



15 July 2019

Leah York  
Branch Secretary  
Australian Education Union-South Australian Branch

Sent via email: [aeusa@aeusa.asn.au](mailto:aeusa@aeusa.asn.au)  
CC: [jdreckow@nexiaem.com.au](mailto:jdreckow@nexiaem.com.au)

Dear Leah York,

**Australian Education Union-South Australian Branch  
Financial Report for the year ended 31 December 2018 – (FR2018/371)**

I acknowledge receipt of the financial report of the Australian Education Union-South Australian Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 18 June 2019.

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 2019 may be subject to an advanced compliance review.

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

**General purpose financial report (GPFR)**

Nil activity disclosures

Item 21 of the reporting guidelines (**RGs**) states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosure for which there was already an equivalent form of disclosure in the body of the notes:

- "Agreeing to receive financial support from another reporting unit to continue as a going concern" is disclosed in Note 19 and the officer's declaration statement.

Please note that nil activities only need to be disclosed once.

The officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- Receiving any other revenue from another reporting unit (RG 13(b)).

Please ensure in future years that the above mentioned item is disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

#### Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of retained earnings of \$6,008,725 for the 2018 financial year. The officer's declaration statement includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.

In future years, please ensure that items within the financial report are disclosed consistently.

#### **Redaction of information from the operating report**

In the operating report, certain information relating to the disclosure requirements under Federal Branch Rule 34(1C)C disclosed on page 5 has been redacted from the copy of the 2018 financial report by the ROC before publishing it on its website.

Part 2A of Chapter 9 contains new provisions which supersede those former provisions of the RO Act which had required organisations and branches to have, and comply with, their own rules concerning similar disclosure in relation to officer remuneration.

Section 293J of Part 2A now requires a branch of an organisation to provide its members and lodge with the ROC a copy of an officer and related party disclosure statement in respect of certain remuneration<sup>1</sup> and payments<sup>2</sup> paid during the relevant financial year. This requirement applied to the financial year ending 31 December 2018. The statement is required to be lodged with the ROC within the period of 6 months starting at the end of the financial year. I note that the reporting unit's officer and related party disclosure statement was lodged with the ROC on 13 June 2019.

Please note that the officer and related party disclosure statement is separate from, and does not form part of, the general purpose financial report required under section 253 of Part 3 of Chapter 8.

The ROC takes its obligations relating to privacy seriously and endeavours to ensure compliance with the requirements under the *Privacy Act 1988* (**Privacy Act**). The redactions have been effected in accordance with the ROC privacy policy to protect the personal information of persons identified in the operating report. A copy of the ROC privacy policy can be found via [this link](#).

#### **Reporting Requirements**

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,



**Kylie Ngo**  
**Registered Organisations Commission**

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<sup>1</sup> see section 293BC

<sup>2</sup> see section 293G



## Australian Education Union

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Your reference:  
Our reference:

18 June 2019

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 Leah York being the Branch Secretary of the Australian Education Union (SA Branch) certify:

- that the documents lodged herewith are copies of the full report for the Australian Education Union (SA Branch) for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 29 May 2019 by publication on the AEU (SA Branch) website on 29 May 2019 and by notice in an e-News publication on 29 May 2019, provided free of charge to members of the Australian Education Union (SA Branch).; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 17 June 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Yours sincerely

A handwritten signature in black ink, appearing to read "Leah York".

LEAH YORK  
Branch Secretary

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

**Financial Statements**

**For the year ended**

**31 December 2018**

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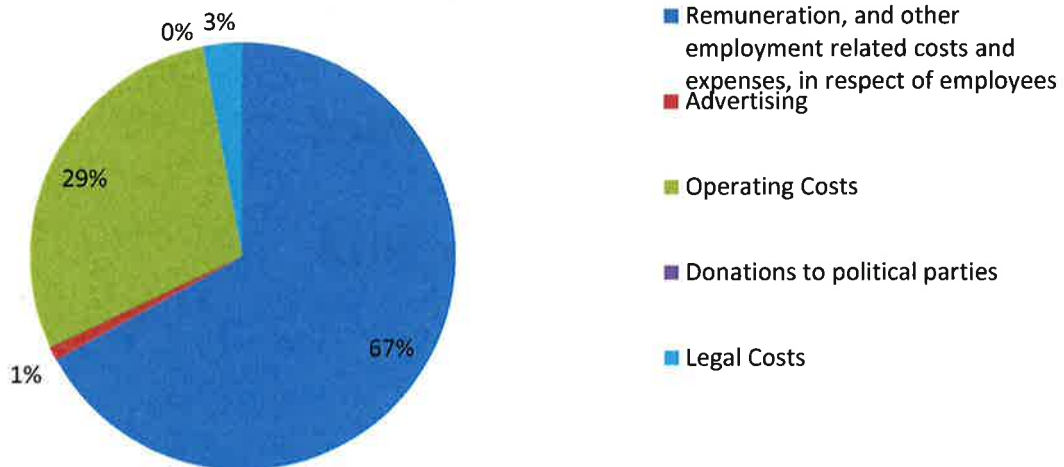
**Notes to and Forming Part of the Financial Statements**

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

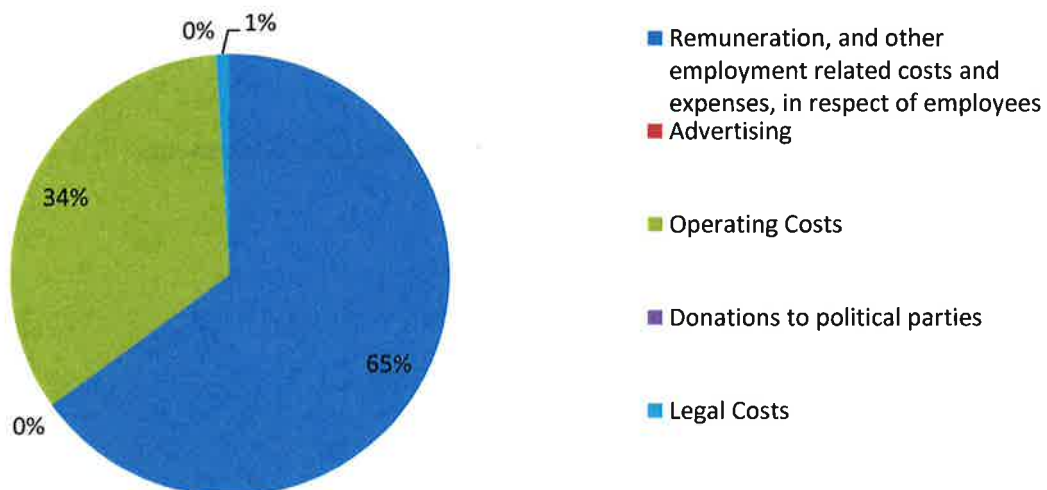
**REPORT REQUIRED UNDER SUBSECTION 255(2A)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Committee of Management presents the expenditure report, as required under subsection 255(2A), on the Australian Education Union (South Australian Branch) for the year ended 31 December 2018.

**2018 - Expenditure as required under s. 255(2A)  
RO**



**2017 - Expenditure as required under s 255(2A)  
RO Act**



Signature of designated officer ..... *Lean York* .....

Name and title of designated officer ..... *Lean York, Branch Secretary* .....

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

### **OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Committee of the Management present their report on the Australian Education Union (SA Branch) for the year ended 31 December 2018.

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

In April 2018 the South Australian Branch of the Union set priorities for the year consistent with the following Strategic Objectives endorsed by AEU Federal Executive and adopted by the AEU nationally:

1. To achieve equitable, sustainable, recurrent Government funding of public education across early childhood, schools and TAFE.
2. To protect and promote quality teaching and learning.
3. To protect and promote quality teaching and learning environments.
4. To ensure that the AEU is a growing, active campaigning, democratic union.
5. To promote, defend and advocate for human rights and social justice.

The AEU SA Branch implemented AEU Federal campaigns throughout the 2018 financial year in relation to schools, preschools and TAFE.

The AEU SA Branch priorities are consistent with the Federal AEU directions.  
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 our priorities for 2018 are:

1. To build and promote respect for the profession and to protect and improve members' workplace rights and entitlements.
2. To protect, promote and enhance public education as a vibrant and equitable system in accordance with the AEU Charter.
3. To grow an activist union through recruitment and campaigns that engage and develop education workers.
4. To advocate for equity principles in relation to human rights, social justice and environmental sustainability.
5. To advocate for adequate funding, legislative change and policy development to rebuild and reinvest in a quality TAFE system, in accordance with the 'AEU Respect: Public Education Priorities 2018 and Beyond' position statement.

Accordingly, the principal activities of the union throughout the 2018 financial year focussed on the achievement of these priorities and goals. Lobbying of both state and federal governments and politicians, and community engagement and activities sought to achieve these aims.

The AEU SA Branch commissioned research which resulted in the publication 'Respect: Public Education Priorities 2018 and beyond'. This publication and associated campaign was launched on 10 February 2018 at the Adelaide Town Hall, and has informed the work of the organisation.

In the lead up to the 2018 South Australian State election, the AEU SA Branch lobbied politicians and political candidates with regard to their commitment to deliver the recommendations of the 'Respect' publication.

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

### **OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont.)**

In May 2018, the AEU SA Branch commenced bargaining for a new enterprise agreement with the South Australian Government and the South Australian Department for Education. A professional and industrial framework formed the basis of the AEU's negotiating position in regard to employees in schools and preschools. The implementation of the 2016 enterprise agreement continued to be a major activity in TAFE SA.

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. South Australia hosted the National New Educators Conference in Adelaide in October 2018.

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. Governance training for members new to the Committee of Management as at 1 January 2018 due to 2017 elections of Branch Executive Officers was also undertaken.

A campaigning priority continued to be federal funding reforms to ensure schools are funded at the full schools resourcing standard. Particular campaigning emphasis was directed to the Coalition held Federal Electorates and Senators in South Australia in the lead up to the 2019 Federal election.

A focus of the Union's work in the Department for Education was ensuring democratic decision making processes were operating pursuant to the industrial instruments which govern schools and preschools.

Particularly in regional and remote areas, the level of student support services continued to be inadequate due in part to the inability to fill positions with suitably qualified staff. We continue to advocate for improved services, both for addressing the needs of students and to alleviate workload for members.

The provision of quality vocational education in South Australia continued to be a concern of the union. The State Government's funding program provided inadequate resourcing to maintain existing programs and community service obligations. TAFE members lobbied state politicians and political parties in the lead up to the March 2018 state election for adequate funding to rebuild and reinvest in TAFE in SA. A reduction in TAFE teaching staff through non-renewal of contracts and separation packages continued. The 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 to secure ongoing funding for the continuation of a guaranteed 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 number of members as at 31 December 2018 was 13,625.

The financial results of those activities is a deficit of \$54,810.

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



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

**OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (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 number of persons who as at 31 December 2018 were employees of the Branch measured on a full time equivalent basis was 43.9.

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

Howard Spreadbury	(President)	Lara Golding (Vice President)
Dash Taylor Johnson (Vice President)		Leah York (Branch Secretary) Trish
Gilbert (Treasurer)	Michele Appleton	Jackie Bone-George
David Coulter	Angela Dean	Ashleigh Foreman
Tim Longstaff	Adrian Maywald	Kendall Proud
Morgan Randall	Karen Roberts	Chris Turrell
Malcolm Vaughan	Brad Wallis	Helen Whyte

Note: All Committee Members are serving a 2 year term of office ending 31 December 2020. 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 2018 the two highest paid officers of the Branch were;

Branch President Howard Spreadbury	\$190,307	no relevant non-cash benefits
Branch Secretary Leah York	\$190,188	no relevant non-cash benefits

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

Signature of designated Officer

.....  ..... Dated 28/5/2019

Name and title of designated officer

Leah York, Branch Secretary



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

**COMMITTEE OF MANAGEMENT STATEMENT**


On the 27<sup>th</sup> May 2018 the Committee of the Management of Australian Education Union (SA Branch), passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit 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 financial year to which the GPFR relates 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 RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request of a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act has been provided to the member or the Commissioner; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

Signature of designated Officer

.....  ..... Dated 28/5/2019

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 2018**

	Note	2018 \$	2017 \$
Revenue from continuing operations	2(a)	7,791,391	7,547,539
Other Income	2(b)	182,329	172,342
<b>Total Income</b>		<u>7,973,720</u>	<u>7,719,881</u>
<b>Expenses</b>			
Governance expenses		899,590	1,007,815
Administration & Personnel expense		1,078,221	1,010,741
Operations expense		4,111,082	3,845,191
Other Member Operations expense		1,513,315	1,356,444
Property expense		426,322	428,224
<b>Total Expenses</b>	3(a)	<u>8,028,530</u>	<u>7,648,415</u>
<b>Surplus / (Deficit) for the year</b>		<u>(54,810)</u>	<u>71,466</u>
<b>Other Comprehensive Income</b>			
Gain on revaluation of land and buildings		-	-
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (Deficit)/income attributable to members of the Union</b>		<u><u>(54,810)</u></u>	<u><u>71,466</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 2018**

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 January 2017	5,992,069	4,947,035	10,939,104
Profit attributable to members of the Union	71,466	-	71,466
Balance as 31 December 2017	<u>6,063,535</u>	<u>4,947,035</u>	<u>11,010,570</u>
Profit attributable to members of the Union	(54,810)	-	(54,810)
Balance as 31 December 2018	<u><u>6,008,725</u></u>	<u><u>4,947,035</u></u>	<u><u>10,955,760</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 2018**

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	4	142,777	263,691
Trade and other Receivables	5	60,944	78,733
Other Current Assets	6	66,839	75,190
Other Financial Assets	7	6,327,368	6,280,459
<b>Total Current Assets</b>		<b>6,597,928</b>	<b>6,698,073</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	8	6,711,197	6,784,644
Financial Assets	7	2	2
<b>Total Non-Current Assets</b>		<b>6,711,199</b>	<b>6,784,646</b>
<b>Total Assets</b>		<b>13,309,127</b>	<b>13,482,719</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other Payables	9	864,902	836,709
Employee Provisions	10	1,472,763	1,630,010
<b>Total Current Liabilities</b>		<b>2,337,665</b>	<b>2,466,719</b>
<b>NON CURRENT LIABILITIES</b>			
Employee Provisions	10	15,702	5,430
<b>Total Non Current Liabilities</b>		<b>15,702</b>	<b>5,430</b>
<b>TOTAL LIABILITIES</b>		<b>2,353,367</b>	<b>2,472,149</b>
<b>NET ASSETS</b>		<b>10,955,760</b>	<b>11,010,570</b>
<b>EQUITY</b>			
Asset Revaluation Reserve	11	4,947,035	4,947,035
Retained Earnings		6,008,725	6,063,535
<b>Total Equity</b>		<b>10,955,760</b>	<b>11,010,570</b>

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 2018**

	<b>Note</b>	<b>2018</b>	<b>2017</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Subscriptions		8,462,638	8,167,062
Journal Subscriptions & Advertising		12,418	32,160
Payments to Suppliers and Employees		(8,796,667)	(8,528,596)
Rent & Room Hire		77,525	74,970
Interest Received		158,080	141,258
Professional Development		21,099	8,477
Project Funding		22,188	-
Other Income		746	809
<b>Net Cash (Used)/Provided by</b>		<hr/>	<hr/>
<b>Operating Activities</b>	12(a)	(41,973)	(112,337)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Property, Plant and Equipment		(32,032)	(14,127)
Proceeds from Sale of Equipment		-	11,227
(Deposits to)/Withdrawals from Investments		(48,197)	119,415
Staff Loans Issued		-	-
Repayments of Staff Loans		1,288	3,770
<b>Net Cash Provided by/(Used) in</b>		<hr/>	<hr/>
<b>Investing Activities</b>		(78,941)	120,285
Net Increase in Cash Held		(120,914)	7,948
Cash and cash equivalents at the beginning of the financial year		263,691	255,743
<b>Cash and cash equivalents at the end of the financial year</b>	12(b)	<hr/> <hr/>	<hr/> <hr/>
		142,777	263,691

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 2018

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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### **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 2018 (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 27th May 2018 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 2018 (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.

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 2018. 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 2018 (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 collectability 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 2018 (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 2018 (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 2018 (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 Union. 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.

##### (p) 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 2018 (CONT.)**

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

**(q) 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 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2019, 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.

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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

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

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

- 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.



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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

<b>Note 2</b>	<b>Revenue</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>a) Revenue from continuing operations</b>			
	Membership Subscriptions	7,687,958	7,443,674
	Rent	49,357	50,483
	Room Hire	20,684	18,290
	Journal Advertising	14,211	26,615
	Professional Development	19,181	8,477
		<u>7,791,391</u>	<u>7,547,539</u>
<b>b) Other Income</b>			
	Interest	156,268	163,461
	Profit from sale of assets		
	Motor Vehicles	-	8,056
	Plant & Equipment	-	90
	Other Income	822	735
	Project funding	25,239	
		<u>182,329</u>	<u>172,342</u>
<b>Note 3</b>	<b>Expenses</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>a) Total Expenses</b>			
	<b>GOVERNANCE EXPENSES</b>		
	Branch, Area & Divisional Council Meetings	72,633	77,606
	Sub-branch Administration Allowances	2,246	3,213
	Committee Expenses & Communication to Members	7,135	13,017
	Executive Expenses	37,764	30,345
	Donations	595	678
	Awards	355	-
	Entertainment & Travel	34,821	29,897
	Travel sustentation allowances	-	-
	Executive Allowances	3,585	3,583
	Salaries and related costs of Elected Officers	740,456	849,476
	Total Governance Expenses	<u>899,590</u>	<u>1,007,815</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

Note 3	Expenses (cont.)	Note	2018 \$	2017 \$
<b>a) Total Expenses (cont.)</b>				
Organisers:				
	Regional Office Expenses		7,450	7,035
	Motor Vehicle Expenses		70,633	61,032
	Depreciation - Motor Vehicles		36,880	37,710
	Salaries and Related Costs		2,150,335	2,278,872
	Travel & Sundry Expenses		40,830	54,391
			<u>2,306,128</u>	<u>2,439,040</u>
Industrial:				
	Legal Expenses		-	1,991
	Salaries and Related Costs		766,896	572,862
	Travel & Sundry Expenses		2,472	2,455
			<u>769,368</u>	<u>577,308</u>
Communications:				
	AEU Journal			
	- Printing		53,628	40,704
	- Delivery		33,752	59,490
	Travel & Accommodation		722	199
	Salaries and Related Costs		373,338	283,364
			<u>461,440</u>	<u>383,757</u>
Women's Officer:				
	Operating Expenses		27,536	24,690
	Salaries and Related Costs		149,807	142,360
	Travel & Sundry Expenses		1,577	652
			<u>178,920</u>	<u>167,702</u>
	<b>Total Operational Expenses</b>		<u><u>4,111,082</u></u>	<u><u>3,845,191</u></u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

Note 3	Expenses (cont.)	Note	2018 \$	2017 \$
<b>a) Total Expenses (cont.)</b>				
<b>ADMINISTRATION &amp; PERSONNEL</b>				
	Accountancy & Audit	13	16,200	15,800
	Bank Fees		59,334	54,938
	Doubtful Debts		-	-
	Entertainment & Travel		641	678
	Fringe Benefits Tax		3,738	5,411
	Insurance		4,989	5,502
	Internet Access & Website		19,993	22,849
	Legal Fees		5,455	-
	Machine Maintenance		28,881	32,499
	Postage		5,745	6,969
	Printing & Stationery		8,776	10,236
	Provision for Annual Leave		(134,845)	51,463
	Provision for Long Service Leave		(32,130)	(276,543)
	Provision for Sick Leave		20,000	-
	Recruitment & Training		27,753	16,993
	Resource Purchases		4,969	5,442
	Salaries and related costs		793,709	730,733
	Computer Expenses		169,371	243,809
	Strategic Review		21,517	21,745
	Sundry Expenses		9,570	7,580
	Telecommunication		44,555	54,637
	<b>Total Administration &amp; Personnel</b>		<u>1,078,221</u>	<u>1,010,741</u>
<b>OPERATIONAL EXPENSES</b>				
	<b>Campaign &amp; Publicity:</b>			
	Advertising & Other Campaign Expenses		130,477	37,458
	Media Consultancy & Monitoring		10,388	2,650
			<u>140,865</u>	<u>40,108</u>
	<b>Membership Records:</b>			
	Stationery/Resources		1,303	4,943
	Postage		10,205	12,073
	Salaries and related costs		242,853	220,260
			<u>254,361</u>	<u>237,276</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

<b>Note 3</b>	<b>Expenses (cont.)</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>a)</b>	<b>Total Expenses (cont.)</b>		
	<b>OTHER MEMBER OPERATIONS</b>		
	Member Legal Defence	314,277	177,628
	Union Development	160,101	156,765
	Member Professional Development	21,084	40,494
	International Support	53,610	60,000
	A.E.U. Capitation Fees & Levies	622,447	608,368
	Other Affiliations	70,449	67,960
	National Committees & Conferences		
	Travel & other expenses	4,745	7,434
	Sustentation allowances	4,140	5,068
	Salaries and Related Costs	259,933	232,428
	Travel and accommodation	2,529	299
	<b>Total Other Member Operations</b>	<u>1,513,315</u>	<u>1,356,444</u>
	<b>PROPERTY</b>		
	Repairs & Maintenance	50,088	43,406
	Rates & Taxes	72,472	74,080
	Electricity	47,428	58,906
	Cleaning	62,402	62,402
	Insurance	15,951	15,106
	Sundry Property Expenses	13,675	12,474
	Depreciation		
	- Furniture & Fittings	4,965	9,141
	- Plant & Equipment	11,009	14,034
	- Buildings	52,625	52,625
	Salaries and Related Costs	95,707	86,050
	<b>Total Property</b>	<u>426,322</u>	<u>428,224</u>
	<b>Total Expenses</b>	<u><u>8,028,530</u></u>	<u><u>7,648,415</u></u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

Note 3	Expenses (cont.)	2018 \$	2017 \$
<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	160,101	156,765
	Legal Defence	314,277	177,638
	Computer Expenses	169,371	243,809
	A.E.U. Affiliation Fees and Levies	622,447	608,368
		<u>                    </u>	<u>                    </u>
<b>c)</b>	<b>Employee Expenses</b>		
	<b>Holders of office:</b>		
	Wages and salaries	602,962	601,644
	Superannuation	81,928	83,737
	Leave and other entitlements	1,379	6,684
	Separation and redundancies	-	-
	Other employee expenses	-	-
	Subtotal employee expenses for holders of office	<u>686,269</u>	<u>692,065</u>
	<b>Employees other than office holders:</b>		
	Wages and salaries	3,952,261	3,524,734
	Superannuation	478,685	460,706
	Leave and other entitlements	24,018	219,874
	Separation and redundancies	22,417	-
	Other employee expenses	-	-
	Subtotal employee expenses for non holders of office	<u>4,477,381</u>	<u>4,205,314</u>
	<b>Other:</b>		
	Payroll Tax	221,255	222,944
	RTWSA Premium	44,738	54,584
	Fringe Benefits Tax	6,699	10,823
	Staff Recruitment and training	27,753	16,993
	Total employee expenses	<u>5,464,096</u>	<u>5,202,723</u>
<b>d)</b>	<b>Capitation fees and other expense to another reporting unit</b>		
	<b>Capitation fees</b>		
	Australian Education Union	412,487	404,350
	<b>Other expense to another reporting unit</b>		
	Australian Education Union	8,076	26,140

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

<b>Note 3</b>	<b>Expenses (cont.)</b>	<b>2018</b>	<b>2017</b>
<b>e)</b>	<b>Affiliations and Compulsory Levies</b>		
	<b>Affiliations</b>		
	ACTU *	78,898	77,446
	Education International *	32,081	27,527
	SA Union	69,245	67,960
	 Total Affiliations	<u>180,224</u>	<u>172,933</u>
	 *These are paid to the Australian Education Union and form part of the Federal Affiliation.		
	 <b>Levies</b>		
	<b>Australian Education Union</b>		
	Publication Levy	46,817	46,362
	For the publication of the Australian Educator and TAFE Teacher.		
	Public Education Levy	52,164	52,684
	To contribute towards the National Public Education Campaign		
		<u>98,981</u>	<u>99,046</u>
<b>f)</b>	<b>Donations</b>		
	Donations		
	Total paid that were \$1,000 or less	595	678
	Total paid that exceeded \$1,000	-	-
	 Total donations	<u>595</u>	<u>678</u>
<b>g)</b>	<b>Legal Costs</b>		
	Litigation	48,052	55,320
	Other Legal Costs	201,950	45,968
		<u>250,002</u>	<u>101,288</u>
<b>Note 4</b>	<b>Cash and Cash Equivalents</b>		
	Petty Cash	400	400
	Cash at Bank	142,377	263,291
		<u>142,777</u>	<u>263,691</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

	2018	2017
	\$	\$
<b>Note 5</b>		
<b>Receivables</b>		
Trade Debtors	11,769	25,368
Provision for Doubtful Debts	-	-
	<u>11,769</u>	<u>25,368</u>
Sundry Debtors	49,175	53,365
	<u>60,944</u>	<u>78,733</u>

Note: Trade Debtors include \$5,068 (2017 \$nil) in relation to amounts receivable from the Australian Education Union.

<b>Note 6</b>		
<b>Other Current Assets</b>		
Prepayments	66,839	75,190
	<u>66,839</u>	<u>75,190</u>

**Note 7**            **Other Financial Assets**

**Investments - Current**

Credit Union SA Deposits	3,401,249	3,308,608
Bank SA:		
At call Savings	783,738	326,090
Term Deposit/Bank Bills	642,381	1,144,473
Members Equity Deposit	1,500,000	1,500,000
Staff Computer Loans	-	1,288
	<u>6,327,368</u>	<u>6,280,459</u>

**Investments - Non-current**

Credit Union SA Share		
- at cost	2	2
	<u>2</u>	<u>2</u>

**Note 8**            **Property, Plant & Equipment**

**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	(192,500)	(144,375)
	<u>5,982,500</u>	<u>6,030,625</u>



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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Note 8      Property, Plant &amp; Equipment (cont.)</b>		
Porter Street – at independent valuation	600,000	600,000
Accumulated Depreciation	(18,000)	(13,500)
	<u>582,000</u>	<u>586,500</u>
 Works of Art – at cost	 36,300	 36,300
	<u>36,300</u>	<u>36,300</u>
 Plant & Equipment - at cost	 393,832	 389,115
Accumulated Depreciation	(373,808)	(369,001)
	<u>20,024</u>	<u>20,114</u>
 Furniture and Fittings - at cost	 220,052	 219,131
Accumulated Depreciation	(208,451)	(203,486)
	<u>11,601</u>	<u>15,645</u>
 Motor Vehicles - at cost	 272,283	 252,091
Accumulated Depreciation	(193,511)	(156,631)
	<u>78,772</u>	<u>95,460</u>
 <b>Total property, plant &amp; equipment</b>	 <u><u>6,711,197</u></u>	 <u><u>6,784,644</u></u>

	<u>2018</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	6,030,625	586,500	36,300	20,114	15,645	95,460	6,784,644
Additions – cost	-	-	-	10,919	921	20,192	32,032
Disposals	-	-	-	-	-	-	-
Depreciation	(48,125)	(4,500)	-	(11,009)	(4,965)	(36,880)	(105,479)
Closing WDV	<u>5,982,500</u>	<u>582,000</u>	<u>36,300</u>	<u>20,024</u>	<u>11,601</u>	<u>78,772</u>	<u>6,711,197</u>

	<u>2017</u>						
	G/Hill Rd	Porter St	Work of Art	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Total
Opening WDV	6,078,750	591,000	36,300	20,293	24,514	136,251	6,887,108
Additions – cost	-	-	-	13,855	272	-	14,127
Disposals	-	-	-	-	-	(3,081)	(3,081)
Depreciation	(48,125)	(4,500)	-	(14,034)	(9,141)	(37,710)	(113,510)
Closing WDV	<u>6,030,625</u>	<u>586,500</u>	<u>36,300</u>	<u>20,114</u>	<u>15,645</u>	<u>95,460</u>	<u>6,784,644</u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

	2018	2017
	\$	\$
<b>Note 9      Trade and Other Payables</b>		
Accrued Expenses	408,179	408,640
Legal Costs		
Litigation	-	1,081
Other Legal Matters	35,221	8,972
Amount Payable to other reporting units		
Australian Education Union	515	-
Subscriptions in advance	420,987	418,016
	<u>864,902</u>	<u>836,709</u>

Note: Accrued Expenses include \$18,193 (2017 \$8,892) in relation to salary and oncost obligations for Elected Officers;

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

No more than 12 months	864,902	836,709
More than 12 months	-	-
	<u>864,902</u>	<u>836,709</u>

**Note 10      Employee Provisions**

**Office Holders**

Annual Leave	64,710	70,053
Long Service Leave	24,308	41,790
Separations and Redundancies	-	-
Other – Sick Leave	9,555	6,805

<b>Subtotal Employee Provisions – Office Holders</b>	<u>98,573</u>	<u>118,648</u>
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**Employees Other than Office Holders**

Annual Leave	407,550	537,052
Long Service Leave	921,897	936,545
Separations and Redundancies	-	-
Other – Sick Leave	60,445	43,195

<b>Subtotal Employee Provisions – Employees other than Office Holders</b>	<u>1,389,892</u>	<u>1,516,792</u>
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<b>Total Employee Provisions</b>	<u>1,488,465</u>	<u>1,635,440</u>
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Current	1,472,763	1,630,010
Non Current	15,702	5,430

<b>Total Employee Provisions</b>	<u>1,488,465</u>	<u>1,635,440</u>
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**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

		<b>2018</b>	<b>2017</b>
		\$	\$
<b>Note 11</b>	<b>Equity</b>		
<b>a)</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	(54,810)	71,466
Depreciation:		
- Motor Vehicles	36,880	37,710
- Furniture & Fittings	4,965	9,141
- Plant & Equipment	11,009	14,034
- Buildings	52,625	52,625
(Profit)/Loss on Sale of Equipment	-	(8,146)
Change in Assets and Liabilities:		
Decrease/(Increase) in Receivables	17,789	(20,420)
Decrease in Prepayments	8,351	12,393
(Decrease)/ Increase in Payables	28,193	(56,060)
(Decrease) in Provisions	(146,975)	(225,080)
<b>Net Cash (Used by)/Provided by Operating Activities</b>	<u>(41,973)</u>	<u>(112,337)</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	142,377	263,291
	<u>142,777</u>	<u>263,691</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 2018 (CONT.)**

	2018	2017
	\$	\$
<b>Note 12</b>		
<b>Cash Flows (cont.)</b>		
<b>e) Transactions with other AEU branches</b>		
Receipts received from:		
AEU Federal Office	23,089	640
AEU (ACT Branch)	-	115
Total receipts received	<u>23,089</u>	<u>755</u>
Payments paid to:		
AEU Federal Office	689,559	628,744
AEU (Victorian Branch)	-	595
Total Payments paid	<u>689,559</u>	<u>629,339</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	16,200	15,800
- other services	-	-
	<u>16,200</u>	<u>15,800</u>

**Note 14**      **Related Party Transactions**

**a) Executive Members**

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)	Lara Golding (Vice President)
Dash Taylor Johnson (Vice President)	Leah York (Branch Secretary)
Trish Gilbert (Treasurer)	
Michele Appleton	Jackie Bone-George
David Coulter	Angela Dean
Ashleigh Foreman	Tim Longstaff
Adrian Maywald	Kendall Proud
Morgan Randall	Karen Roberts
Chris Turrell	Malcolm Vaughan
Brad Wallis	Helen Whyte

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

**Note 14      Related Party Transactions (cont.)**

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2018, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$612,547 (2017 \$710,273). The aggregate amounts paid during the year ended 31st December 2018 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$81,928 (2017 \$83,737).

**b) Key Management Personnel Remuneration for the Reporting Period**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short Term Employee Benefits		
Salary (including Annual Leave Taken)	891,680	948,816
Annual Leave Accrued	89,649	88,723
Sick Leave Accrued	12,682	3,226
Performance Bonus	-	-
Total Short Term Employee Benefits	<u>994,011</u>	<u>1,040,765</u>
Post Employment Benefits		
Superannuation	111,948	111,160
Total Post Employment Benefits	<u>111,948</u>	<u>111,160</u>
Other Long Term Benefits		
Long Service Leave	47,383	67,116
Total Long Term Benefits	<u>47,383</u>	<u>67,116</u>
Termination Benefits	-	-
Share Based Payments	-	-
Total	<u><u>1,153,342</u></u>	<u><u>1,219,041</u></u>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

**Note 14 Related Party Transactions (cont.)**

**c) Transactions with Key Management Personnel and Their Close Family Members**

**Loans to/from Key Management Personnel**

Loan made to H Spreadbury	-	2,306
Loan terms consistent with all staff computer loans		
– repayable by equal payments over two years, interest free, to be used for purchase of computer equipment only.		

**Other Transactions with Key Management Personnel**

There were no transactions with key management personnel or the committee of management and the AEU (SA Branch) office other than those relating to their membership of the AEU (SA Branch) and reimbursement in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which are reasonable to expect would have been adopted by parties at arm's length.

**Note 15 Segment Information**

The Union operates as a trade union in the Education industry within South Australia. The principal place of business is 163 Greenhill Road, Parkside, South Australia. The number of full time equivalent employees as at reporting date is 43.9.

**Note 16 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>2018</u>	Fixed interest Maturing in	Non interest bearing	Total
	Floating Interest rate	1 year or less		
<b>Financial assets</b>				
Cash on hand and in banks	142,377	-	400	142,777
Investments – other than public investments	783,738	5,543,630	-	6,327,368
Trade and other debtors	-	-	127,783	127,783
	926,115	5,543,630	128,183	6,597,928
Weighted average interest rate	0.8%	2.59%		
<b>Financial Liabilities</b>				
Accrued Expenses	-	-	443,915	443,915
Subscriptions in advance	-	-	420,987	420,987
	-	-	864,902	864,902
	-	-	864,902	864,902

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

**Note 16 Financial Instruments Disclosure (cont.)**

<u>2017</u>	Floating Interest rate	Fixed interest Maturing in 1 year or less	Non interest bearing	Total
<b>Financial assets</b>				
Cash on hand and in banks	263,291	-	400	263,691
Investments – other than public investments	362,090	5,953,081	1,288	6,280,459
Trade and other debtors	-	-	153,923	153,923
	589,381	5,953,081	155,611	6,698,073
Weighted average interest rate	0.8%	2.64%		
<b>Financial Liabilities</b>				
Accrued Expenses	-	-	418,693	418,693
Subscriptions in advance	-	-	418,016	418,016
	-	-	836,709	836,709
	-	-	836,709	836,709

(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



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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

**Note 16 Financial Instruments Disclosure (cont.)**

(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 2018</b>		
+ 2% in interest rates	159,657	159,657
- 2% in interest rates	(118,117)	(118,117)
<b>Year ended 31 December 2017</b>		
+ 2% in interest rates	150,241	150,241
- 2% in interest rates	(121,561)	(121,561)

**Note 17 Fair Value Measurement**

As stated at Note 17(c), management of the reporting unit assess that cash on hand and at banks (including term deposits noted at Note7), receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties.

Management measures and recognizes the following assets at fair value on a recurring basis after initial recognition:

- Freehold land and buildings.

Further discussion regarding the reporting units accounting policy on fair value measurement is detailed at note 1 (o).

The following table contains the carrying amounts and related fair values for the reporting units financial assets and liabilities

Financial Assets	Carrying Amount 2018 \$	Fair value 2018 \$	Carrying Amount 2017 \$	Fair value 2017 \$
Land and Buildings				
- Greenhill Road	5,982,500	5,982,500	6,030,625	6,030,625
- Porter Street	582,000	582,000	586,500	586,500

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

**Note 17 Fair Value Measurement (cont.)**

*Fair value hierarchy*

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

The following table provides an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy

31 December 2018

Assets measured at fair value	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Land and Buildings	15/12/2014			
- Greenhill Road		-	5,982,500	-
- Porter Street		-	582,000	-

31 December 2017

Assets measured at fair value	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Land and Buildings	15/12/2014			
- Greenhill Road		-	6,030,625	-
- Porter Street		-	586,500	-

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONT.)**

**Note 18 Commitments**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
- Within one year	28,128	28,128
- After one year but not more than five years	77,352	105,480
- More than 5 years	-	-
	<u>105,480</u>	<u>133,608</u>

Leases are for photocopiers and printers and the average remaining term is 58 months. There is no contingent rent payable in respect of the above leases. Under the terms of the lease arrangements an option does not exist for renewal or purchase options at the end of the lease term. The lease arrangement contains no escalation clauses.

The total lease payments recognised as an expense in the period	28,508	30,996
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**Note 19 Going Concern**

The Australian Education Union (South Australian Branch)'s ability to continue as a going concern is not reliant on financial support from another reporting unit.

**Note 20 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), to (3) of Section 272, which read as follows:

Information to be provided to members or Commissioner:

(1) A member of a reporting unit, or the Commissioner, 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.

(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.

(3) A reporting unit must comply with an application made under subsection(1).

**AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)  
OFFICER DECLARATION STATEMENT**

I, Leah York, being the Branch Secretary of the Australian Education Union (South Australian Branch), declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer .....  .....

Dated 28/5/2019 .....

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

**Report on the Audit of the Financial Report**

***Opinion***

I have audited the accompanying financial report of Australian Education Union (SA Branch) ('the Reporting Unit'), which comprises the Statement of Financial Position as at 31 December 2018, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes to the Financial Statements, including a summary of significant accounting policies; the Committee of Management's Statement, the subsection 255(2A) report and the Officer Declaration Statement

In my opinion the financial report present fairly, in all material respects, the financial position of Australian Education Union (SA Branch) as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with

- a) Australian Accounting Standards;
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)*.

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

***Basis for Opinion***

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting Unit 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

***Information Other than the Financial Report and Auditor's Report Thereon***

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



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

***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 2018, 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.

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

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 Reporting unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or they have no realistic alternative but to do so.

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

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

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Reporting Unit's internal control.





**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***

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the 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 reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an auditor registered under the RO Act



**Nexia Edwards Marshall  
Chartered Accountants**



**Jamie Dreckow  
Partner  
Chartered Accountant**

**Registration number (as registered by the RO Commissioner under the RO Act): AA2017/16**

**Adelaide  
South Australia**

**28 May 2019**





21 January 2019

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

Dear Ms York ,

**Re: Lodgement of Financial Report - [FR2018/371]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Education Union-South Australian Branch (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

GPO Box 2983, Melbourne VIC 3001  
Telephone: 1300 341 665 | Email: [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)  
Website: [www.roc.gov.au](http://www.roc.gov.au)



It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Subsection 255(2A) report**

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our [website](#).

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A [fact sheet](#) is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**

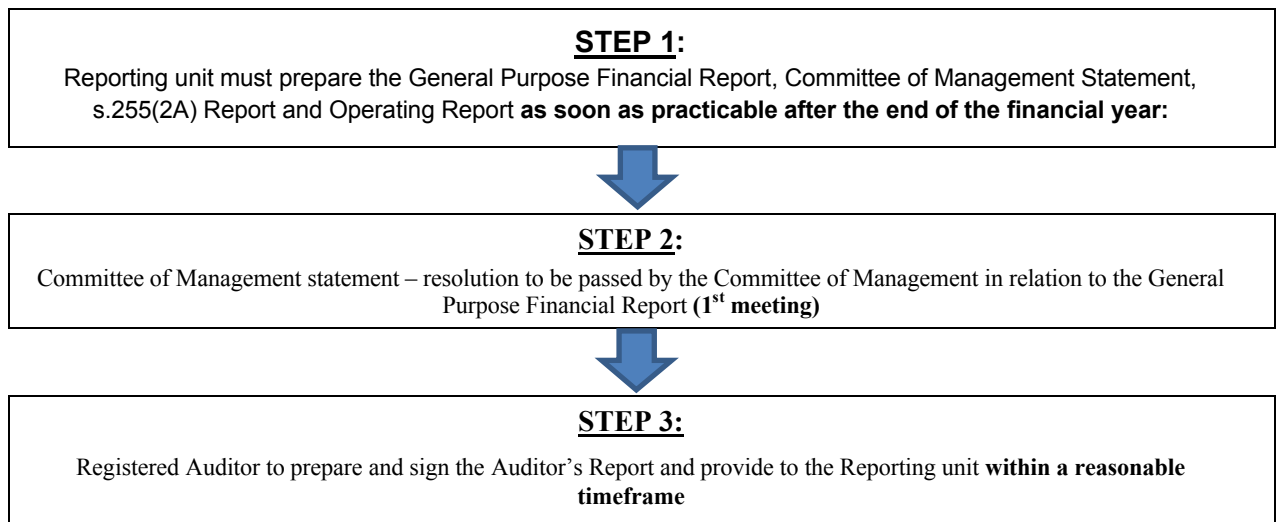


## Fact sheet

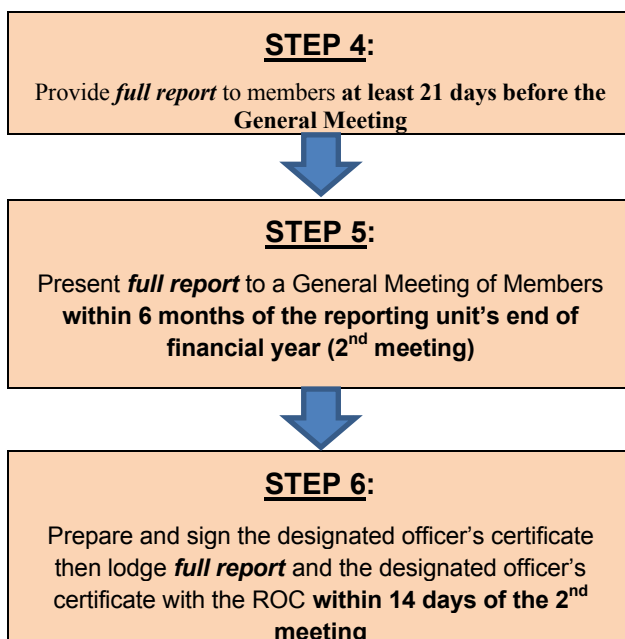
### Summary of financial reporting timelines – s.253 financial reports

#### General Information:

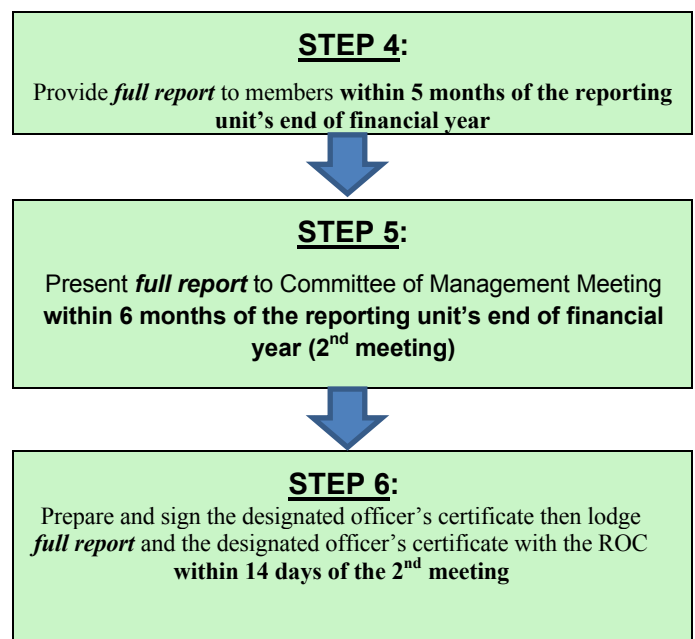
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT  
AT **GENERAL MEETING OF MEMBERS**  
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT  
**COMMITTEE OF MANAGEMENT MEETING**  
(Special rules must be in the rulebook to use this process)



## Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## **Fact sheet**

### **Loans, Grants & Donations**

#### **The Loans, Grants & Donations Requirements**

The Fair Work (Registered Organisations) Act 2009 (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within 90 days of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

#### **The Loans, Grants & Donations Statement**

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,\* and
- the arrangements for repaying the loan.\*

\*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

**Common misconceptions**

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
<p><b>X</b> Only reporting units must lodge the Statement.</p>	<p><b>✓</b> All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.</p>
<p><b>X</b> Employees can sign the Statement.</p>	<p><b>✓</b> The statement must be signed by an elected officer of the relevant branch.</p>
<p><b>X</b> Statements can be lodged with the financial report.</p>	<p><b>✓</b> The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.</p>

**Grants & Donations within the Financial Report**

Item 14(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

**Note 4E: Grants or donations\***

Grants:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer’s declaration statement, even if the figures are NIL.

## Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

### Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

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