



4 December 2017

Ms Helen Richardson  
President  
Australian Education Union - Tasmanian Branch  
Level 1, 32 Patrick Street  
HOBART TAS 7000  
[support@aeutas.org.au](mailto:support@aeutas.org.au)

CC: [jdoyle@wlf.com.au](mailto:jdoyle@wlf.com.au)

Dear Ms Richardson,

**Australian Education Union-Tasmanian Branch  
Financial Report for the year ended 30 June 2017 - [FR2017/113]**

I acknowledge receipt of the financial report of the Australian Education Union-Tasmanian Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 29 November 2017.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

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

New format for Auditor's statement

The Auditing and Assurance Standards Board (AUASB) has released new requirements for auditor reports effective for financial reporting periods ending on or after 15 December 2016. The Auditor's Statement for the branch was not prepared in accordance with the new format required by ASA 700 *Forming an Opinion and Reporting on a Financial Report*. A ['Guidance Note'](#) is available on the ROC website to help Registered Organisations understand the new auditing requirements.

Please ensure that the auditor's statement in relation to next year's financial report is prepared in accordance with ASA 700.

References to the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the Registered Organisations Commission is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission must be changed to the Registered Organisations Commission.

## Operating Report should be dated

Reporting Guideline 33(c) of the Reporting Guidelines requires an Operating Report to be dated by each officer who has signed the report. It is noted the Operating Report was not dated.


### **Reporting Requirements**

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

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

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

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", is enclosed in a thin blue rectangular border.

David Vale  
Registered Organisations Commission

Australian Education Union Tasmania Branch

s.268 *Fair Work (Registered Organisations) Act 2009*

## Certificate By Prescribed Designated Officer

Certificate for the year ended 30 June 2017

I *Helen Richardson* being the *Branch President* of the *Australian Education Union – Tasmania Branch* certify:

- that the documents lodged herewith are copies of the full report for the *Australian Education Union Tasmania 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 *November 2017*; and
- that the full report was presented to the Australian Education Union Tasmania Branch Council Meeting on 27 November 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:

A handwritten signature in black ink, appearing to read "Helen Richardson".

Name of prescribed designated officer

Helen Richardson

Title of prescribed designated officer:

AEU Tasmania Branch President

Dated:

29 November 2017

<sup>1</sup> Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:

(a) the secretary; or

(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

### Hobart Office

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Australian Education  
Union Tasmanian  
Financial Statements  
30 June 2017

# Australian Education Union Tasmanian Branch

## OPERATING REPORT

For the period ended 30 June 2017

The Branch Executive presents its report of the Australian Education Union Tasmanian Branch for the financial year ended 30 June 2017.

### Principal activities

The principal activities of the Union during the financial year were:

- To maintain and improve the working conditions and professional welfare of its members;
- Be a professionally managed and democratic Union which provides maximum opportunities for membership involvement in its activities;
- Provide a wide range of appropriate services and benefits to members; and
- Work towards ensuring a just and equitable society, including by promoting actively public education, training and unionism.

It is noted that during the financial year the activities of the Union were suitably carried out. No significant change in the nature of these activities occurred during the year.

The profit/(loss) from ordinary activities amounted to \$290,155 for the period ending 30 June 2017 (2016: \$236,380).

### Financial Affairs

No significant changes were noted to the financial affairs of the Union during the year.

### Right to Resign

Resignation from membership and termination of eligibility for membership is regulated by Rule 17 of the Federal Rules.

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.

### Superannuation Trustees/Directors

There are no members of the Branch Council that are trustees or directors of a superannuation entity or an exempt public sector superannuation scheme.

# Australian Education Union Tasmanian Branch

## OPERATING REPORT

For the period ended 30 June 2017

### Number of members

The Union had 5,443 members at the end of the reporting period (2016: 5,580).

### Number of employees

The Union employed 22 staff, expressed as 20.07 FTE, as at 30 June 2017 (2016: 22 employees, expressed as 20.77 FTE).

### Payments to employers

The Union did not make any payments during the financial year to employers as consideration for the employers making payroll deductions of membership subscriptions.

# Australian Education Union Tasmanian Branch

## OPERATING REPORT

For the period ended 30 June 2017

Names and positions of the Committee of Management for the financial year 1 July 2016 to 30 June 2017 were:

### BRANCH PRESIDENT

RICHARDSON, Helen

### BRANCH DEPUTY PRESIDENTS

#### DoE

CLIFFORD, Adam

#### Allied Staff

JACKSON, Mandy

#### Secondary Colleges

REVELL-COOK, Peta-Maree

#### TAFE Division

LENNARD, Paul (until 30/11/2016)

VON SAMORZEWSKI, Damian (from 01/12/2016)

### BRANCH EXECUTIVE

ALLAN, Ian

BUGG, Claire

BUTLER, Andrew

GEALE, Sallyann

GRIFFIN, Heather

OSBORNE, Elizabeth

#### Indigenous Representative

DEVERELL, Stephen

# Australian Education Union Tasmanian Branch

## OPERATING REPORT

For the period ended 30 June 2017

### GENERAL DIVISION, SOUTH

Branch Council Delegate, General Division Sector – South

BUGG, Claire

CLIFFORD, Leeanne

CLIFFORD, Nicolas

DEVEREUX, Lucy

EDWARDS, David

GENFORD, David

HILL, Ailsa (until 19/06/2017)

JONES, Stephen

KING, Jacqui (until 05/04/2017)

LAIRD-VALENTINE, Margaret

OSBORNE, Elizabeth

VICKERS, Dianne

WALDOCK, Michelle

WATSON, Gregor

WICKHAM, Marney

### GENERAL DIVISION, NORTH

Branch Council Delegate, General Division Sector – North

COATES, Joy

DJAKIC, Murat

DUNCAN, David

ELLIS, Lucie

GEALE, Sallyann

GRIFFIN, Heather

JAMES, Andrea

McDONOUGH, Warren (until 31/12/2016)

MITCHELL, Bella

STRATTON, Cheryl



# Australian Education Union Tasmanian Branch

## OPERATING REPORT

For the period ended 30 June 2017

### GENERAL DIVISION, NORTH WEST

Branch Council Delegate, General Division Sector – North West

ALLAN, Ian  
ARGENT, Julie  
FOGG, Samuel  
GLOVER, Maree  
HABERLE, Raymond  
LAMPREY, Robyn  
WILSON, Nic  
WOODROW, Denise

### GENERAL DIVISION, ALLIED STAFF

Branch Deputy President, Allied Staff

JACKSON, Mandy

Branch Council Delegate, General Division Sector – Allied Staff

YOUNG, Lisa

### SECONDARY COLLEGES SECTOR

Secondary Colleges Sector/President/Branch Deputy President – Secondary Colleges

REVELL, Peta-Maree

Branch Council Delegate, General Division Sector – Secondary Colleges

BUTLER, Andrew  
FIDAO, Roland  
HICKS, Peter  
HINE, Lachlan  
PAPASTAVROU, Loucas

# Australian Education Union Tasmanian Branch

## OPERATING REPORT

For the period ended 30 June 2017

### TAFE DIVISION

#### TAFE Division President/Branch Deputy President – TAFE

LENNARD, Paul (until 30/11/2016)

VON SAMORZEWSKI, Damien (from 01/12/2016)

#### Branch Council Delegate, TAFE Division

BAILEY, Simon

DEVERELL, Stephen

LOONE, Simone

WALLER, Philip

WRIGHT, Ben

#### TAFE Division - Executive

BACON, Kirsten

BAILEY, Simon

FRECH, Nick

REES, Stuart

SOMERS, Robeka

Signed in accordance with a resolution of the Branch Executive



Helen Richardson  
Branch President

Dated:

## **Australian Education Union Tasmanian Branch**

### **BRANCH EXECUTIVE DECLARATION**

**For the period ended 30 June 2017**

On the 13/11 / 2017 the Branch Executive of the Australian Education Union Tasmanian Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2017:

The Branch Executive of the Union declares that in relation to the GPFR that in its opinion:

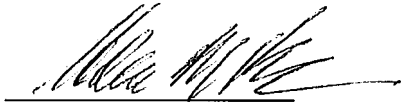
- (a) the financial statements and notes comply with Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager of Fair Work Commission (FWC);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Australian Education Union Tasmanian Branch for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Australian Education Union Tasmanian Branch will be able to pay its debt as and when they become due and payable;
- (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 Australian Education Union Tasmanian Branch 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 Australian Education Union Tasmanian Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
  - (iv) as far as is practical and reasonable, the financial records of the Australian Education Union Tasmanian Branch have been kept in a consistent manner to other national education union branches; and

**Australian Education Union Tasmanian Branch**

**BRANCH EXECUTIVE DECLARATION**

**For the period ended 30 June 2017**

- (v) the information sought in any request of a member of the Australian Education Union Tasmanian Branch or the General Manager of FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member of the General Manager of FWC; and
- (vi) no orders have been made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009;
- (f) in relation to the recovery of wages activity, no activity of this nature has been undertaken.



Helen Richardson  
Branch President

Dated: 13/11/17

## Auditor's Independence Declaration to the Branch Executive of Australian Education Union

In relation to our audit of the financial report of Australian Education Union for the financial year ended 30 June 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



JOANNE DOYLE  
Partner  
Wise Lord & Ferguson

Date: 13 November 2017

Australian Education Union Tasmanian Branch

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2017

	Notes	2017 \$	2016 \$
<b>Revenue</b>			
Membership subscriptions		3,544,324	3,605,637
Cinema ticket sales		30,527	41,338
Board sitting fees		25,525	33,068
Investment income & interest		88,496	73,788
Rental revenue		39,699	46,675
Other revenue		39,997	43,489
<b>Total Revenue</b>		<b>3,768,568</b>	<b>3,843,995</b>
<b>Other Income</b>			
Net movement in managed investments		42,716	(8,867)
Net gains from sale of assets		-	103
<b>Total other income</b>		<b>42,716</b>	<b>(8,764)</b>
<b>Total Income</b>		<b>3,811,284</b>	<b>3,835,231</b>
<b>Expenses</b>			
Employee expenses	4(a)	2,515,299	2,527,647
Capitation fees	4(b)	191,369	193,539
Affiliation fees	4(c)	78,211	75,099
Administration expenses	4(d)	545,401	639,888
Grants or donations	4(e)	-	-
Depreciation and amortisation	4(f)	149,945	136,327
Legal costs	4(g)	20,359	9,351
Net losses from sale of assets		1,545	-
Other expenses	4(h)	19,000	17,000
<b>Total expenses</b>		<b>3,521,129</b>	<b>3,598,851</b>
<b>Profit for the year</b>		<b>290,155</b>	<b>236,380</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>290,155</b>	<b>236,380</b>

The accompanying notes form part of the financial statements.

Australian Education Union Tasmanian Branch

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5(a)	958,683	686,186
Trade and other receivables	5(b)	63,188	34,825
Other current assets	5(c)	2,409,308	2,285,688
<b>Total Current Assets</b>		<u>3,431,179</u>	<u>3,006,699</u>
<b>Non-Current Assets</b>			
Land and buildings	6(a)	2,200,525	2,257,678
Property, plant and equipment	6(b)	126,101	162,355
Motor vehicles	6(c)	133,163	151,858
<b>Total Non-Current Assets</b>		<u>2,459,789</u>	<u>2,571,891</u>
<b>Total Assets</b>		<u>5,890,968</u>	<u>5,578,590</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	7(a)	53,577	53,360
Other payables	7(b)	113,706	127,529
Employee provisions	8	447,240	409,308
<b>Total Current Liabilities</b>		<u>614,523</u>	<u>590,197</u>
<b>Non-Current Liabilities</b>			
Employee provisions	8	108,055	110,158
<b>Total Non-Current Liabilities</b>		<u>108,055</u>	<u>110,158</u>
<b>Total Liabilities</b>		<u>722,578</u>	<u>700,355</u>
<b>Net Assets</b>		<u>5,168,390</u>	<u>4,878,235</u>
<b>EQUITY</b>			
Retained profits	9(a)	3,700,960	3,410,805
Reserves	9(c)	1,467,430	1,467,430
<b>Total Equity</b>		<u>5,168,390</u>	<u>4,878,235</u>

The accompanying notes form part of the financial statements.

Australian Education Union Tasmanian Branch

STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2017

	Retained Earnings \$	General Reserve \$	Asset Revaluation Reserve \$	Total Equity \$
Closing Balance as at 30 June 2015	3,174,425	725,031	742,399	4,641,855
Profit for the year	236,380	-	-	236,380
Closing balance as at 30 June 2016	3,410,805	725,031	742,399	4,878,235
Profit for the year	290,155	-	-	290,155
Closing balance as at 30 June 2017	3,700,960	725,031	742,399	5,168,390

The accompanying notes form part of the financial statements.



# Australian Education Union Tasmanian Branch

## Statement of Cash flows

For the period ended 30 June 2017

	Notes	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>			
Cash received			
Receipts from members		3,670,066	3,614,504
Investment income		27,904	30,780
Interest income		60,592	43,008
Other income		-	304,238
Cash used			
Employees		(2,496,305)	(2,543,230)
Suppliers		(869,723)	(948,474)
Net cash from / (used by) operating activities	10	392,534	500,826
<b>INVESTING ACTIVITIES</b>			
Cash received			
Proceeds from sale of plant and equipment		7,149	23,410
Cash used			
Loans to / (Repayments from) members		379	8,757
Purchase of plant and equipment		(46,661)	(153,384)
Proceeds / (Purchase) of investments		(80,904)	(1,566,265)
Net cash from / (used by) investing activities		(120,037)	(1,687,482)
Net increase / (decrease) in cash held		272,497	(1,186,666)
Cash and cash equivalents at the beginning of the period		686,186	1,872,852
Cash and cash equivalents at the end of the period	5(a)	958,683	686,186

The accompanying notes form part of the financial statement.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) 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. For the purpose of preparing the general purpose financial statements, the Australian Education Union Tasmanian Branch is a not-for-profit entity. Disclosures made in the financial statements with zero values in both financial years are disclosed only due to the mandatory requirements of the Fair Work Commission.

The financial report covers the Australian Education Union Tasmanian Branch as an individual entity. The Australian Education Union Tasmanian Branch is a trade union in Tasmania governed by the Fair Work (Registered Organisations) Act 2009.

The financial statements have been prepared on an accrual basis and are based on historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is 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.

#### (b) Statement of Compliance

The financial report complies with Australian Accounting Standards, including International Financial Reporting Standards ('IFRS').

#### (c) Comparative Amounts

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

#### (d) Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) 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.

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

There are no new standards, amendments to standards or interpretations that were issued prior to sign off date that are expected to have a financial impact on the Union in the future reporting period.

#### (f) Cash and Cash Equivalents

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.

#### (g) Trade Debtors and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

#### (h) Other Current Assets

Managed Investments are classified as fair value through profit or loss with any gains or losses arising on measurement recognised in profit or loss. Mortgage Fund investments are valued at amortised cost using the effective interest rate method.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Land, Buildings, Plant and Equipment

##### *Asset Recognition*

Purchases of land, buildings, plant and equipment are recognised at cost in the Statement of Financial Position. The initial cost of an asset does not include an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Any such costs would be insignificant.

##### *Recoverable Amount*

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down.

##### *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:

	2017	2016
Land and buildings	50 years	50 years
Plant and equipment	4 to 5 years	4 to 5 years
Computer equipment	2.5 to 3 years	2.5 to 3 years
Motor vehicles	4 to 5 years	4 to 5 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.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (j) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Union.

#### (k) 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 due 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 are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

#### (l) Revenue

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

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Donation income is recognised when it is received.

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

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

#### (m) Other Income

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (n) Taxes

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).

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

- where the amount of GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; 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 in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to, the taxation authority.

Cash flows are included in the cash flow statement 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.

#### (n) Going Concern

The Union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

### NOTE 2 EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred after 30 June 2017, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

	2017	2016
	\$	\$
NOTE 3 REVENUE		
During the 2017 financial year, AEU did not receive any revenue from capitation fees, levies, grants or donations. The union has not received financial support from any other reporting units.		
NOTE 4 EXPENSES		
(a) Employee expenses		
Holders of office		
Wages and salaries	149,495	130,608
Superannuation	22,424	19,591
Leave and other entitlements	18,974	29,613
Executive expenses	45,220	32,464
Employee expenses - holders of office	<u>236,113</u>	<u>212,276</u>
Employees other than office holders		
Wages and salaries	1,865,032	1,874,375
Superannuation	243,881	258,562
Leave and other entitlements	170,273	182,434
Employee expenses - employees other than office holders	<u>2,279,186</u>	<u>2,315,371</u>
Total employee expenses	<u>2,515,299</u>	<u>2,527,647</u>
There are no other expenses relating to redundancies or other liabilities for office holders and other employees of the Union. No fees have been incurred as consideration for employers making payroll deductions for membership subscriptions.		
(b) Capitation fees		
AEU Federal capitation fees	191,369	193,539
Total capitation fees	<u>191,369</u>	<u>193,539</u>
(c) Affiliation fees		
ACTU Affiliation	32,810	35,009
TTLIC Affiliation	32,922	33,442
Education International Affiliation	12,479	6,648
Total affiliation fees	<u>78,211</u>	<u>75,099</u>

Australian Education Union Tasmanian Branch

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

NOTE 4 EXPENSES (continued)	2017	2016
	\$	\$
(d) Administration expenses		
Accounting and auditing	16,130	19,410
Bank charges	26,180	24,273
Branch council	30,668	19,002
Compulsory levies (public education levy – AEU Federal Office)	22,672	24,153
Computer maintenance and database upgrades	51,313	100,998
Conference and meeting expenses	47,911	44,190
Fees/allowances – meeting and conferences	16,178	27,512
Industrial campaigns	19,730	49,027
Insurance	47,607	46,616
Member expenses	45,807	53,851
Postage, printing & stationery	13,651	19,725
Property expenses	79,672	78,990
Publications	-	8,515
Repairs and maintenance	51,005	49,947
Research	5,139	5,178
Uniforms	92	236
Telephone	32,056	34,317
Travel and motor vehicle expenses	39,590	33,948
Total administration expenses	545,401	639,888
(e) Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-
(f) Depreciation and amortisation		
Land and buildings	57,153	57,153
Plant and equipment	52,684	44,697
Motor vehicles	40,108	34,477
Total depreciation and amortisation	149,945	136,327
(g) Legal costs		
Litigation	20,359	9,351
Other legal matters	-	-
Total legal costs	20,359	9,351



## Australian Education Union Tasmanian Branch

### NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

NOTE 4 EXPENSES (continued)	2017	2016
	\$	\$
(h) Other expenses		
Contribution to International Trust Fund	19,000	17,000
Penalties – via RO Act or RO regulations	-	-
Total other expenses	19,000	17,000

(i) The Union has not provided financial support for any other reporting units.

#### NOTE 5 CURRENT ASSETS

(a) Cash and cash equivalents		
Cash at bank	958,456	685,958
Cash on hand	228	228
Total cash and cash equivalents	958,684	686,186
(b) Trade and other receivables		
Sundry debtors	1,155	1,175
Loans to members	8,181	8,560
Prepayments	33,980	15,244
Accrued membership subscriptions	19,872	9,846
Total current receivables	63,188	34,825
Less provision for doubtful debts	-	-
Total current receivables (net)	63,188	34,825

Sundry debtors are non-interest bearing and generally collected on 30 day terms.

The Australian Education Union Tasmanian Branch does not have monies receivable from other reporting units at 30 June 2017.

(c) Other current assets		
Managed Investment	806,210	743,025
Mortgage Fund Investment	1,603,098	1,542,663
Total other current assets	2,409,308	2,285,688

Australian Education Union Tasmanian Branch

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

NOTE 6 NON-CURRENT ASSETS	2017	2016
	\$	\$
(a) Land and buildings		
At cost	2,855,856	2,855,856
Accumulated depreciation	(655,331)	(598,178)
Total land and buildings	2,200,525	2,257,678
<i>Reconciliation of the opening and closing balances of land and buildings</i>		
Net book value 1 July	2,257,678	2,314,831
Additions	-	-
Depreciation expense	(57,153)	(57,153)
Net book value 30 June	2,200,525	2,257,678
Net book value as of 30 June represented by		
Gross book value	2,855,856	2,855,856
Accumulated depreciation and impairment	(655,331)	(598,178)
Net book value 30 June	2,200,525	2,257,678
(b) Plant and equipment		
At cost	582,358	569,001
Accumulated depreciation	(456,257)	(406,646)
Total plant and equipment	126,101	162,355
<i>Reconciliation of the opening and closing balances of plant and equipment</i>		
Net book value 1 July	162,355	117,440
Additions	17,451	93,553
Disposals	(1,021)	(3,982)
Depreciation expense	(52,684)	(44,656)
Net book value 30 June	126,101	162,355
Net book value as of 30 June represented by		
Gross book value	582,358	569,001
Accumulated depreciation and impairment	(456,257)	(406,646)
Net book value 30 June	126,101	162,355
(c) Motor Vehicles		
At cost	230,198	222,608
Accumulated depreciation	(97,035)	(70,750)
Total motor vehicles	133,163	151,858

Australian Education Union Tasmanian Branch

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

	2017	2016
	\$	\$
NOTE 6 NON-CURRENT ASSETS (continued)		
<i>Reconciliation of the opening and closing balances of motor vehicles</i>		
Net book value 1 July	151,858	145,746
Additions	29,210	60,040
Disposals	(7,797)	(19,451)
Depreciation expense	(40,108)	(34,477)
Net book value 30 June	<u>133,163</u>	<u>151,858</u>
Net book value as of 30 June represented by		
Gross book value	230,198	222,608
Accumulated depreciation and impairment	(97,035)	(70,450)
Net book value 30 June	<u>133,163</u>	<u>151,858</u>

NOTE 7 CURRENT LIABILITIES

(a) Trade payables		
Trade creditors	13,912	20,797
Accrued expenses	39,665	32,563
Total trade payables	<u>53,577</u>	<u>53,360</u>

Trade payables are non-interest bearing and are usually settled within 30 days.

The Australian Education Union Tasmanian Branch does not have monies payable to other reporting units at 30 June 2017.

(b) Other payables		
GST Payable	73,359	70,223
PAYG withholding tax	40,347	57,182
Consideration to employers for payroll deduction	-	-
Legal costs	-	-
Total other payables	<u>113,706</u>	<u>127,405</u>

Wages and salaries, employee payroll deductions and legal costs were fully paid as at 30 June 2017.

Australian Education Union Tasmanian Branch

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

	2017	2016
	\$	\$
<b>NOTE 8 EMPLOYEE PROVISIONS</b>		
Holders of office		
Annual leave	9,944	4,258
Long service leave	35,494	28,154
Employee provisions - holders of office	<u>45,438</u>	<u>32,412</u>
Employees other than office holders		
Annual leave	223,039	211,400
Long service leave	286,818	275,654
Employee provisions - employees other than office holders	<u>509,857</u>	<u>487,054</u>
Total employee provisions	555,295	519,466
Current	447,240	409,308
Non-current	108,055	110,158
Total employee provisions	<u>555,295</u>	<u>519,466</u>

There are no other provisions relating to redundancies or other liabilities for office holders and other employees of the Union.

**NOTE 9 EQUITY**

(a) Retained Profits		
Balance at the beginning of the year	3,410,805	3,174,425
Profit for the year	290,155	236,380
Balance at end of year	<u>3,700,960</u>	<u>3,410,805</u>
(b) General reserve		
Balance as at beginning of the year	725,031	725,031
Transferred in or out	-	-
Balance at end of year	<u>725,031</u>	<u>725,031</u>
(c) Asset revaluation reserve		
Balance as at beginning of the year	742,399	742,399
Transferred in or out	-	-
Balance at end of year	<u>742,399</u>	<u>742,399</u>
Total Reserves	1,467,430	1,467,430

Australian Education Union Tasmanian Branch

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

	2017	2016
	\$	\$
NOTE 10 CASH FLOW		
CASH FLOW RECONCILIATION		
Profit for the year	290,155	236,380
Adjustments for non-cash items		
Depreciation	149,945	136,327
Net (profit) / loss on disposal of plant and equipment	1,545	(103)
Movement in Investments	(42,716)	8,867
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	(28,742)	153,398
(Decrease) / increase in trade payables	217	(46,242)
(Decrease) / increase in other payables	(13,699)	27,782
(Decrease) / increase in employee provisions	35,829	(15,583)
Net cash from / (used by) operating activities	392,534	500,826
(a) CASH FLOW INFORMATION		
Cash inflows		
Operating activities	3,758,562	3,983,663
Investing activities	7,528	24,441
Total cash inflows	3,766,090	4,008,104
Cash outflows		
Operating activities	3,366,028	3,491,704
Investing activities	127,565	1,703,056
Total cash outflows	3,493,593	5,194,760

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 11 RELATED PARTY DISCLOSURES

#### (a) Related Parties

The Branch Executive of the Australian Education Union Tasmanian Branch during the financial year were:

Helen Richardson	President
Mandy Jackson	Deputy President – Allied Staff
Damian Von Samorzewski	Deputy President – TAFE
Peta-Maree Revell-Cook	Deputy President – Secondary Colleges
Adam Clifford	Deputy President – Department of Education
Ian Allan	
Claire Bugg	
Andrew Butler	
Sallyann Geale	
Heather Griffin	
Elizabeth Osborne	

	2017	2016
	\$	\$
Net Cash flows (to) / from other reporting units		
Australian Education Union - Federal Office	(325,756)	(306,767)
Australian Education Union - ACT Branch	-	-
Australian Education Union - VIC Branch	(1,360)	(414)
Australian Education Union - SA Branch	-	-
Australian Education Union - NT Branch	-	-
New South Wales Teachers Federation Branch	-	-
Queensland Teachers Union	-	-

#### (b) International Trust Fund

This fund has been set up under AEU Rules and is audited separately. AEU branches contribute to the fund.

Contribution	19,000	17,000
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### NOTE 12 REMUNERATION OF AUDITORS

Value of the services provided by WLF Accounting & Advisory

Financial statement audit services	11,000	10,600
Other services	-	-
Total remuneration of auditors	11,000	10,600

Other services relates to the preparation of the financial statements in the Fair Work Commission model financial statements format.

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

### NOTE 13 FINANCIAL INSTRUMENTS

The entity's principle financial assets comprise cash, cash investments and trade debtors whilst its principle financial liabilities comprise trade payables.

The entity has exposure to the following risks from its use of financial instruments:

#### (a) Credit risk

Credit risk is the risk of financial loss to the Union if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Unions receivables from customers.

The entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the balance sheet.

The Union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Union.

#### (b) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The majority of the Unions financial assets are held in interest bearing assets that are expected to mature within three months or in financial assets that reset to the prevalent market interest rate on a monthly or quarterly basis. As a result, the Union is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

An increase / (decrease) in interest rates of 1% will have a corresponding effect on revenue of \$33,680 (2016: \$29,719).

# Australian Education Union Tasmanian Branch

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2017

	2017	2016
	\$	\$
<b>NOTE 14 KEY MANAGEMENT PERSONNEL REMUNERATION</b>		
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	297,990	301,803
Annual leave accrued	22,922	19,807
<b>Total short-term employee benefits</b>	<b>320,912</b>	<b>321,610</b>
<b>Post-employment benefits</b>		
Superannuation	44,225	37,939
<b>Total post-employment benefits</b>	<b>44,225</b>	<b>37,939</b>
<b>Other long-term benefits</b>		
Long service leave	14,899	28,154
<b>Total other long-term benefits</b>	<b>14,899</b>	<b>28,154</b>
Termination benefits	-	-
<b>Total benefits</b>	<b>380,036</b>	<b>387,703</b>

### NOTE 15 UNION DETAILS

The principal place of business of the Union is:

Level 1/32 Patrick Street  
HOBART TAS 7000

### NOTE 16 SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1) to (3) of section 272 which read as follows:

- (1) A member of a reporting unit, or the General Manager of Fair Work Commission, 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).



## Independent auditor's report to the members of the Australian Education Union Tasmanian Branch

We have audited the accompanying financial report of the Australian Education Union Tasmanian Branch, which comprises the Statement of Financial Position as at 30 June 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Branch Executive declaration.

### *Branch Executive Responsibility for the Financial Report*

The Branch Executive of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and with *Fair Work (Registered Organisations) Act 2009*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards and International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Branch Executive, as well as evaluating the overall presentation of the financial report.

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

Liability limited by a scheme approved under Professional Standards Legislation.

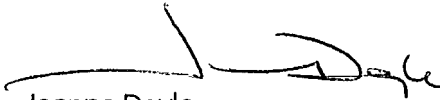
*Independence*

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies.

*Auditor's Opinion*

In our opinion:

- a) the general purpose financial report presents fairly in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the requirements of the *Fair Work (Registered Organisations) Act 2009*.
- b) there are reasonable grounds to believe that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.



Joanne Doyle

Partner

Wise Lord & Ferguson

Registered Company Auditor Number 217468

Fellow of the Institute of Chartered Accountants in Australia and New Zealand

Holder of Public Practice Certificate

1/160 Collins Street

Hobart TAS 7001

Date: 13 November 2017



8 August 2017

Ms Helen Richardson  
President  
Australian Education Union-Tasmanian Branch  
By Email: support@aeutas.org.au

Dear Ms Richardson,

**Re: Lodgement of Financial Report - [FR2017/113]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Education Union-Tasmanian Branch (the reporting unit) ended on 30 June 2017. 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 Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being 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 your rules) no later than 31 December 2017 (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. 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 (see attached *Loans Grants and Donations* fact sheet FS 009).

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.

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 (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

### **Auditor's report**

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

## **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).

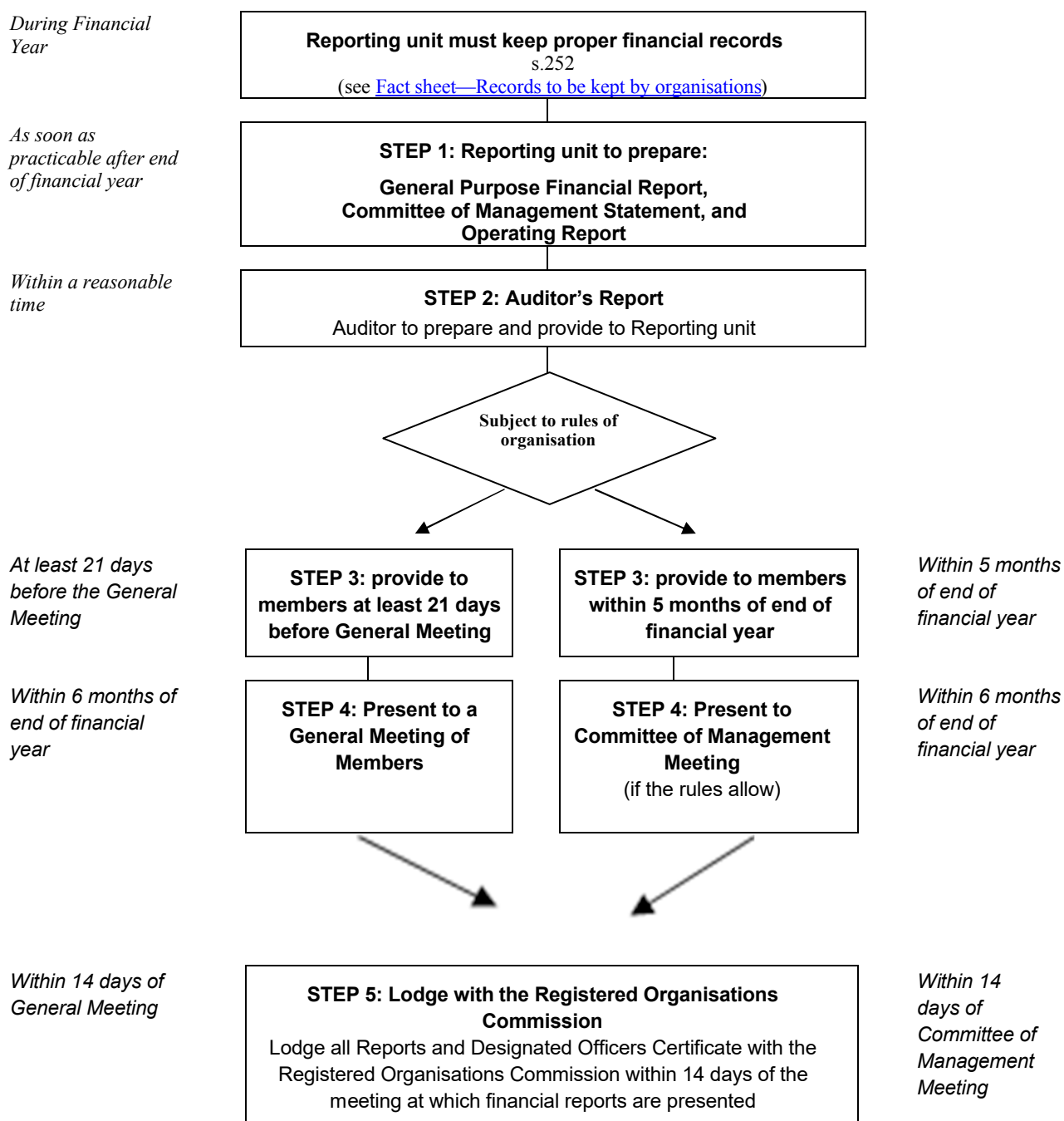
Yours faithfully,  
**Michael Moutevelis**  
**Registered Organisations Commission**



# Fact sheet

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

See Fact sheet—Financial reporting for an explanation of each of these steps.





## 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
 Only reporting units must lodge the Statement.	 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.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.

	Statements can be lodged with the financial report.		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.
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### Grants & Donations within the Financial Report

Item 16(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:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report 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)



## **Guidance Note**

### **Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009***

Prepared and issued by the Registered Organisations Commission

<b>Version</b>	<b>Date published</b>
1	4 August 2017



## 1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

## 2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report<sup>1</sup>.

## 3. Key changes included in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Structure of the auditor's report	ASA 700.21-52	The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards.
Basis for opinion	ASA 700.28c	Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> .
Other information	ASA 700.32 ASA 720	ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit.
Committee of Management's responsibilities for the preparation of the financial report	ASA 700.33-36	ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed.
Auditor's responsibilities for the audit of the financial report	ASA 700.37-40	These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error.
Report on other legal and	ASA 700.43-45	This section is only applicable if there are other matters to report as required by other legislation.

<sup>1</sup> Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

Description	Auditing standard ref.	Comments
regulatory requirements		<p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p>

#### 4. Key changes not reflected in the illustrative Auditor's Report

Description	Auditing standard ref.	Comments
Key Audit Matters	ASA 700.30-31, A41 ASA 701	<p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p>

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

## Independent Audit Report to the Members of <name of Reporting Unit>

### Report on the Audit of the Financial Report

#### Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position<sup>2</sup> as at <balance date>, the statement of comprehensive income<sup>3</sup>, statement of changes in equity<sup>4</sup> and statement of cash flows<sup>5</sup> for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management<sup>6</sup> Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- 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<sup>7</sup>

The Committee of Management is 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 accordingly 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.

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<sup>2</sup> Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

<sup>3</sup> Ibid paragraph 9

<sup>4</sup> Ibid paragraph 9

<sup>5</sup> Ibid paragraph 9

<sup>6</sup> Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

<sup>7</sup> Ibid paragraph 7

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.

### **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 have no realistic alternative but to do so.

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

My objective is 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 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 the 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.

- 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 approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

## **[Report on Other Legal and Regulatory Requirements]<sup>8</sup>**

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

## **[Report on the Recovery of Wages Activity financial report]<sup>9</sup>**

### **Opinion on the recovery of wages activity financial report**

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

### **Responsibilities**

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

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<sup>8</sup> Ibid paragraph 11

<sup>9</sup> Ibid paragraph 11

<City>  
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)<sup>10</sup>: <insert number>

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<sup>10</sup> Ibid paragraph 12

## 5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.