York', is written over a light blue horizontal line.

LEAH YORK  
Branch Secretary

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

**Financial Statements**

**For the year ended**

**31 December 2016**

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## AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

### OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2016.

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 2016 the South Australian Branch of the Union set priorities for the year consistent with the Strategic Objectives endorsed by AEU Federal Executive and adopted by the AEU nationally.

‘The AEU SA Priorities are consistent with the Federal AEU directions. They are:

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:

‘Public education is a social necessity because it provides opportunities for, and is welcoming of, all students regardless of background. Valuing the widest possible diversity of backgrounds, it serves as a gateway to a democratic and cohesive Australian society.

As the respected and effective voice of the public education profession AEU (SA Branch) priorities for 2016 are:

1. To protect, promote and enhance public education as a vibrant and equitable system in accordance with the AEU Charter.
2. To protect and improve members’ workplace rights and entitlements.
3. To grow an activist union through campaigns that engage education workers.
4. to advocate for equity principles in relation to human rights, social justice and environmental sustainability.
5. To fight for the survival of TAFE and oppose policy measures that redirect VET funding (from TAFE to the private for profit training sector).

Accordingly, the principal activities of the union throughout 2016 centred on achievement of these goals.

New enterprise agreements for members in both schools and preschools and TAFE were approved by the Industrial Relations Commission of South Australia. The implementation of these agreements was a major activity of the union throughout the year.

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 continued to be a key priority for recruitment.

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

### **OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (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 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 implementation period. Particular campaigning emphasis was directed to the Coalition held Federal Electorates and Senators in South Australia.

A focus of the Union's work in the Department for Education and Child Development was ensuring democratic decision making processes were operating pursuant to the industrial instruments which govern schools and preschools. Flowing from the implementation of the schools and preschools enterprise agreement, there was also a focus on ensuring the resourcing for students with learning disabilities were allocated according to educational need.

Particularly in regional and remote areas, the level of student support services continued to be inadequate due to the reduction of positions and the inability to fill them with suitably qualified staff.

The provision of quality vocational education in South Australia continued to be a concern of the union. The State Government's contestable market funding program, Work Ready, provided inadequate resourcing to maintain existing programs and community service obligations. As a consequence the reduction in TAFE teaching staff through non-renewal of contracts and separation packages continued. The new TAFE enterprise agreement includes provisions for retraining, redeployment and redundancy. The level of the union's TAFE Division membership continues to be adversely affected by this reduction in TAFE SA's training effort.

Preschool members campaigned for the continuation of the Universal Access guarantee of 15 hours of preschool education for all four year olds, and continued their workload campaign seeking resourcing for the increased administrative demands placed on staff in early childhood centres.

The financial results of those activities is a surplus of \$182,503.

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

The number of persons who as at 31 December 2016 were employees of the Branch measured on a full time equivalent basis was 42.5.

The number of members as at 31 December 2016 was 13,011.

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

**OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2016 (Cont.)**

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.

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:

Howard Spreadbury	(President)	Jan Murphy	(Vice President)
Dash Taylor Johnson	(Vice President)		
John (Jack) Major (Branch Secretary – term ended 31/12/16. Leah York elected for three year term commencing 1/1/17)			
Jenni-Marie Gorman	(Treasurer)	Sarah Bennett	
Jackie Bone-George	Chris Champion	David Coulter	
Lara Golding	Andrew Gohl	Penny Karatzovalis	
Adrian Maywald	Stephen Measday	Anne Nutt	
Kelli Owen	Paul Petit	Trish Gilbert	
Chris Turrell	Malcolm Vaughan	Rhianna Woodbury	

Note: All Committee Members are serving a 2 year term of office ending 31 December 2016.

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 2016 the two highest paid officers of the Branch were;

Branch President Howard Spreadbury	\$181,009	no relevant non-cash benefits
Branch Secretary Jack Major	\$175,151	no relevant non-cash benefits

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

Signature of designated Officer

.....  ..... Dated

Name and title of designated officer

Leah York, Branch Secretary

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

**COMMITTEE OF MANAGEMENT STATEMENT**

On the 8<sup>th</sup> May 2017 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 2016:

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 2016 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  ..... Dated

Name and title of designated officer Leah York, Branch Secretary



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

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Membership Subscription		7,302,108	7,231,196
Other Revenue	2	264,058	311,727
Total Revenue		<u>7,566,166</u>	<u>7,542,923</u>
Total Income		<u>7,566,166</u>	<u>7,542,923</u>
<b>Expenses</b>			
Governance expenses		863,194	827,876
Administration & Personnel expense		1,288,396	1,268,224
Operations expense		3,552,717	3,669,374
Other Member Operations expense		1,274,462	1,469,369
Property expense		404,894	428,371
Total Expenses	3(a)	<u>7,383,663</u>	<u>7,663,214</u>
<b>Profit/(Loss) for the year</b>		<u>182,503</u>	<u>(120,291)</u>
Other Comprehensive Income			
Gain on revaluation of land and buildings		-	-
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total comprehensive income attributable to members of the Union		<u><u>182,503</u></u>	<u><u>(120,291)</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 2016**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2015	5,929,857	4,947,035	10,876,892
Loss attributable to members of the Union	(120,291)	-	(120,291)
Balance as 31 December 2015	<u>5,809,566</u>	<u>4,947,035</u>	<u>10,756,601</u>
Profit attributable to members of the Union	182,503	-	182,503
Balance as 31 December 2016	<u><u>5,992,069</u></u>	<u><u>4,947,035</u></u>	<u><u>10,939,104</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 2016**

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	255,743	248,609
Receivables	5	58,313	37,492
Other current assets	6	87,583	135,851
Other Financial Assets	7	6,403,644	6,144,672
<b>Total Current Assets</b>		<u>6,805,283</u>	<u>6,566,624</u>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	8	6,887,108	6,966,776
Financial Assets	7	2	2
<b>Total Non-Current Assets</b>		<u>6,887,110</u>	<u>6,966,778</u>
<b>Total Assets</b>		<u>13,692,393</u>	<u>13,533,402</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	9	1,498,411	1,503,029
Employee Provisions	10	1,239,799	1,260,415
<b>Total Current Liabilities</b>		<u>2,738,210</u>	<u>2,763,444</u>
<b>NON CURRENT LIABILITIES</b>			
Employee Provisions	10	15,079	13,357
<b>Total Non Current Liabilities</b>		<u>15,079</u>	<u>13,357</u>
<b>TOTAL LIABILITIES</b>		2,753,289	2,776,801
<b>NET ASSETS</b>		<u>10,939,104</u>	<u>10,756,601</u>
<b>EQUITY</b>			
Asset Revaluation Reserve	11	4,947,035	4,947,035
Retained Earnings		5,992,069	5,809,566
<b>Total Equity</b>		<u>10,939,104</u>	<u>10,756,601</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 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Subscriptions		8,016,073	8,132,516
Journal Subscriptions & Advertising		26,253	29,364
Payments to Suppliers and Employees		(7,992,691)	(8,164,394)
Rent & Room Hire		75,523	81,520
Interest Received		168,776	204,697
Other Income		903	14,232
<b>Net Cash Provided by Operating Activities</b>	12(a)	294,837	297,935
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Plant and Equipment		(46,410)	(7,635)
Proceeds from Sale of Equipment		17,679	-
(Deposits to)/Withdrawals from Investments		(255,624)	(83,570)
Staff Loans Issued		(6,181)	(2,288)
Repayments of Staff Loans		2,833	2,788
<b>Net Cash Used in Investing Activities</b>		(287,703)	(90,705)
Net Increase in Cash Held		7,134	207,230
Cash and cash equivalents at the beginning of the financial year		248,609	41,379
<b>Cash and cash equivalents at the end of the financial year</b>	12(b)	255,743	248,609

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 2016**

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Note 1      Accounting policies**

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the Australian Education Union SA Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

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 8th May 2017 by the Branch Executive.

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

**(a)      Property, Plant and Equipment**

Property, plant and equipment transferred from South Australian Institute of Teachers have been recorded at their net written down value as at 31<sup>st</sup> December 1996. Property, plant and equipment acquired since 1<sup>st</sup> January 1997, are brought to account at cost or at independent valuation, less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of all property, plant and equipment is reviewed annually to ensure it is not in excess of the remaining service potential of these assets.

**Revaluations—Land and Buildings**

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

An independent valuation of the land and buildings was undertaken on 15<sup>th</sup> 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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

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

**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.

**Derecognition**

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or 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.

**(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 2016. Trade accounts are normally settled within 30 days.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

**(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 Non-Financial Assets**

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

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

**(h) Cash and Cash Equivalents**

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

**(i) Comparative Figures**

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



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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

**(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.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Revenue is measured at the fair value of the consideration received or receivable.

**(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 of Financial Assets**

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.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

## AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)

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

##### (m) Financial Instruments (cont)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

##### **Loan and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

##### **Financial Liabilities**

##### **Other financial liabilities**

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

##### **Derecognition of financial liabilities**

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### (n) Taxation

Australian Education Union (SA Branch) is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

**(o) Fair value measurement**

The Australian Education Union SA Branch measures non-financial assets such as land and buildings at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the [reporting unit]. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Australian Education Union (SA Branch) uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Australian Education Union (SA Branch) has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

**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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

**New Accounting Standards for Application in Future Periods**

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

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) 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 that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

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

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s);
- and
- recognise revenue when (or as) the performance obligations are satisfied.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

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

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

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the Management Committee anticipate that the adoption of AASB 15 may have an impact on the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Management Committee anticipate that the adoption of AASB 16 will impact the Union's financial statements, 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 2016 (CONT.)**

**Note 2**

<b>a) Other Revenue</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Other Revenue</b>		
Interest	169,645	195,809
Rent	45,308	52,914
Room Hire	22,071	23,085
Other Income	821	13,050
Journal Advertising & Subscriptions	26,213	26,694
Donations	-	175
<b>Total Other Revenue</b>	<u>264,058</u>	<u>311,727</u>

There were no Capitation fees, levies or grants received during the year ended 31 December 2016 (2015 \$nil).

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

<b>b) Grants or donations</b>	<b>\$</b>	<b>\$</b>
<b>Grants</b>		
Total Paid that were \$1,000 or less	-	-
Total Paid that exceeded \$1,000	-	-
<b>Donations</b>		
Total paid that were \$1,000 or less	570	250
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<u>570</u>	<u>250</u>

<b>Note 3</b>	<b>Profit for the year</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>(a) Expenses</b>			
<b>GOVERNANCE</b>			
Branch, Area & Divisional Council Meetings		73,475	86,164
Sub-branch Administration Grants		3,461	4,307
Committee Expenses & Communication to Members		20,201	18,027
Executive Expenses		15,537	19,669
Donations		570	250
Entertainment & Travel		14,908	18,231
Travel sustentation		780	860
Executive Allowances		3,625	3,625
Salaries and related costs of Elected Officers		730,637	676,743
Separation and Redundancies		-	-
<b>Total Governance</b>		<u>863,194</u>	<u>827,876</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

<b>Note 3</b>	<b>Profit for the year (cont.)</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
			<b>\$</b>	<b>\$</b>
	<b>ADMINISTRATION &amp; PERSONNEL</b>			
	Accountancy & Audit	13	15,500	15,560
	Bank Fees		55,431	55,909
	Doubtful Debts		-	-
	Entertainment & Travel		1,208	1,116
	Fringe Benefits Tax		2,978	4,757
	Insurance		5,151	4,991
	Internet Access & Website		28,887	28,688
	Legal Fees		-	-
	Loss from sale of assets		(10,106)	1,182
	Machine Maintenance		30,834	31,358
	Postage		7,368	7,356
	Printing & Stationery		9,109	14,042
	Provision for Annual Leave		(23,588)	(31,063)
	Provision for Long Service Leave		(18,894)	109,015
	Provision for Sick Leave		-	(30,000)
	Recruitment & Training		19,402	15,670
	Salaries and related costs		685,379	679,388
	Computer Expenses		420,989	301,061
	Sundry Expenses		11,519	8,966
	Telephone & Fax		47,229	50,228
	<b>Total Administration &amp; Personnel</b>		<b>1,288,396</b>	<b>1,268,224</b>
	<b>OPERATIONS</b>			
	<b>Campaign &amp; Publicity:</b>			
	Advertising & Other Campaign Expenses		19,894	27,766
	Media Consultancy & Monitoring		8,925	15,137
			<u>28,819</u>	<u>42,903</u>
	<b>Membership Records:</b>			
	Stationery/Resources		2,082	9,784
	Postage		12,318	12,566
	Salaries and related costs		218,954	213,783
			<u>233,354</u>	<u>236,133</u>
	<b>Resource Centre:</b>			
	Purchases		6,095	5,850
	Salaries and Related Costs		82,222	213,053
			<u>88,317</u>	<u>218,903</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

<b>Note 3</b>	<b>Profit for the year (cont.)</b>	<b>Note</b>	<b>2016</b>	<b>2015</b>
			<b>\$</b>	<b>\$</b>
<b>(a)</b>	<b>Expenses (cont.)</b>			
	Organisers:			
	Regional Office Expenses		7,227	7,781
	Motor Vehicle Expenses		68,697	56,499
	Depreciation - Motor Vehicles		40,565	40,915
	Salaries and Related Costs		1,870,210	1,815,433
	Travel & Sundry Expenses		52,534	61,123
			<u>2,039,233</u>	<u>1,981,751</u>
	Industrial:			
	Legal Expenses		-	505
	Salaries and Related Costs		611,814	613,992
	Travel & Sundry Expenses		1,578	2,195
			<u>613,392</u>	<u>616,692</u>
	Communications:			
	AEU Journal - Printing		45,266	43,446
	- Delivery		64,616	60,518
	Travel & Accommodation		661	233
	Salaries and Related Costs		289,398	293,518
			<u>399,941</u>	<u>397,715</u>
	<b>OPERATIONS (cont.)</b>			
	Women's Officer:			
	Operating Expenses		22,316	40,265
	Salaries and Related Costs		126,676	134,205
	Travel & Sundry Expenses		669	807
			<u>149,661</u>	<u>175,277</u>
	<b>Total Operations</b>		<u><u>3,552,717</u></u>	<u><u>3,669,374</u></u>



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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

<b>Note 3</b>	<b>Profit for the Year (cont.)</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>(a)</b>	<b>Expenses (cont.)</b>		
	<b>OTHER MEMBER OPERATIONS</b>		
	Legal Defence	36,720	226,545
	Union Development	174,949	192,636
	Member Professional Development	60,887	72,554
	International Support	60,000	60,000
	A.E.U. Affiliation	611,728	586,620
	Other Affiliations	67,609	67,455
	National Committees & Conferences		
	Travel & other expenses	5,776	6,212
	Sustentation	4,666	5,006
	Salaries and Related Costs	250,111	251,846
	Travel and accommodation	2,016	495
	<b>Total Other Member Operations</b>	<u>1,274,462</u>	<u>1,469,369</u>
	<b>PROPERTY</b>		
	Repairs & Maintenance	47,988	50,542
	Rates & Taxes	69,175	70,811
	Electricity	38,790	45,286
	Cleaning	58,716	59,538
	Insurance	15,134	14,552
	Sundry Property Expenses	14,308	12,190
	Depreciation		
	- Furniture & Fittings	9,243	9,427
	- Plant & Equipment	16,072	37,318
	- Buildings	52,625	52,625
	Salaries and Related Costs	82,843	76,082
	<b>Total Property</b>	<u>404,894</u>	<u>428,371</u>
	<b>Total Expenses</b>	<u><u>7,383,663</u></u>	<u><u>7,663,214</u></u>

There have been no expenses incurred as consideration for employers making payroll deductions of membership subscriptions during the year ended 31 December 2016 (2015 \$nil). No penalties were imposed on the organisation under the RO Act with respect to conduct of the AEU (SA Branch).

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

<b>Note 3</b>	<b>Profit for the Year (cont.)</b>	<b>2016</b>	<b>2015</b>
		<b>\$</b>	<b>\$</b>
<b>b)</b>	<b>Significant Revenue &amp; Expenses</b>		
	The following significant revenue and expense items are relevant in explaining the financial performance:		
	Union Development	174,949	192,363
	Legal Defence	36,720	226,545
	Computer Expenses	420,989	301,061
	A.E.U. Affiliation	611,728	586,620
		<u>678,637</u>	<u>652,711</u>
<b>c)</b>	<b>Affiliations and Compulsory Levies</b>		
	Affiliations		
	Australia Education Union (A.E.U.)	611,728	586,620
	SA Union	66,909	66,091
	Levies	-	-
		<u>678,637</u>	<u>652,711</u>
<b>Note 4</b>	<b>Cash and Cash Equivalents</b>		
	Petty Cash	400	400
	Cash at Bank	255,343	248,209
		<u>255,743</u>	<u>248,609</u>
<b>Note 5</b>	<b>Receivables</b>		
	Trade Debtors	10,730	7,747
	Provision for Doubtful Debts	-	-
		<u>10,730</u>	<u>7,747</u>
	Sundry Debtors	47,583	29,745
		<u>58,313</u>	<u>37,492</u>

Note: Trade Debtors include \$nil (2015 \$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 2016 (CONT.)**

	2016	2015
	\$	\$
<b>Note 6      Other Current Assets</b>		
Prepayments	87,583	135,851
	<u>          </u>	<u>          </u>
 <b>Note 7      Other Financial Assets</b>		
<b>Investments - Current</b>		
Credit Union SA Deposits	3,216,717	3,406,434
Bank SA:		
At call Savings	862,246	273,882
Term Deposit/Bank Bills	819,623	962,646
Members Equity Deposit	1,500,000	1,500,000
Staff Computer Loans	5,058	1,710
	<u>6,403,644</u>	<u>6,144,672</u>
	<u>          </u>	<u>          </u>
 <b>Investments - Non-current</b>		
Credit Union SA Share		
- at cost	2	2
	<u>          </u>	<u>          </u>
 <b>Note 8      Property, Plant &amp; Equipment</b>		
Land and Buildings		
An independent valuation of the land and buildings was undertaken on 15 <sup>th</sup> December 2014. The valuation was performed by W Fudali FAPI, Certified Practising Valuer.		
Greenhill Road – at independent valuation	6,175,000	6,175,000
Accumulated Depreciation	(96,250)	(48,125)
	<u>6,078,750</u>	<u>6,126,875</u>
Porter Street – at independent valuation	600,000	600,000
Accumulated Depreciation	(9,000)	(4,500)
	<u>591,000</u>	<u>595,500</u>
Works of Art – at cost	36,300	36,300
	<u>          </u>	<u>          </u>
Plant & Equipment - at cost	394,074	392,736
Accumulated Depreciation	(373,781)	(357,981)
	<u>20,293</u>	<u>34,755</u>
	<u>          </u>	<u>          </u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

		<b>2016</b>	<b>2015</b>
		\$	\$
<b>Note 8</b>	<b>Property, Plant &amp; Equipment (cont.)</b>		
	Furniture and Fittings - at cost	218,859	218,859
	Accumulated Depreciation	(194,345)	(185,102)
		<u>24,514</u>	<u>33,757</u>
	Motor Vehicles - at cost	272,614	272,768
	Accumulated Depreciation	(136,363)	(133,179)
		<u>136,251</u>	<u>139,589</u>
	<b>Total property, plant &amp; equipment</b>	<u><u>6,887,108</u></u>	<u><u>6,966,776</u></u>

	<u><b>2016</b></u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	6,126,875	595,500	36,300	34,755	33,757	139,589	6,966,776
Additions – cost	-	-	-	1,610	-	44,801	46,411
Disposals	-	-	-	-	-	(7,574)	(7,574)
Depreciation	(48,125)	(4,500)	-	(16,072)	(9,243)	(40,565)	(118,505)
Closing WDV	<u>6,078,750</u>	<u>591,000</u>	<u>36,300</u>	<u>20,293</u>	<u>24,514</u>	<u>136,251</u>	<u>6,887,108</u>

	<u><b>2015</b></u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	6,175,000	600,000	36,300	69,318	39,486	180,504	7,100,608
Additions – cost	-	-	-	3,937	3,698	-	7,635
Disposals	-	-	-	(1,182)	-	-	(1,182)
Depreciation	(48,125)	(4,500)	-	(37,318)	(9,427)	(40,915)	(140,285)
Closing WDV	<u>6,126,875</u>	<u>595,500</u>	<u>36,300</u>	<u>34,755</u>	<u>33,757</u>	<u>139,589</u>	<u>6,966,776</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Note 9</b>		
<b>Trade and Other Payables</b>		
Accrued Expenses	457,739	422,488
Subscriptions in advance	435,030	451,311
Employee Benefits		
Provision for Annual Leave		
Elected Officers	67,395	108,466
Other employees	488,247	470,764
	<u>555,642</u>	<u>579,230</u>
Provision for Sick Leave		
Elected Officers	7,300	10,000
Other employees	42,700	40,000
	<u>50,000</u>	<u>50,000</u>
	<u><u>1,498,411</u></u>	<u><u>1,503,029</u></u>

Note: Accrued Expenses include \$780 (2015 \$nil) in relation to amounts payable to the Australian Education Union. Accrued Expenses include \$12,868 (2015 \$2,389) in relation to salary and oncost obligations for Elected Officers; \$4,249 (2015 \$6,735) in relation to legal costs and there are no amounts outstanding in relation to consideration to employers for payroll deductions of membership deductions (\$nil 2015).

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

No more than 12 months	1,498,411	1,471,224
More than 12 months	-	31,805
	<u>1,498,411</u>	<u>1,503,029</u>

**Note 10**      **Employee Provisions**

**Current**

Provision for Long Service Leave		
Elected Officers	162,957	221,384
Other employees	1,076,842	1,039,031
	<u>1,239,799</u>	<u>1,260,415</u>

**Non Current**

Provision for Long Service Leave		
Elected Officers	-	-
Other employees	15,079	13,357
	<u>15,079</u>	<u>13,357</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Note 11</b>		
<b>a) Equity</b>		
<b>Asset Revaluation Reserve</b>		
Balance at start of the year	4,947,035	4,947,035
Balance as at end of year	<u>4,947,035</u>	<u>4,947,035</u>

**Note 12 Cash Flows**  
**a) Reconciliation of Net Profit to Net Cash Provided by Operating Activities**

Net (Loss)/ Profit	182,503	(120,291)
Depreciation:		
- Motor Vehicles	40,565	40,915
- Furniture & Fittings	9,243	9,427
- Plant & Equipment	16,072	37,318
- Buildings	52,625	52,625
(Profit)/Loss on Sale of Equipment	(10,106)	1,182
Change in Assets and Liabilities:		
(Increase) in Trade Debtors	(2,983)	(3,710)
(Increase)/Decrease in Sundry Debtors	(17,838)	28,720
Decrease in Prepayments	48,268	10,110
Increase in Payables	18,970	193,688
(Decrease) in Provision for Sick Leave	-	(30,000)
(Decrease) in Provision for Annual Leave	(23,588)	(31,063)
(Decrease)/Increase in Provision for Long Service Leave	(18,894)	109,014
<b>Net Cash Provided by Operating Activities</b>	<u>294,837</u>	<u>297,935</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	255,343	248,209
	<u>255,743</u>	<u>248,609</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 2016 (CONT.)**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Note 12</b>		
<b>Cash Flows (cont.)</b>		
<b>e) Transactions with other AEU branches</b>		
Receipts received from:		
AEU Federal Office	605	21,754
AEU (ACT Branch)	-	-
AEU (Tas Branch)	-	-
AEU (Qld Branch)	-	-
AEU ( Vic Branch)	-	-
Total receipts received	<u>605</u>	<u>21,754</u>
Payments paid to:		
AEU Federal Office	678,855	653,152
AEU (Victorian Branch)	-	2,078
Total Payments paid	<u>678,855</u>	<u>655,230</u>
<b>Note 13</b>		
<b>Auditor's Remuneration</b>		
Amounts received or due and receivable by auditors for:		
- auditing or reviewing the financial report	15,500	15,560
- other services	-	-
	<u>15,500</u>	<u>15,560</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (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:

Howard Spreadbury (President)	Jan Murphy (Vice President)
Dash Taylor Johnson (Vice President)	
John (Jack) Major (Branch Secretary– term ended 31/12/16. Leah York elected for three year term commencing 1/1/17))	
Jennie-Marie Gorman (Treasurer)	Sarah Bennett
Jackie Bone-George	Chris Champion
David Coulter	Lara Golding
Andrew Gohl	Penny Karatzovalis
Adrian Maywald	Stephen Measday
Anne Nutt	Kelli Owen
Paul Petit	Trish Gilbert
Chris Turrell	Malcolm Vaughan
Rhianna Woodbury	

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2016, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$610,931 (2015 \$570,042). The aggregate amounts paid during the year ended 31st December 2016 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$82,981 (2015 \$77,082). There were no other transactions with key management personnel or their close family members.

**Note 15      Employee expenses**

	<b>2016</b>	<b>2015</b>
	\$	\$
Holdings of office:		
Wages and salaries	576,276	565,171
Superannuation	82,980	77,082
Leave and other entitlements	(56,430)	100,369
Other employee expenses	35,994	33,706
Subtotal employee expenses for holders of office	<u>638,820</u>	<u>776,328</u>
Employees other than office holders		
Wages and salaries	3,464,736	3,541,685
Superannuation	433,864	431,752
Leave and other entitlements	163,582	41,908
Other employee expenses	208,385	227,945
Subtotal employee expenses for non holders of office	<u>4,270,567</u>	<u>4,243,290</u>
Total employee expenses	<u><u>4,909,387</u></u>	<u><u>5,019,618</u></u>



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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (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 42.5.

**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>2016</u>	Fixed interest Maturing in 1 year or less	Non interest bearing	Total
	Floating Interest rate			
<b>Financial assets</b>				
Cash on hand and in banks	255,343	-	400	255,743
Investments – other than public investments	862,246	5,536,340	5,058	6,403,644
Trade and other debtors	-	-	145,896	145,896
	<u>1,117,589</u>	<u>5,536,340</u>	<u>151,354</u>	<u>6,805,283</u>
Weighted average interest rate	1.1%	2.75%		
<b>Financial Liabilities</b>				
Accrued Expenses	-		457,739	457,739
Subscriptions in advance	-	-	435,030	435,030
	<u>-</u>	<u>-</u>	<u>892,769</u>	<u>892,769</u>
	<u>2015</u>	Fixed interest Maturing in 1 year or less	Non interest bearing	Total
	Floating Interest rate			
<b>Financial assets</b>				
Cash on hand and in banks	248,209	-	400	248,609
Investments – other than public investments	273,882	4,445,436	1,710	4,721,028
Trade and other debtors	-	-	173,343	173,343
	<u>522,091</u>	<u>4,445,436</u>	<u>211,073</u>	<u>5,142,979</u>
Weighted average interest rate	1.5%	3.3%		
<b>Financial Liabilities</b>				
Accrued Expenses	-	-	422,813	422,813
Subscriptions in advance	-	-	451,311	451,311
	<u>-</u>	<u>-</u>	<u>874,124</u>	<u>874,124</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (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 \$
<b>Year ended 31 December 2016</b>		
+ 2% in interest rates	129,944	129,944
- 2% in interest rates	(120,774)	(120,774)
<b>Year ended 31 December 2015</b>		
+ 2% in interest rates	124,588	124,588
- 2% in interest rates	(119,287)	(119,287)

**Note 18 Commitments**

Payable – Minimum Lease Payments

- not later than 12 months	30,354	30,354
- between 2 and 5 years	27,825	58,178
- later than 5 years	-	-

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONT.)**

**Note 19      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)

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

***Opinion***

We have audited the accompanying financial report of Australian Education Union (SA Branch) ('the Union'), which comprises the Statement of Financial Position as at 31 December 2016, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, Notes to the Financial Statements and the Committee of Management's Statement.

In our opinion the financial report present fairly, in all material respects, the financial position of Australian Education Union (SA Branch) as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the requirements of the Fair Work Commission Reporting Guidelines and Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Branch in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

***Other Information***

The Committee of Management are responsible for the other information. The other information comprises the information in the Operating Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Matters Relating to the Electronic Presentation of the Audited Financial Report***

This audit report relates to the financial report of the Australian Education Union (SA Branch) for the year ended 31 December 2016, including its presentation on the Australian Education Union (SA Branch) web site. The Committee of Management and the Secretary of Australian Education Union (SA Branch) are responsible for the integrity of the Australian Education Union (SA Branch) web site. This audit report refers only to the statements named above for the SA 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 report to confirm the information included in the audited financial report presented on the web site.



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

***Committee of Management Responsibilities for the Financial Report***

The Committee of Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the requirements of the Fair Work Commission Reporting Guidelines and Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as they determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they either intend to liquidate the Branch or to cease operations, or they have no realistic alternative but to do so.

The Committee of Management is responsible for overseeing the Branch's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch Committee of Management.





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

***Auditor's Responsibilities for the Audit of the Financial Report cont***

- Conclude on the appropriateness of the Branch Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

  
Nexia Edwards Marshall  
Chartered Accountants

  
Jamie Dreckow  
Partner  
Chartered Accountant  
Registered Company Auditor #222051  
Certificate of Public Practice #87396

Adelaide  
South Australia

9 May 2017

