



6 July 2021

Leah York
Branch Secretary
Australian Education Union - South Australian Branch

Sent via email: lyork@aeusa.asn.au
CC: jdreckow@nexiaem.com.au

Dear Leah York,

**Australian Education Union - South Australian Branch
Financial Report for the year ended 31 December 2020 – (FR2020/330)**

I acknowledge receipt of the financial report for the year ended 31 December 2020 for the Australian Education Union - South Australian Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 22 June 2021.

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 2021 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.

You must rotate your registered auditor

Correspondence was provided to the reporting unit on 8 April 2021, which alerted you that your registered auditor is approaching their statutory limit on how many consecutive financial years they are permitted to audit your financial report. The financial report lodged identifies that, Jamie Todd Dreckow, was the reporting unit's registered auditor for this financial year. Our records indicate that you have now used your current registered auditor for five consecutive financial years, which is the statutory limit under section 256A.

Please ensure that Jamie Todd Dreckow is not assigned to audit the financial report of the reporting unit for at least the following two financial years. Further information on the rotation of registered auditor requirement can be found via [this link](#).

Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of retained earnings of \$7,043,437 for the 2020 financial year (2019: \$6,190,456). 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.

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.

Yours sincerely,



Kylie Ngo
Registered Organisations Commission



Australian Education Union

SA Branch | 163 Greenhill Road, Parkside, SA 5063

phone: [08] 8172 6300

email: aeusa@aeusa.asn.au

fax: [08] 8172 6390

website: www.aeusa.asn.au

Your reference:
Our reference:

22 June 2021

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

Dear Mr Bielecki

Re: Australian Education Union (SA Branch) Financial Reports – Year Ending 31 December 2020

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 31 December 2020 and 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 27 May 2021 by publication on the AEU (SA Branch) website on 27 May 2021 and by notice in an e-News publication on 27 May 2021, 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 21 June 2021 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Yours sincerely

A handwritten signature in black ink that reads "Leah York". The signature is written in a cursive, flowing style.

LEAH YORK
Branch Secretary

Australia Education Union (SA Branch)
ABN 25 541 678 478

Financial Statements
Year ended 31 December 2020

Australian Education Union (South Australian Branch)

Financial Statements 2020

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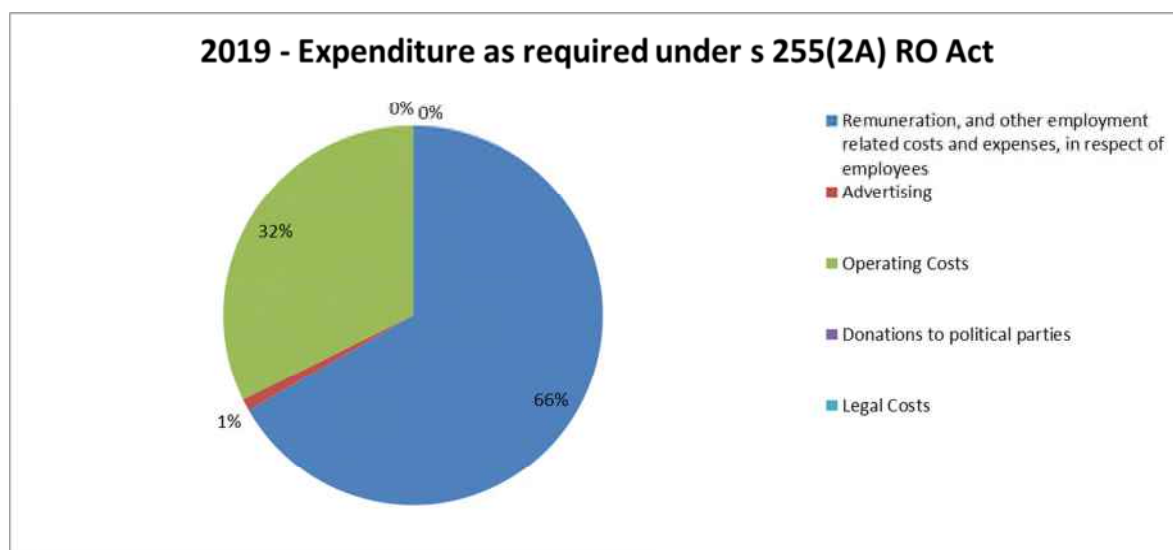
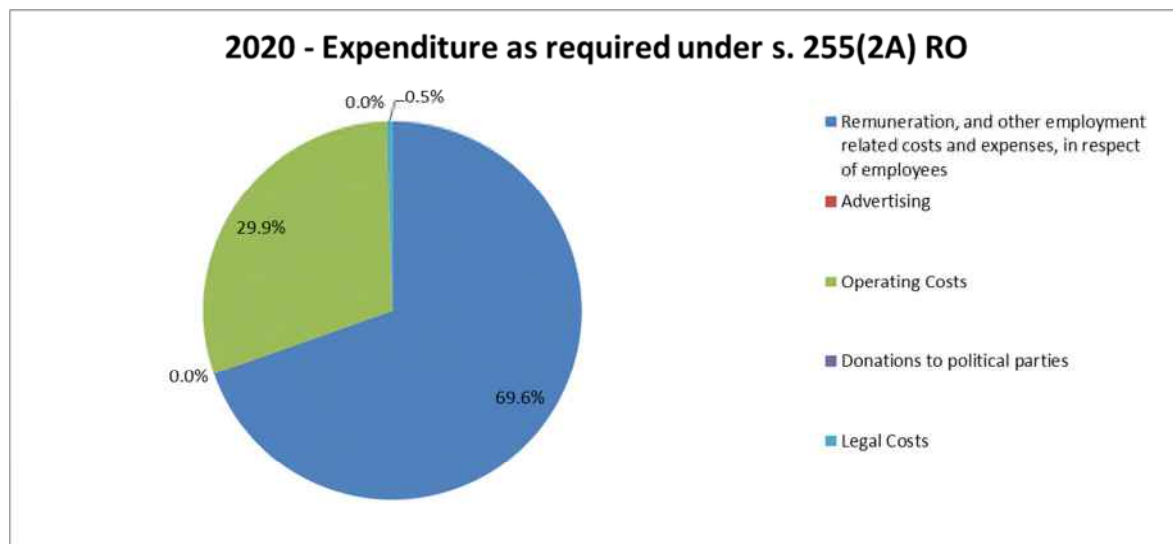
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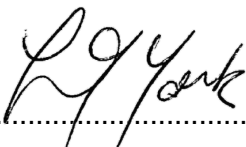
AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Report required under subsection 255(2A)

for the year ended 31 December 2020

The committee of management presents the expenditure report as required under subsection 255(2A) on the reporting unit for the year ended 31 December 2020.



Signature of designated officer: 

Name and title of designated officer: Leah York, Branch Secretary

Dated: 25/05/2021

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Operating Report for the year ended 31 December 2020

The committee of management presents its operating report on the reporting unit for the year ended 31 December 2020.

The principal activity of the Union during the year was operating as a trade union within the Public Education industry in South Australia in Preschools, Schools and TAFE SA. The primary objective of the AEU (SA Branch) is to represent the professional and industrial interests of its members and to promote and defend South Australia's high quality public education system and the right of every child and student to a quality public education.

The South Australian Branch of the Union set strategic directions 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 2019 financial year in relation to schools, preschools and TAFE.

The AEU SA Branch directions are consistent with the Federal AEU objectives.

The AEU SA Branch vision is that, 'United as educators, we are the powerful union that protects, promotes and enhances an inclusive public education for all South Australians.'

The strategic directions of the AEU SA Branch are to:

- Build and promote respect for the profession
- Protect and improve members' workplace rights and entitlements
- Protect, promote and enhance public education
- Increase union power
- Advocate for equity principles

Accordingly, the principal activities of the union throughout the 2020 financial year focussed on the achievement of our vision and strategic directions. Lobbying of both state and federal governments and politicians, and community engagement and activities sought to achieve these aims.

The AEU SA Branch successfully negotiated a new 'South Australian School and Preschool Education Staff Enterprise Agreement 2020' with the Chief Executive, Department of Treasury and Finance and the Chief Executive, Department for Education. Following a ballot of AEU SA Branch members on an enterprise bargaining offer in December 2019, the employer conducted a ballot of all relevant employees in early 2020, resulting in the approval of the Enterprise Agreement by the South Australian Employment

Tribunal on 23 March 2020. The AEU SA Branch has utilised its resources in educating and training members in provisions of the new Enterprise Agreement, in particular to ensure that democratic processes were operating pursuant to the industrial instruments which govern schools and preschools.

COVID 19 impacted on the operations of the AEU SA Branch throughout 2020. AEU SA members remained at work for the majority of the year, except a week prior to the April school holidays and during a state wide lockdown between 18-20 November 2020. However, many changes to working conditions and leave arrangements ensued. This refocused the work of AEU staff on assisting members with health and safety queries, workload matters associated with the development of remote learning and the associated upskilling in technology requirements.

The AEU SA Branch largely conducted its affairs through remote means, including Zoom and Teams meetings, telephone contact, and via email and social media. Meetings of Branch Executive and Branch Council were conducted through Zoom, as were Consultative and Standing Committee meetings and business.

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 was increased through on-line campaigning and activism, and information sharing through electronic means. Lapsed members continued to be a key priority for recruitment.

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

The level of student support services, across rural, remote and metropolitan South Australia continues 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 revision of the Education Act 1972 provided an opportunity for the AEU SA Branch to input into feedback channels on draft legislation promulgated by the government. This included a campaign to obtain over 10,000 signatures to ensure the AEU SA Branch continued to be represented on the Teachers Registration Board. Following successful lobbying of cross benchers and the tabling of a petition, the new Education and Children's Services Act 2019 continues to include AEU representation.

The provision of quality vocational education in South Australia continues to be a concern of the union. The State Government's funding program has cut course offerings and denied TAFE SA the opportunity to contest funding for prescribed courses, rather allowed only private registered training organisations to offer these courses. The TAFE enterprise agreement nominally expired in October 2019 and negotiations for a new enterprise

agreement that commenced in December 2019 continued in 2020. The parties to those negotiations have yet to reach an agreement.

Preschool members continued to campaign to secure ongoing funding for preschool education, in regard to universal access for four year olds, and in line with the Federal campaign 'guaranteed 15 hours of preschool education for all four year olds.

An organisational restructure of the AEU SA Branch, predominately affecting Administrative Officers was implemented on 1 February 2020. On the recommendation of a report commissioned by the AEU SA Branch into its operations undertaken in 2018, the restructure supports increased resourcing for campaigning and member activism, and provides a specialist member services centre. A further review of Clerical support functions (as recommended by the aforementioned 2018 operational review) was undertaken in 2020 with a report presented to the Committee of Management in October 2020.

Significant changes in financial affairs

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

Right of members to resign

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.

Number of members

The number of members as at 31 December 2020 was 13,385.

Number of employees

The number of persons who as at 31 December 2020 were employees of the Branch measured on a full time equivalent basis was 37.64.

Names of committee of management members and period positions held during the financial year

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

Lara Golding (President)

Dash Taylor Johnson (Vice President)

Jan Murphy (Vice President)

Leah York (Branch Secretary)

Ann Clarke (Treasurer)

Michele Appleton

Matthew Cherry

David Coulter

Angela Dean

Vicki Lacey

S Garwood

Trish Gilbert

Shirley Goff

P Karatzovalis

Marika Marlow

Kate McAuley

Adrian Maywald

Kendall Proud

Howard Spreadbury

Michael Stoetzer

Graham Wood

Note: All Committee Members have been elected for a term of office ending 31 December 2021.

Office holders are listed at the beginning of the Committee Member list. All other Committee Members are known as Ordinary Branch Executive Officers.

Signature of designated officer: 

Name and title of designated officer: Leah York, Branch Secretary

Dated: 25/05/2021

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Committee of Management Statement

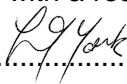
for the year ended 31 December 2020

On 24/05/2021 the Committee of Management of the Australian Education Union (SA Branch) passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2020:

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 by a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information 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: 

Name and title of designated officer: Leah York, Branch Secretary

Dated: 25/05/2021

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 \$	2019 \$
Revenue from contracts with customers			
	3		
Membership subscriptions		8,062,927	7,934,079
Room Hire		1,720	19,592
Journal Advertising		8,000	11,740
Professional Development		6,378	18,563
Total revenue from contracts with customers		8,079,025	7,983,974
Other Income			
Project Fundiing		-	29,994
Net gains from sale of assets	3B	55	9,215
Investment income	3C	101,683	144,721
Rental income		45,257	50,124
Sitting Fee Reimbursement		12,909	12,409
COVID Government Cash Boost		100,000	-
Other income		272	1,805
Total other income		260,176	248,268
Total income		8,339,201	8,232,242
Expenses			
Employee expenses	4A	5,266,293	5,679,458
Capitation fees and other expense to another reporting unit	4B	454,481	430,251
Affiliation fees	4C	195,813	185,523
Compulsory Levies	4D	106,233	101,158
Governance expenses	4E	89,995	185,261
Administration expenses	4F	498,216	407,714
Operational expenses	4G	304,375	362,031
Other Member Operations expense	4H	108,726	232,005
Property expenses	4I	136,007	155,902
Investment expenses	4J	143,343	128,813
Donations	4K	1,500	473
Depreciation and amortisation	4L	129,110	117,777
Finance costs	4M	231	176
Legal costs	4N	35,397	47,769
Audit fees	4O	16,500	16,200
Total expenses		7,486,220	8,050,511
Surplus (deficit) for the year		852,981	181,731
Other comprehensive income			
Other Comprehensive Income		-	-
Total comprehensive income attributable to members of the Union		852,981	181,731

The above statement should be read in conjunction with the notes.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Financial Position

as at 31 December 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	5A	182,735	63,393
Trade and Other Receivables	5B	25,444	51,790
Other Current Assets	5C	95,134	94,682
Other Financial Assets	5D	7,494,326	6,895,224
Total Current Assets		7,797,639	7,105,089
Non-current Assets			
Property, Plant and Equipment	6A	6,688,290	6,754,207
Other Financial Assets	6C	2	2
Total Non-current Assets		6,688,292	6,754,209
Total Assets		14,485,931	13,859,298
LIABILITIES			
Current Liabilities			
Trade Payables	7A	462,683	591,506
Other Payables	7B	397,114	363,731
Employee Provisions	8A	1,552,660	1,641,824
Lease Liabilities	6B	29,535	26,495
Total Current Liabilities		2,441,992	2,623,556
Non-current Liabilities			
Employee Provisions	8A	29,190	44,440
Lease Liabilities	6B	24,277	53,811
Total Non-current Liabilities		53,467	98,251
Total Liabilities		2,495,459	2,721,807
Net Assets		11,990,472	11,137,491
EQUITY			
Asset Revaluation Reserve	9A	4,947,035	4,947,035
Retained Earnings		7,043,437	6,190,456
Total Equity		11,990,472	11,137,491

The above statement should be read in conjunction with the notes.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Changes in Equity

for the year ended 31 December 2020

	General funds /reserves	Retained earnings	Total equity
	\$	\$	\$
Balance as at 31 December 2018	4,947,035	6,008,725	10,955,760
Profit attributable to members of the Union	-	181,731	181,731
Closing balance as at 31 December 2019	4,947,035	6,190,456	11,137,491
Profit attributable to members of the Union	-	852,981	852,981
Closing balance as at 31 December 2020	4,947,035	7,043,437	11,990,472

The above statement should be read in conjunction with the notes.

AUSTRALIAN EDUCATION UNION (SOUTH AUSTRALIAN BRANCH)

Statement of Cash Flows

for the year ended 31 December 2020

	Notes	2020 \$	2019 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from customers		8,924,658	8,718,442
COVID Government Cash Boost		100,000	-
Receipts from other reporting unit/controlled entity(s)	10B	758	11,522
Interest		118,408	165,497
Other		64,282	88,798
Cash used			
Suppliers and Employees		(7,645,256)	(7,700,752)
Interest payments and other finance costs	4M	(231)	(176)
Payment to other reporting units/controlled entity(s)	10B	(754,543)	(723,591)
Net cash from operating activities	10A	808,076	559,740
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		55	19,091
Repayment of staff loans		799	650
Cash used			
Purchase of plant and equipment		(63,193)	(66,672)
Deposits to Investments		(599,902)	(567,058)
Staff loans Issued		-	(1,449)
Net cash (used by) investing activities		(662,241)	(615,438)
FINANCING ACTIVITIES			
Cash used			
Repayment of lease liabilities	6B	(26,493)	(23,686)
Net cash used by financing activities		(26,493)	(23,686)
Net increase (decrease) in cash held		119,342	(79,384)
Cash & cash equivalents at the beginning of the reporting period		63,393	142,777
Cash & cash equivalents at the end of the reporting period	5A	182,735	63,393

The above statement should be read in conjunction with the notes

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Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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 (**RO Act**). For the purpose of preparing the general purpose financial statements, the Union 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.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

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.

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 24th May 2021 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.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

Future Australian Accounting Standards Requirements

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 has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.5 Revenue

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, Journal advertising, room hire, and professional development course fees.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

The Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union's promise to stand ready to provide assistance and support to the member as required.

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Union at their standalone selling price, the Union accounts for those sales as a separate contract with a customer.

Volunteer services

During the year, the Union received volunteer services. The Union did not recognise any volunteer services as revenue because it could not reliably measure the fair value of those services.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

Interest revenue is recognised on an accrual basis using the effective interest method.

Rental income

Rental income arising is accounted for on a straight-line basis over the relevant lease term.

1.6 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

1.7 Leases

The Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Union recognises

lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2020	2019
Office Equipment	4 years	4 years

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.8 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.09 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1.10 Financial instruments

Financial assets and financial liabilities are recognised when a Union entity becomes a party to the contractual provisions of the instrument.

1.11 Financial assets

Receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the [reporting unit's] business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (**SPPI**) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Union commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- financial assets at fair value through profit or loss
- financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (**EIR**) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or

- The Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Union has transferred substantially all the risks and rewards of the asset, or
 - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Union has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Impairment

Expected credit losses

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (**ECLs**) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Union recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Union expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.12 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Union's financial liabilities include trade and other payables.

1.13 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Union transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Union performs under the contract (i.e., transfers control of the related goods or services to the customer).

1.14 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.15 Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of

the cost of dismantling and removing the item and restoring the site on which it is located.

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.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2020	2019
Land & buildings	40 years	40 years
Plant and equipment	2 to 10 years	2 to 10 years

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.17 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Taxation

The Union 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**).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.19 Fair value measurement

The Union measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15A.

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 Union 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. 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 Union 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.

Note 2 Events after the reporting period

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Union, the results of those operations, or the state of affairs of the Union in subsequent financial periods.

Note 3 Revenue and Income

Note 3A Disaggregation of revenue from contracts with customers

A disaggregation of the Union's revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

	2020	2019
	\$	\$
Type of customer		
Members	8,062,927	7,934,079
Other parties	16,098	49,895
Total revenue from contracts with customers	8,079,025	7,983,974

Note 3B: Net gains from sale of assets

Plant and equipment	55	-
Motor Vehicles	-	9,215
Total net gain from sale of assets	55	9,215

Note 3C: Investment income

Interest		
Deposits	56,759	119,290
Managed Investments	44,924	25,431
Dividends	-	-
Total investment income	101,683	144,721

	2020	2019
	\$	\$

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	670,485	637,320
Superannuation	84,839	83,180
Leave and other entitlements	70,287	54,140
Separation and redundancies	-	-
Other employee expenses	-	-

Subtotal employee expenses holders of office	825,611	774,640
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Employees other than office holders:

Wages and salaries	3,580,579	3,742,413
Superannuation	429,726	463,931
Leave and other entitlements	114,484	358,537
Separation and redundancies	-	-
Other employee expenses	-	-

Subtotal employee expenses employees other than office holders	4,124,789	4,564,881
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	2020	2019
	\$	\$
Note 4A: Employee expenses (Cont.)		
Other		
Payroll Tax	216,866	224,883
RTWSA Premium	41,264	50,991
Fringe Benefits Tax	-	9,668
Staff Recruitment and Training	57,763	54,395
Total employee expenses	5,266,293	5,679,458

Note 4B: Capitation fees and other expense to another reporting unit

Capitation fees		
Australian Education Union	454,481	430,251
Subtotal capitation fees	454,481	430,251

Other expense to another reporting unit

Australian Education Union	2,172	14,666
Subtotal other expense to another reporting unit	2,172	14,666
Total capitation fees and other expense to another reporting unit	456,653	444,917

Note 4C: Affiliation fees

ACTU *	86,443	81,481
Educational International *	35,869	33,279
SA Union	71,697	70,412
Sundry memberships	1,804	351
Total affiliation fees/subscriptions	195,813	185,523

*These are paid to the Australian Education Union and form part of the Federal Affiliation.

Note 4D: Compulsory Levies

Australian Education Union		
Publication Levy		
- For the publication of the Australian Educator and TAFE Teacher	51,261	48,334
Public Education Levy	54,972	52,824
- To contribute towards the National Public Education Campaign		
Total Compulsory Levies	106,233	101,158

Note 4E:- Governance Expenses

Branch, Area & Divisional Council Meetings	24,945	88,078
Sub-branch Administration Allowances	3,315	2,816
Committee Expenses & Communication to Members	4,196	7,146
Executive Expenses	49,067	51,726
Awards	-	-
Entertainment and Travel	8,472	35,495
Travel sustentation allowances	-	-
Total Governance Expenses	89,995	185,261

	2020	2019
	\$	\$
Note 4F: Administration expenses		
Bank Fees	58,325	60,951
Doubtful Debts	-	-
Entertainment & Travel	56	970
Insurance	5,652	5,007
Internet Access & Website	27,580	21,073
Lease Interest expense	4,517	5,908
Postage	6,792	6,131
Printing and Stationery	8,444	7,099
Resource Purchases	4,658	5,050
IT System expenses	326,056	239,393
Strategic Review	15,000	3,273
Reconciliation	1,392	-
Sundry Expenses	3,103	11,633
Telecommunication	36,641	41,226
Total Administration Expenses	498,216	407,714

Note 4G:- Operational Expenses

Membership Records		
Stationery/Resources	1,982	483
Postage	6,950	7,867
Member Recognition	-	9,270
Campaign & Publicity		
Advertising & Other Campaign Expenses	57,465	92,532
Media Consultancy & Monitoring	14,480	20,385
Travel & Accommodation	32,791	44,808
Travel Sustentation Allowance		460
Motor Vehicle Expenses	41,841	45,646
Women's Officer Activities	3,633	29,513
Industrial Costs	55,780	-
Member Services:		
Travel & Sundry Expenses	582	4,343
Legal Defence	53,480	63,057
Organisers:		
Regional Office Expenses		7,546
Communications:		
AEU Journal		
- Production & Printing	14,797	16,105
- Delivery	20,594	20,016
Total Operational Expenses	304,375	362,031

	2020 \$	2019 \$
Note 4H:- Other Member Operations		
Union Training & Development	23,047	137,504
Member Professional Development	16,583	25,371
International Support	60,000	53,850
National Committee & Conferences		
Travel & Other Expenses	9,096	8,718
Sustentation Allowances		6,180
Travel & Accommodation	-	382
Total Other Member Operations expenses	108,726	232,005
Note 4I:- Property		
Electricity	46,211	54,485
Cleaning	62,402	62,402
Insurance	18,546	17,382
Sundry Property Expenses	8,848	21,633
Total Property Expenses	136,007	155,902
Note 4J:- Investment Expenses		
Investment Management Fees	14,752	4,636
Property Expenses		
Rates & Taxes	59,602	66,178
Repairs & Maintenance	68,989	57,999
Subtotal Investment Expenses	143,343	128,813
Note 4K: Donations		
Donations:		
Total expensed that were \$1,000 or less	1,500	473
Total expensed that exceeded \$1,000	-	-
Total grants or donations	1,500	473
Note 4L: Depreciation and amortisation		
Depreciation		
Land & buildings	52,625	52,625
Plant and equipment	18,496	8,600
Furniture & Fittings	3,237	3,277
Motor Vehicles	28,088	26,611
Total depreciation	102,446	91,113
Amortisation		
Leased Office Equipment	26,664	26,664
Total amortisation	26,664	26,664
Total depreciation and amortisation	129,110	117,777

	2020	2019
	\$	\$
Note 4M: Finance costs		
Credit cards	231	176
Total finance costs	231	176
Note 4N: Legal costs		
Litigation	35,397	8,117
Other legal costs	-	39,652
Total legal costs	35,397	47,769
Note 4O: Remuneration of Auditors		
Value of the services provided		
Financial statement audit services	16,500	16,200
Other services	-	-
Total remuneration of auditors	16,500	16,200
Note 5 Current Assets		
Note 5A: Cash and cash equivalents		
Cash on hand	400	400
Cash at bank	182,335	62,993
Total cash and cash equivalents	182,735	63,393
Note 5B: Trade and other receivables		
Receivables from other reporting unit		
Australian Education Union	-	6,000
Total receivables from other reporting unit	-	6,000
Less allowance for expected credit losses		
Australian Education Union	-	-
Total allowance for expected credit losses	-	-
Receivable from other reporting unit (net)	-	6,000
Other receivables:		
Trade Debtors	-	4,144
Sundry Debtors	25,444	41,646
Total other receivables	25,444	45,790
Total trade and other receivables (net)	25,444	51,790

2020	2019
\$	\$

The Union has recognised the following assets and liabilities related to contracts with customers:

Receivables		
Receivables - current	4,688	2,149
Receivables – non-current	–	–

Note 5C: Other current assets

Prepayments	95,134	94,682
Total other current assets	95,134	94,682

Note 5D Other Financial assets

Investments - Current

Bank at call savings	820,226	1,181,529
Managed At call savings	535,467	515,114
Term Deposits	3,483,913	3,456,447
Managed Investments	2,654,720	1,741,335
Staff Computer Loans	-	799
	7,494,326	6,895,224

Investments – Non Current

Credit Union SA share – at cost	2	2
	2	2

Note 6 Non-current Assets

Note 6A: Property, Plant and Equipment

Land and Buildings

An independent valuation of the land and buildings was under taken on 15th 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	(288,750)	(240,625)
	5,886,250	5,935,375
Porter Street – at independent valuation	600,000	600,000
Accumulated Depreciation	(27,000)	(22,500)
	573,000	577,500
Works of Art – at cost	36,300	36,300

	2020	2019
	\$	\$
Note 6A: Property, Plant and Equipment (Cont.)		
Plant and Equipment – at cost	421,366	402,028
Accumulated Depreciation	(356,098)	(380,217)
	65,268	21,811
<hr/>		
Furniture & Fittings – at cost	216,409	220,561
Accumulated Depreciation	(209,573)	(211,728)
	6,836	8,833
<hr/>		
Motor Vehicles – at cost	253,559	253,559
Accumulated Depreciation	(183,586)	(155,498)
	69,973	98,061
<hr/>		
Office Equipment - leased	103,991	103,991
Accumulated Depreciation	(53,328)	(26,664)
	50,663	77,327
<hr/>		
	6,688,290	6,754,207
<hr/>		

Note 6 Non-current Assets

Note 6A: Property, Plant and Equipment

2020

	Land & Buildings	Works Of Art	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment Leased	Total
Reconciliation of opening and closing balances of property, plant and equipment							
Net book value 1 January 2019	6,511,875	36,300	21,811	8,833	98,061	77,327	6,754,207
Additions:							
By purchase	-	-	61,954	1,240	-	-	63,194
Revaluations	-	-	-			-	-
Impairments	-	-	-			-	-
Depreciation expense	52,625	-	18,497	3,237	28,088	26,664	129,111
Disposals:							
Net book value 31 December 2020	6,459,250	36,300	65,268	6,836	69,973	50,663	6,688,290
Net book value as of 31 December 2020 represented by:							
Gross book value	6,775,000	36,300	421,366	216,409	253,559	103,991	7,806,625
Accumulated depreciation and impairment	(315,750)	-	(356,098)	(209,573)	(183,586)	(53,328)	(1,118,335)
Net book value 31 December 2020	6,459,250	36,300	65,268	6,836	69,973	50,663	6,688,290

Note 6A: Property, Plant and Equipment (Continued)

2019

	Land and Buildings	Works of Art	Plant and Equipment	Furniture & Fittings	Motor Vehicles	Office Equipment Leased	Total
Reconciliation of opening and closing balances of property, plant and equipment							
Net book value 1 January 2019	6,564,500	36,300	20,024	11,601	78,772		6,711,197
Additions:							
By purchase	-	-	10,387	509	55,776	-	66,672
Revaluations	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Adoption of AASB16	-	-	-	-	-	103,991	103,991
Depreciation expense	(52,625)	-	(8,600)	(3,277)	(26,611)	(26,664)	(117,777)
Disposals:	-	-	-	-	(9,876)	-	(9,876)
Net book value 31 December 2019	6,511,875	36,300	21,811	8,833	98,061	77,327	6,754,207
Net book value as of 31 December 2019 represented by:							
Gross book value	6,775,000	36,300	402,028	220,561	253,559	103,991	7,791,439
Accumulated depreciation and impairment	(263,125)	-	(380,217)	(211,728)	(155,498)	(26,664)	(1,037,232)
Net book value 30 December 2019	6,511,875	36,300	21,811	8,833	98,061	77,327	6,754,207

	2020	2019
	\$	\$
Note 6B: Leases		
As at 1 January	80,306	-
Recognition	-	103,991
Additions	-	-
Accretion of interest	4,517	5,850
Payments	(31,011)	(29,535)
As at 31 December	53,812	80,306
Current	29,535	26,495
Non-current	24,277	53,811
	53,812	80,306

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	26,664	26,664
Interest expense on lease liabilities	4,517	5,850
Total amount recognised in profit or loss	31,181	32,514

Note 6C Other financial assets

Financial assets designated at fair value through other comprehensive income

Credit Union SA	2	2
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Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	395,719	568,919
Legal costs		
Litigation	-	-
Other Legal costs	4,106	1,148
Salary and on costs – Elected Officers	47,419	21,121
Superannuation	15,439	
Subtotal trade creditors	462,683	591,188
Payables to other reporting unit		
Australian Education Union	-	318
Subtotal payables to other reporting unit	-	318
Total trade payables	462,683	591,506

Settlement is usually made within 30 days.

	2020	2019
	\$	\$
Note 7B: Other payables		
Subscriptions in Advance	397,114	363,731
Total other payables	<u>397,114</u>	<u>363,731</u>

Total other payables are expected to be settled in:

No more than 12 months	397,114	363,731
More than 12 months	-	-
Total other payables	<u>397,114</u>	<u>363,731</u>

Note 8 Provisions

Note 8A: Employee provisions

Office holders:

Annual leave	131,441	97,123
Long service leave	-	39,865
Separations and redundancies	-	-
Other	11,038	6,624

Subtotal employee provisions—office holders	<u>142,479</u>	<u>143,612</u>
--	----------------	----------------

Employees other than office holders:

Annual leave	546,154	447,150
Long service leave	834,255	1,032,126
Separations and redundancies	-	-
Other	58,962	63,376

Subtotal employee provisions—employees other than office holders	<u>1,439,371</u>	<u>1,542,652</u>
---	------------------	------------------

Total employee provisions	<u>1,581,850</u>	<u>1,686,264</u>
----------------------------------	------------------	------------------

Current	1,552,660	1,641,824
---------	-----------	-----------

Non-current	29,190	44,440
-------------	--------	--------

Total employee provisions	<u>1,581,850</u>	<u>1,686,264</u>
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Note 9 Equity

Note 9A: General funds

Asset Revaluation Reserve

Balance as at start of year	4,947,035	4,947,035
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Transferred to reserve	-	-
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Transferred out of reserve	-	-
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Balance as at end of year	<u>4,947,035</u>	<u>4,947,035</u>
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2020	2019
\$	\$

Note 10 Cash Flow

Note 10A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

Cash and cash equivalents as per:

Cash flow statement	182,735	63,993
Balance sheet	182,735	63,993
Difference	-	-

Reconciliation of profit to net cash from operating activities:

Profit for the year	852,981	181,731
---------------------	----------------	---------

Adjustments for non-cash items

Depreciation/amortisation	129,110	117,777
Gain on disposal of assets	(55)	(9,215)

Changes in assets/liabilities

Decrease in net receivables	26,346	9,154
(Increase) in prepayments	(452)	(27,843)
Increase/(decrease) in supplier payables	(95,440)	90,337
Increase/(decrease) in employee provisions	(104,414)	197,799
Net cash from (used by) operating activities	808,076	559,740

Note 10B: Cash flow information

Cash inflows

Australian Education Union	758	10,239
Australian Education Union (NT Branch)	-	1,283
Total cash inflows	758	11,522

Cash outflows

Australian Education Union	754,543	723,591
Total cash outflows	754,543	723,591

	2020	2019
	\$	\$
Note 11		
Contingent Liabilities, Assets and Commitments		
Commitments for minimum lease payments in relation to non-cancellable finance leases are payable as follows:		
Within one year	32,562	31,011
After one year but not more than five years	25,642	58,204
More than five years	-	-
	58,204	89,215

Leases are for photocopiers and printers and the average remaining term is 46 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.

Note 12 Related Party Disclosures

Note 12A: Related party transactions for the reporting period

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

Lara Golding (President)	Dash Taylor Johnson (Vice President)	
Jan Murphy (Vice President)	Leah York (Branch Secretary)	
Ann Clarke (Treasurer)	Michele Appleton	Matthew Cherry
David Coulter	Angela Dean	Vicki Lacey
S Garwood	Trish Gilbert	Shirley Goff
P Karatzovalis	Marika Marlow	Kate McAuley
Adrian Maywald	Kendall Proud	Howard Spreadbury
Michael Stotzer	Graham Wood	

The aggregate amount of remuneration directly or indirectly received or receivable for the year ended 31 December 2020, whether as an Executive member or otherwise, from the reporting entity in connection with the management of the reporting entity, was \$670,484 (2019 \$637,317). The aggregate amounts paid during the year ended 31st December 2020 to a superannuation plan or other entity by the reporting entity in connection with the retirement of Executive members of the reporting entity was \$84,838 (2018 \$83,180).

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

Revenue received from Leah York:	2020	2019
Sitting Fee	12,909	12,409

Leah York receives a Board Sitting fees from Funds SA and subject to AEU (SA Branch) policy that the remuneration received is paid to the AEU (SA Branch)

Note 12A: Related party transactions for the reporting period (Cont.)

Terms and conditions of transactions with related parties

There were no other 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.

	2020	2019
	\$	\$
Note 12B: Key management personnel remuneration for the reporting period		
Short-term employee benefits		
Salary (including annual leave taken)	741,449	891,616
Annual leave accrued	124,514	124,776
Sick Leave Accrued	13,283	11,156
Performance Bonus	-	-
Total short-term employee benefits	879,246	1,027,548
Post-employment benefits:		
Superannuation	91,583	113,126
Total post-employment benefits	91,583	113,126
Other long-term benefits:		
Long-service leave	59,865	63,607
Total other long-term benefits	59,865	63,607
Termination benefits	-	-
Total	1,030,694	1,204,281

Note 13 Financial Instruments

(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.

Note 13 Financial Instruments (Cont.)

2020

	Floating Interest rate	Fixed Interest Maturing in		Non interest bearing	Total
		1 year or less	Greater than 2 years		
Financial assets					
Cash on hand and in banks	182,335	-	-	400	182,735
Receivables	-	-	-	120,578	120,578
Investments					
Other than public investments	1,355,693	3,483,913	-	-	4,839,606
Managed Investments	2,654,720	-	-	-	2,654,720
	<u>4,192,748</u>	<u>3,483,913</u>	<u>-</u>	<u>120,978</u>	<u>7,797,639</u>
Weighted average interest rate	2.81%	1.53%			
Financial Liabilities					
Accrued Expenses	-	-	-	462,683	462,683
Subscriptions in Advance	-	-	-	397,114	397,114
Lease of Office Equipment	-	29,535	24,277	-	53,812
	<u>-</u>	<u>29,535</u>	<u>24,277</u>	<u>955,237</u>	<u>913,609</u>

2019

	Floating Interest rate	Fixed Interest Maturing in		Non interest bearing	Total
		1 year or less	Greater than 2 years		
Financial assets					
Cash on hand and in banks	62,993	-	-	400	63,393
Receivables	-	-	-	146,472	146,472
Investments					
Other than public investments	1,696,643	3,456,447	-	-	5,153,090
Managed Investments	1,741,335	-	-	-	1,741,335
Staff Computer Loans	-	-	-	799	799
	<u>3,500,971</u>	<u>3,456,447</u>	<u>-</u>	<u>147,671</u>	<u>7,105,089</u>
Weighted average interest rate	0.8%	2.01%			
Financial Liabilities					
Accrued Expenses	-	-	-	591,506	591,506
Subscriptions in Advance	-	-	-	363,731	363,731
Lease of Office Equipment	-	26,495	53,811	-	80,306
	<u>-</u>	<u>31,011</u>	<u>53,811</u>	<u>864,902</u>	<u>1,035,543</u>

Note 13D: Credit risk

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.

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.

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

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.

Sensitivity analysis of the risk that the entity is exposed to for 2020

Risk variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate risk	- +2%	349,337	349,337
Interest rate risk	- -2%	(64,050)	(64,050)

Sensitivity analysis of the risk that the entity is exposed to for 2019

Risk variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate risk	- +2%	184,336	184,336
Interest rate risk	- -2%	(92,877)	(92,877)

Note 14 Fair Value Measurement

Note 14A: Financial assets and liabilities

Management of the Union assessed that cash on hand and at banks (including deposits noted in Note 15D, trade 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 1.19.

The following table contains the carrying amounts and related fair values for the Union's financial assets and liabilities:

	Carrying amount 2020 \$	Fair value 2020 \$	Carrying Amount 2019 \$	Fair value 2019 \$
Financial assets				
Land and Buildings	6,459,250	6,459,250	6,512,875	6,512,875
Total	6,459,250	6,459,250	6,512,875	6,512,875

Note 15B: Financial and non-financial assets and liabilities fair value hierarchy

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

Fair value hierarchy – 30 June 2020

	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Assets measured at fair value				
Managed Investments	31/12/2021	2,654,720	-	-
Land and Buildings	15/12/2014	-	6,459,250	-
Total		2,654,720	6,459,250	-

Note 14B: Financial and non-financial assets and liabilities fair value hierarchy (Cont.)

Fair value hierarchy – 30 June 2019

	<i>Date of valuation</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Assets measured at fair value		\$	\$	\$
Managed Investments	31/12/2021	1,741,335	-	-
Land and Buildings	15/12/2014	-	6,512,875	-
Total		1,741,335	6,512,875	-

Note 15 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 reads as follows:

Information to be provided to members or Commissioner:


- 1) A member of a Union, or the Commissioner, may apply to the Union for specified prescribed information in relation to the Union 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 Union.
- 3) A Union must comply with an application made under subsection (1).

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 2020.

The Union 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 or any other revenue amount 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: 25/05/2021

**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 2020, 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 2020 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.

Nexia Edwards Marshall

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

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.

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.
- 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.

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**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)

- 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

25 May 2021

Nexia Edwards Marshall

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