

11 December 2019

Helen Richardson Branch President Australian Education Union - TAS

Sent via email: personalassistant@aeutas.org.au

 $\textbf{CC:}\ \underline{executive of ficer@aeutas.org.au}$ 

jdoyle@wlf.com.au

Dear Helen Richardson,

#### Australian Education Union - TAS Financial Report for the year ended 30 June 2019 – (FR2019/211)

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the Australian Education Union – TAS (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 25 November 2019.

The reporting unit submitted the financial report initially on 26 September 2019. During a review of the documents lodged, it was identified that the audit scope included an officer's declaration statement however, an officer's declaration statement was not included in the lodged documents. To ensure that the financial report provided to members and lodged with the ROC matched the audit scope, the reporting unit prepared an officer's declaration statement. An audit of the officer's declaration statement was completed and members of the reporting unit were provided with a copy of the financial report, including the officer's declaration statements, on 8 November 2019.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the Fair Work (Registered Organisations) Act 2009 (**RO Act**) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines (**RGs**) 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 2020 may be subject to an advanced compliance review.

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

#### General purpose financial report (GPFR)

Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed ltem 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's

declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements and/or the body of the notes:

- Agree to receive financial support from another reporting unit to continue as a going concern (note 1(o));
- Receive capitation fees from another reporting unit (statement of comprehensive income and note 3);
- Receive other revenue from another reporting unit (statement of comprehensive income and note 3):
- Receive revenue via compulsory levies (note 3);
- Receive donations or grants (statement of comprehensive income and note 3);
- Incur fees as consideration for employers making payroll deductions of membership subscriptions (note 4(a));
- Pay a grant that was \$1,000 or less (statement of comprehensive income and note 4(e));
- Pay a grant that exceeded \$1,000 or less (statement of comprehensive income and note 4(e));
- Pay a donation that was \$1,000 or less (statement of comprehensive income and note 4(e));
- Pay a donation that exceeded \$1,000 or less (statement of comprehensive income and note 4(e));
- Pay separation and redundancy expense for holders of office (note 4(a));
- Pay other employment expenses for holders of office (note 4(a));
- Pay separation and redundancy expense for employees (other than holders of office) (note 4(a));
- Pay other employment expenses for employees (other than holders of office) (note 4(a));
- Pay a penalty imposed under the RO Act or the Fair Work Act 2009 (note 4(h));
- Have a receivable with another reporting unit (note 5(b)):
- Have a payable with another reporting unit (note 7(a));
- Have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions (note 7(b));
- Have a liability for separation and redundancy for holders of office (note 8);
- Have a liability for other employment provisions for holders of office (note 8);
- Have a liability for separation and redundancy for employees (other than holders of office) (note 8);
- Have a liability for other employment provisions for employees (other than holders of office) (note 8);
- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch (note 10); and
- Receive cash flows from another reporting units and/or controlled entity (statement of cash flows)

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

#### Recovery of wages disclosure

Please note that under the 5<sup>th</sup> edition of the RG made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5<sup>th</sup> edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. If recovery of wages activity has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

#### Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of retained earnings of \$3,922,348 for the 2019 financial year (2018: \$3,682,629). 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.

Note 4(d) *Administration expenses* discloses compulsory levies (public education levy – AEU Federal office) expenses of \$21,554 for the 2019 financial year (2018: \$22,604). The officer's declaration statement, however includes a nil disclosure in paying compulsory levies.

Note 12 *Related party disclosures* discloses cash flows to other reporting units of \$330,094 for the 2019 financial year (2018: \$365,226). The officer's declaration statement, however includes a nil disclosure in providing cash flows to another reporting unit and/or controlled entity.

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

#### **Operating report**

#### Prescribed information in Operating report

Regulation 159(c) requires an operating report to contain the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position. The ROC takes the words "at any time" to mean that all persons, whether they held their position for the full year or for part of the year, must be included.

I note that the names of David Edwards (General Division – South) and Robyn Lamprey (General Division – North West) appeared in the previous year's operating report but did not appear in this year's operating report. There was no indication that David Edwards or Robyn Lamprey had resigned during, or at the end of, the previous year, and without any such indication the question arises whether their names have been inadvertently omitted.

In future years, please ensure that all persons are included and the periods for which they held their position are clearly indicated.

#### **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 RGs 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 RGs 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 - Tasmanian Branch

s.268 Fair Work (Registered Organisations) Act 2009

## Certificate by prescribed designated officer

Certificate for the year ended 30 June 2019

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

- that the documents lodged herewith are copies of the full report for the Australian Education Union – Tasmanian 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 3 September 2019; and
- that the full report was presented to the AEU Branch Council AGM on 20 September.
- that the Officer Declaration Statement, left out of the full report by our auditors, was
  presented to our Branch Executive meeting on 8 November and uploaded to the union
  website that same day.
- The full report (with Officer Declaration Statement) was again presented and signed off at the AEU Branch Council meeting on 18 November 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

| Signature of prescribed designated officer:             |
|---|
| Name of prescribed designated officer:Helen Richardson  |
| Title of prescribed designated officer:Branch President |
| Dated: 25/11/19   |

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Australian Education Union Tasmanian Branch Financial Statements 30 June 2019



## Australian Education Union Tasmanian Branch OPERATING REPORT

### For the period ended 30 June 2019

The Branch Executive presents its report of the Australian Education Union Tasmanian Branch for the financial year ended 30 June 2019.

#### 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 surplus/(deficit) from ordinary activities amounted to \$239,655 for the period ending 30 June 2019 (2018: (\$18,268)).

#### 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 2019

#### Number of members

The Union had 5,313 members at the end of the reporting period (2018: 5,334).

#### Number of employees

The Union employed 19 staff, expressed as 17.65 FTE, as at 30 June 2019 (2018: 21 employees, expressed as 19.83 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.

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

Names and positions of the Committee of Management for the financial year 1 July 2018 to 30 June 2019 were:

#### **BRANCH PRESIDENT**

RICHARDSON, Helen

#### **BRANCH DEPUTY PRESIDENTS**

DoE

BUGG, Claire

Support Staff

JACKSON, Mandy

#### Secondary Colleges

REVELL-COOK, Peta-Maree

TAFE Division

BAILEY, Simon

#### **BRANCH EXECUTIVE**

**BUTLER**, Andrew

CLIFFORD, Leeanne

ELLIS, Lucie

GENFORD, David GRIFFIN, Heather

JALES, Alison

OSBORNE, Elizabeth

(from 16 April 2019)

(resigned 25 August 2018)

#### **OPERATING REPORT**

#### For the period ended 30 June 2019

#### Indigenous Representative

Position Vacant

#### DoE Sector

#### Branch Council Delegate - DoE Southern Region

ANDERSON, Rachel

BINI, Lucia

BUTLER, Andrew

CLIFFORD, Leeanne

CLIFFORD, Nicolas

COOMBES, Terri

DEVEREUX, Lucy

GENFORD, David

JONES, Stephen

LAIRD-VALENTINE, Margaret

MCKAY, Alexandra

OSBORNE, Elizabeth

(resigned 25 August 2018) (from 25 September 2018)

SMIT, Henk THOMAS, Ryan

VICKERS, Dianne

WICKHAM, Marney

#### Branch Council Delegate - DoE Northern Region

COATES, Joy

DJAKIC, Murat

DUNCAN, David

ELLIS, Lucie

GRIFFIN, Heather

GEALE, Sallyann

JALES, Alison

JAMES, Andrea

PAPWORTH, Hannah

#### Branch Council Delegate - DoE North Western Region

ALLAN, Ian (resigned 23 November 2018)

FOGG, Samuel

HABERLE, Raymond

MCGUIRE, Cayd

RIPPON, Michelle

WILSON, Nic

#### **OPERATING REPORT**

#### For the period ended 30 June 2019

#### SUPPORT STAFF SECTOR

**Branch Deputy President - Support Staff** 

JACKSON, Mandy

Branch Council Delegate - Support Staff

FODEN, Susan

JANSEN-MUNDAY, Nanna

STEVENS, Jo

#### SECONDARY COLLEGES SECTOR

Branch Deputy President - Secondary Colleges

REVELL-COOK, Peta-Maree

Vice-President - Secondary Colleges

RUSSELL, LAURA

Branch Council Delegate - Secondary Colleges

BACON, Kirsten BROAD, James

HICKS, Peter (from 25 September 2018)

PRESTON, Matthew RUSSELL, Laura SLY, Felicity

#### TAFE DIVISION

Branch Deputy President - TAFE Division

BAILEY, Simon

Vice President - TAFE Division

NEEDHAM, Rachel (from 25 September 2018, resigned 7 December 2018)

VON SAMORZEWSKI, Damien

Branch Council Delegates - TAFE Division

HOLGATE, Barbara (from 25 September 2018) LOONE, Simone (from 25 September 2018)

SABOL, Tristan

WRIGHT, Benjamin (re-elected 25 September 2018) VON SAMORZEWSKI, Damien (from 25 September 2018)

# Australian Education Union Tasmanian Branch OPERATING REPORT

#### For the period ended 30 June 2019

#### TAFE DIVISION

#### Delegates to TAFE Division Council

LOONE, Simone (from 25 September 2018)
MCKINNON, Cameron (from 25 September 2018)
SABOL, Tristan (from 25 September 2018)
WYLIE, Helen (from 25 September 2018)

#### Women's Officer - TAFE Division

NEEDHAM, Rachel (resigned 7 December 2018)

#### Executive Representative of Support Staff Members - TAFE Division

FRECH, Nicolas

#### **Executive - TAFE Division**

BAILEY, Simon FRECH, Nicolas KIRKLEY, Kevin LOONE, Simone

NEEDHAM, Rachel (resigned 7 December 2018)
PINNER, Shane (resigned 27 July 2018)

SABOL, Tristan

VON SAMORZEWSKI, Damian

WRIGHT, Ben

Signed in accordance with a resolution of the Branch Executive

Helen Richardson Branch President

8/11/19

Dated:

## Australian Education Union Tasmanian Branch SUBSECTION 255(2A) REPORT

### For the period ended 30 June 2019

The Branch Executive presents the expenditure report as required under subsection 255(2A) of the Australian Education Union Tasmanian Branch for the financial year ended 30 June 2019.

|   | 2019<br>\$ | 2018<br>\$        |
|---|------------|-------------------|
| Categories of expenditures                      |            |                   |
| Remuneration and other employment-related costs |            |                   |
| and expenses - employees                        | 2,227,011  | 2,63 <b>0,865</b> |
| Advertising                                     | 16,191     | 26,666            |
| Operating costs                                 | 1,274,639  | 1,098,187         |
| Donations to political parties                  | -          | •                 |
| Legal costs                                     | 20,925     | 19,935            |

Helen Richardson **Branch President** 

Dated:

# Australian Education Union Tasmanian Branch BRANCH EXECUTIVE DECLARATION For the period ended 30 June 2019

On the  $g/\mu$  / 2019 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 2019:

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

- (a) the financial statements and notes comply with 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 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 RO Act; 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 2019

- (v) where information has been sought in any request by a member of the Australian Education Union Tasmanian Branch or Commissioner duly made under section 272 of the RO Act has been provided to the member or 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.
- (f) in relation to the recovery of wages activity, no activity of this nature has been undertaken.

Helen Richardson Branch President

Dated:

# Australian Education Union Tasmanian Branch STATEMENT OF COMPREHENSIVE INCOME

### For the period ended 30 June 2019

|   | Notes | 2019<br>\$                            | 2018<br>\$                           |
|---|-------|---------------------------------------|--------------------------------------|
| Revenue  Membership subscriptions  Capitation fees and other revenue from another                     | 3     | 3,527,087                             | 3,500,549                            |
| reporting unit Cinema ticket sales Board sitting fees Investment income & interest Rental revenue     |       | 13,455<br>34,318<br>107,348<br>39,297 | 22,156<br>32,291<br>95,696<br>44,755 |
| Other revenue   |       | 29,187                                | 17,400                               |
| Total revenue<br>Other income   |       | 3,750,692                             | 3,712,847                            |
| Grants and/or Donations  Net movement in managed investments  Revenue from recovery of wages activity |       | 27, <b>7</b> 30                       | 44,538                               |
| Total other income  |       | 27,730                                | 44,538                               |
| Total income  |       | 3,778,422                             | 3,757,385                            |
| Expenses  |       |                                       |                                      |
| Employee expenses Capitation fees and other expense to another  | 4(a)  | 2,227,011                             | <b>2,630,86</b> 5                    |
| reporting unit  | 4(b)  | 192,503                               | 191,325                              |
| Affiliation fees  | 4(c)  | 79,237                                | <b>7</b> 9,149                       |
| Administration expenses   | 4(d)  | 854,048                               | 683,679                              |
| Grants or donations   | 4(e)  | 1 42 651                              | 147.530                              |
| Depreciation and amortisation Legal costs   | 4(f)  | 142,651<br>20,925                     | 147, <b>5</b> 38<br>19,935           |
| Net losses from sale of assets  | 4(g)  | 391                                   | 2,162                                |
| Other expenses  | 4(h)  | 22,000                                | 21,000                               |
| Total expenses  |       | 3,538,766                             | 3,775,653                            |
| Surplus / (deficit) for the year  |       | 239,656                               | (18,268)                             |
| Other comprehensive income  |       | -                                     | _                                    |
| Total comprehensive income for the year   |       | 239,656                               | (18,268)                             |

### STATEMENT OF FINANCIAL POSITION

### As at 30 June 2019

|                               | Notes         | 2019<br>\$ | 2018<br>\$     |
|-------------------------------|---------------|------------|----------------|
| ASSETS                        |               |            | ·              |
| Current Assets                | <b></b> .     | 006.445    | 765.600        |
| Cash and cash equivalents     | 5(a)          | 806,415    | 765,602        |
| Trade and other receivables   | 5 <b>(</b> b) | 102,957    | 70,354         |
| Total current assets          |               | 909,372    | 835,956        |
| Non-Current Assets            |               |            |                |
| Land and buildings            | 6(a)          | 2,096,372  | 2,153,733      |
| Plant and equipment           | 6(b)          | 65,752     | 85,054         |
| Motor vehicles                | 6(c)          | 106,626    | 115,062        |
| Work in progress              | 6(d)          |            | 3 <b>7,738</b> |
| Intangibles                   | 6(e)          | 115,102    | -              |
| Other financial assets        | 6(f)          | 2,667,629  | 2,541,695      |
| Other non-current assets      | 6 <b>(</b> g) |            | 12,822         |
| Total non-current assets      |               | 5,051,481  | 4,946,104      |
| Total assets                  |               | 5,960,853  | 5,782,060      |
| LIABILITIES                   |               |            |                |
| Current Liabilities           |               |            |                |
| Trade payables                | 7(a)          | 53,944     | 49,585         |
| Other payables                | 7(b)          | 97,333     | 108,178        |
| Employee provisions           | 8             | 275,559    | 338,674        |
| Total current liabilities     |               | 426,836    | 496,437        |
| Non-Current Liabilities       |               |            |                |
| Employee provisions           | 8             | 139,362    | 135,501        |
| Other non-current liabilities | 9             | 4,877      | -              |
| Total non-current liabilities |               | 144,239    | 135,501        |
| Total liabilities             |               | 571,075    | 631,938        |
| Net assets                    |               | 5,389,778  | 5,150,122      |
| EQUITY                        |               |            |                |
| Retained profits              | 10(a)         | 3,922,348  | 3,682,692      |
| Reserves                      | 10(c)         | 1,467,430  | 1,467,430      |
| Total equity                  | , ,           | 5,389,778  | 5,150,122      |
| i ottal oquity                |               | -111.10    | 3,3,           |

# Australian Education Union Tasmanian Branch STATEMENT OF CHANGES IN EQUITY For the period ended 30 June 2019

|  | Retained<br>Earnings<br>\$  | General<br>Reserve<br>\$ | Asset<br>Revaluation<br>Reserve<br>\$ | Total Equity \$             |
|--|-----------------------------|--------------------------|---------------------------------------|-----------------------------|
| Closing Balance as<br>at 30 June 2017<br>Surplus / (deficit)<br>for the year | <b>3,700,960</b> (18,268)   | 725,031                  | 742,399<br>-                          | <b>5,168,390</b> (18,268)   |
| Closing balance as<br>at 30 June 2018<br>Surplus / (deficit)<br>for the year | <b>3,682,692</b><br>239,656 | 725,031                  | 742,399                               | <b>5,150,122</b><br>239,656 |
| Closing balance as at 30 June 2019   | 3,922,348                   | 725,031                  | 742,399                               | 5,389,778                   |

# Australian Education Union Tasmanian Branch STATEMENT OF CASH FLOWS

### For the period ended 30 June 2019

| OPERATING ACTIVITIES                                     | Notes | 2019<br>\$              | 2018<br><b>\$</b>   |
|--|-------|-------------------------|---------------------|
| Cash received  |       |                         |                     |
| Receipts from members                                    |       | 3,517,234               | 3,502,501           |
| Investment income  |       | 35,485                  | 28,718              |
| Interest income  |       | 71,863                  | 66,978              |
| Other income   |       | 114,398                 | 110,910             |
| Receipts from other units/controlled entity(s)           |       | _                       | -                   |
| Cash used  |       |                         |                     |
| Employees  |       | (2,297,614)             | (2,707,184)         |
| Suppliers  |       | (1,154,680)             | (1,028,40 <b>7)</b> |
| Payment to other units/controlled entity(s)              | _     |                         | -                   |
| Net cash from / (used by) operating activities           | 11    | 286,686                 | (26,484)            |
| INVESTING ACTIVITIES Cash received                       |       |                         |                     |
| Proceeds from sale of plant and equipment                |       | 20 <b>,</b> 54 <b>6</b> | 24,322              |
| Trust funds received                                     |       | 4,877                   | *                   |
| Cash used  |       |                         |                     |
| Repayments from / (Loans to) members                     |       | (17,239)                | 2,750               |
| Purchase of plant and equipment                          |       | (155 <b>,853)</b>       | (95,404)            |
| Purchase of land and buildings                           |       | (00.204)                | (10,416)            |
| Proceeds / (Purchase) of investments                     | -     | (98,204)                | (87,84 <b>9)</b>    |
| Net cash from / (used by) investing activities           | -     | (245,873)               | (166,597)           |
| Not increase //degreeses) in cook hald                   | -     | 40.042                  | (4.02.004)          |
| Net increase / (decrease) in cash held                   | =     | 40,813                  | (193,081)           |
| Cash and cash equivalents at the beginning of the period | _     | 765,602                 | 958,683             |
| Cash and cash equivalents at the end of the period       | 5(a)  | 806,415                 | 765,602             |
|  |       |                         |                     |

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS For the period ended 30 June 2019

#### 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 Registered Organisations 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 2019

#### 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 except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

#### Impact on adoption of AASB 9

#### (a) Initial application

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Union has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The Union has not restated the comparative information, which continues to be reported under AASB 139. The nature and effect of the changes as a result of adoption of AASB 9 are as follows:

#### i) Classification and measurement

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss or amortised cost. The classification is based on two criteria: the Union's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Union's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS For the period ended 30 June 2019

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

#### (e) New Australian Accounting Standards (continued)

The classification and measurement requirements of AASB 9 did not have a significant impact to the Union.

- Trade receivables and other non-current financial assets (i.e., Loans to members) previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Equity investments in non-listed companies previously classified as AFS financial assets are now classified and measured as equity instruments designated at fair value through profit and loss. The Union elected to to classify irrevocably its non-listed equity investments under this category and it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

The Union has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Union's financial liabilities.

#### ii) Impairment loss

The adoption of AASB 9 has fundamentally changed the Union's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Union to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets, i.e. those held at amortised cost.

Upon adoption of AASB 9 the Union did not recognise additional impairment on the trade receivables and loans receivable from members as it has assessed there to be no predictive past losses for future write-offs.

#### Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the signoff date and are applicable to future reporting periods that are expected to have a future financial impact on the Union include:

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS For the period ended 30 June 2019

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

#### (f) New Australian Accounting Standards (continued)

#### AASB 16 Leases (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Union plans to adopt AASB 16 on the required effective date 1 July 2019 of using modified retrospective method.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

During the financial year ended 30 June 2019, the Union performed a preliminary assessment of AASB 16.

The Union's preliminary assessment has indicated a small number of material leases that will be brought on to the balance sheet at 1 July 2019, including leasehold property and leased photocopier assets.

## Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 30 June 2019

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

#### (g) New Australian Accounting Standards (continued)

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

For NFP entities, both AASB 1058 and AASB 15 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 15. The Union plans to adopt AASB 15 on the required effective date 1 July 2019 of using modified retrospective method.

During the financial year ended 30 June 2019, the Union performed a preliminary assessment of AASB 1058 and 15.

The Union has assessed there will not be a material impact on how revenue is recognised on application of AASB 1058 and 15.

#### (h) 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.

#### (i) Gains

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 2019

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

#### (j) Capitation Fees and Levies

Capitation fees and levies are recognised on an accrual basis and recorded as an expense in the year to which it relates.

#### (k) 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.

#### (I) 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.

#### (m) 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.

#### (n) Financial Instruments

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

#### Financial Assets

#### i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost 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 Union'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.

## Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 30 June 2019

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

#### (n) Financial Instruments (continued)

In order for a financial asset to be classified and measured at amortised cost 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.

#### ii) Subsequent measurement

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

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

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS For the period ended 30 June 2019

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

#### (n) Financial Instruments (continued)

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

The Union's financial assets at amortised cost includes trade receivables and loans to members.

#### 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 with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost, 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.

#### iii) 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:
  - the Union has transferred substantially all the risks and rewards of the asset, or
  - the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Australian Education Union Tasmanian Branch
NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2019

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

#### (n) Financial Instruments (continued)

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.

#### iv) Impairment

#### 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.

#### 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.

The Union considers 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.

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 30 June 2019

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

#### (o) Financial Instruments (continued)

#### Financial Liabilities

#### i) 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.

#### ii) Subsequent measurement

#### Financial liabilities at amortised cost

After initial recognition, trade payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 30 June 2019

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

#### (o) 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:

|                     | 2019           | 2018           |
|---------------------|----------------|----------------|
| 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.

#### NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 30 June 2019

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

#### (p) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of Union's intangible assets are:

2019 2018
Intangibles 10 years Not Applicable

#### Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit and loss when the asset is derecognised.

#### (q) 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.

#### (r) 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.

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS For the period ended 30 June 2019

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

#### (s) 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.

#### (t) Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

#### (u) 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 2019

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

#### (v) 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).

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.

#### (o) 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 2019, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

#### NOTES TO THE FINANCIAL STATEMENTS

#### For the period ended 30 June 2019

| 2019 | 2018 |
|------|------|
| \$   | \$   |

#### **NOTE 3 REVENUE**

During the 2019 financial year, AEU did not receive any revenue from capitation fees, levies, grants or donations, or from recovery of wages activity. The union has not received financial support from any other reporting units.

#### **NOTE 4 EXPENSES**

| (a) Employee expenses                           |                    |           |
|---|--------------------|-----------|
| Holders of office                               |                    |           |
| Wages and salaries                              | 157,297            | 172,107   |
| Superannuation                                  | 23,416             | 22,996    |
| Leave and other entitlements                    | 19,965             | 21,844    |
| Executive expenses                              | 29,418             | 51,398    |
| Employee expenses - holders of office           | 230,096            | 268,345   |
| Employees other than office holders             |                    |           |
| Wages and salaries                              | 1,66 <b>8,0</b> 08 | 1,763,183 |
| Superannuation                                  | 212,253            | 229,768   |
| Leave and other entitlements                    | 11 <b>6,6</b> 54   | 163,626   |
| Separation and redundancies                     | -                  | 205,943   |
| Employee expenses - employees other than office |                    |           |
| <b>holder</b> s                                 | 1,996,915          | 2,362,520 |
| Total employee expenses                         | 2,227,011          | 2,630,865 |

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         | 192,503 | 191,325 |
|     | Total capitation fees               | 192,503 | 191,325 |
| (c) | Affiliation fees                    |         |         |
|     | ACTU affiliation                    | 33,259  | 34,019  |
|     | Unions Tasmania affiliation         | 32,562  | 32,604  |
|     | Education International affiliation | 13,416  | 12,526  |
|     | Total affiliation fees              | 79.237  | 79 149  |

### NOTES TO THE FINANCIAL STATEMENTS

## For the period ended 30 June 2019

|     |  | 2019            | 2018            |
|-----|--|-----------------|-----------------|
| NC  | OTE 4 EXPENSES (continued)                                     | \$              | \$              |
| 111 | The End Ended  |                 |                 |
| (d) | Administration expenses  |                 |                 |
|     | Accounting and auditing  | 14,360          | 19,410          |
|     | Bad debts – loans to members                                   | -               | 2,600           |
|     | Bank charges   | 41,174          | 26,091          |
|     | Branch Council expenses  | 28,538          | 21,761          |
|     | Compulsory levies (public education levy – AEU Federal Office) | 21,554          | 22,604          |
|     | Computer maintenance and database upgrades                     | 92,414          | 62,081          |
|     | Conference and meeting expenses                                | 63,635          | 12,279          |
|     | Consultancy advice   | 63,996          | 16,979          |
|     | Fees/allowances – meeting and conferences                      | 15 <b>,58</b> 4 | 20,119          |
|     | Industrial campaigns   | 145,847         | 76,675          |
|     | Insurance  | 89,927          | 83,041          |
|     | Member expenses  | 30,342          | 43,255          |
|     | Postage, printing & stationery                                 | 22,729          | 16,536          |
|     | Property expenses  | 101,159         | 85,024          |
|     | Repairs and maintenance  | 38,569          | 43,006          |
|     | Research   | 4,498           | 61,001          |
|     | Uniforms   | -               | 452             |
|     | Telephone  | 35,548          | 38 <b>,36</b> 2 |
|     | Travel and motor vehicle expenses                              | 44,174          | 32,403          |
|     | Total administration expenses                                  | 854,048         | 683,679         |
| (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   | 57,361          | 57,208          |
|     | Plant and equipment  | 39,356          | 51,996          |
|     | Motor vehicles   | 39,876          | 38,334          |
|     | Software   | 6,058           | -               |
|     | Total depreciation and amortisation                            | 142,651         | 147,538         |
|     |  |                 |                 |

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

### For the period ended 30 June 2019

|  |   | 2019<br>\$                             | 2018<br>\$                         |
|--|---|--|------------------------------------|
| NOTE 4 EXPE                            | NSES (continued)  |  |                                    |
| (g) Legal cos<br>Litigatio<br>Other le |   | 20,925                                 | 19,935                             |
| Total lega                             | ll costs  | 20,925                                 | 19,935                             |
|  | penses<br>ution to International Trust Fund<br>es – via RO Act or <i>Fair Work Act 2009</i> | 22,000                                 | 21,000                             |
| Total other                            | er expenses   | 22,000                                 | 21,000                             |
| NOTE 5 CURF                            | cash equivalents<br>bank  | her reporting units.<br>806,187<br>228 | 765,374<br>228                     |
| Total cash                             | n and cash equivalents  | 806,415                                | 765,602                            |
| Sundry<br>Loans to<br>Prepayn          | o members   | 8,706<br>20,070<br>46,408<br>27,773    | 6,847<br>2,831<br>42,756<br>17,920 |
| Total curr                             | ent receivables   | 102,957                                | 70,354                             |
| Less allo                              | owance for expected credit losses   | •                                      | -                                  |
| Total curr                             | rent receivables (net)  | 102,957                                | 70,354                             |
|  |   |  |                                    |

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 2019.

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

### For the period ended 30 June 2019

| NOTE 6 NON-CURRENT ASSETS  | 2019<br>\$                              | 2018<br>\$  |  |  |
|--|---|---|--|--|
|  |   |   |  |  |
| (a) Land and buildings  At deemed cost  Accumulated depreciation   | 2,866,272<br>(769,900)                  | 2,866,272<br>(712,539)                            |  |  |
| Total land and buildings   | 2,096,372                               | 2,153,733   |  |  |
| On the transition to AIFRS a determination was made that land and buildings be valued at deemed cost. Prior years included land and buildings at executive branch valuation. |   |   |  |  |
| Reconciliation of the opening and closing balances of land and buildings   |   |   |  |  |
| Net book value 1 July Additions Depreciation expense   | 2,153,733<br>-<br>(57,361)              | 2,200,525<br>10,416<br>(57,208)                   |  |  |
| Net book value 30 June Net book value as of 30 June represented by Gross book value  | 2,096,372<br>2,866,272                  | <b>2,153,733</b> 2,866,272                        |  |  |
| Accumulated depreciation and impairment  | (769,900)                               | (712,539)   |  |  |
| Net book value 30 June   | 2,096,372                               | 2,153,733   |  |  |
| (b) Plant and equipment At cost Accumulated depreciation   | 377,120<br>(311,368)                    | 513,600<br>(428,546)                              |  |  |
| Total plant and equipment  | 65,752                                  | 85,054  |  |  |
| Reconciliation of the opening and closing balances of plant and equipment  |   |   |  |  |
| Net book value 1 July Additions Disposals Depreciation expense   | 85,054<br>24,400<br>(4,346)<br>(39,356) | 126,101<br>15,636<br>(4,68 <b>7</b> )<br>(51,996) |  |  |
| Net book value 30 June Net book value as of 30 June represented by Gross book value Accumulated depreciation and impairment  | 65,752<br>377,120<br>(311,368)          | <b>85,054</b> 513,600 (428,546)                   |  |  |
| Net book value 30 June   | 65,752                                  | 85,054  |  |  |
|  |   |   |  |  |

### NOTES TO THE FINANCIAL STATEMENTS

## For the period ended 30 June 2019

|     |  | 2019<br>\$ | 2018<br>\$     |
|-----|--|------------|----------------|
| NO  | TE 6 NON-CURRENT ASSETS (continued)                                    |            |                |
| (c) | Motor Vehicles   |            |                |
|     | At cost  | 203,331    | 213,768        |
|     | Accumulated depreciation   | (96,705)   | (98,706)       |
|     | Total motor vehicles   | 106,626    | 115,062        |
|     | Reconciliation of the opening and closing balances of motor vehicles   |            |                |
|     | Net book value 1 July  | 115,062    | 133,163        |
|     | Additions  | 48,031     | 42,030         |
|     | Disposals  | (16,591)   | (21,797)       |
|     | Depreciation expense   | (39,876)   | (38,334)       |
|     | Net book value 30 June   | 106,626    | 115,062        |
|     | Net book value as of 30 June represented by                            |            |                |
|     | Gross book value   | 203,331    | 213,768        |
|     | Accumulated depreciation and impairment                                | (96,705)   | (98,706)       |
|     | Net book value 30 June   | 106,626    | 115,062        |
| (d) | Work in progress   |            |                |
|     | At cost  | -          | 37,738         |
|     | Total work in progress   | -          | 37,738         |
|     | Reconciliation of the opening and closing balances of work in progress | 5          |                |
|     | Net book value 1 July  | 37,738     | -              |
|     | Additions  | 83,422     | 37,738         |
|     | Transfer to intangibles  | (121,160)  | -              |
|     | Net book value 30 June   | -          | 37,738         |
|     | Net book value as of 30 June represented by                            |            |                |
|     | Gross book value   |            | 37,738         |
|     | Net book value 30 June   | •          | 3 <b>7,738</b> |
|     |  |            |                |

# NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

|  | 2019<br>\$                           | 2018<br>\$           |
|--|--------------------------------------|----------------------|
| NOTE 6 NON-CURRENT ASSETS (continued)  |                                      |                      |
| (e) Intangibles  |                                      |                      |
| Computer software at cost: Internally developed  | 121,160                              | _                    |
| Accumulated amortisation   | (6,058)                              |                      |
| Total intangibles  | 115,102                              | -                    |
| Reconciliation of the opening and closing balances of intangibles  |                                      |                      |
| Net book value 1 July  | -                                    | _                    |
| Transfer from work in progress Amortisation  | 121,160<br>(6,058)                   | -                    |
| Net book value 30 June Net book value as of 30 June represented by   | 115, <b>1</b> 02                     | -                    |
| Gross book value Accumulated amortisation and impairment   | 121, <b>16</b> 0<br>(6,058)          | -                    |
| Net book value 30 June   | 115,102                              | -                    |
| (f) Other financial assets   |                                      |                      |
| Financial assets at fair value through profit and loss   |                                      |                      |
| Managed investment  Mortgage fund investment   | 926, <b>153</b><br>1,741, <b>476</b> | 871,781<br>1,669,914 |
| Total other financial assets   | 2,667,62 <b>9</b>                    | 2,541,695            |
| Managed Investment and Mortgage Fund Investment are he purposes and are not held for trading. The Union has elected through profit and loss. | •                                    |                      |
| (g) Other non-current assets Prepayments   |                                      | 12 <b>,82</b> 2      |
| Total other non-financial assets   | -                                    | 12,822               |

# NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

| NOTE 7 CURRENT LIABILITIES | 2019<br>\$ | 2018<br>\$ |
|----------------------------|------------|------------|
| (a) Trade payables         |            |            |
| Trade creditors            | 4,643      | 16,217     |
| Accrued expenses           | 49,301     | 33,368     |
| Total trade payables       | 53,944     | 49,585     |

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 2019.

| (b) | Other payables                                   |                |         |
|-----|--|----------------|---------|
|     | GST payable                                      | 56,946         | 63,030  |
|     | PAYG withholding tax                             | 33,799         | 45,148  |
|     | Consideration to employers for payroll deduction | -              | -       |
|     | Legal costs                                      | 6,588          | _       |
|     | Total other payables                             | <b>97,33</b> 3 | 108,178 |

Wages and salaries and employee payroll deductions were fully paid as at 30 June 2019.

## **NOTE 8 EMPLOYEE PROVISIONS**

| Holders of office   |         |         |
|---|---------|---------|
| Annual leave  | 18,931  | 28,086  |
| Long service leave  | 30,684  | 46,394  |
| Employee provisions - holders of office                   | 49,615  | 74,480  |
| Employees other than office holders                       |         |         |
| Annual leave  | 195,623 | 214,200 |
| Long service leave  | 169,683 | 185,495 |
| Employee provisions - employees other than office holders | 365,306 | 399,695 |
| Total employee provisions                                 | 414,921 | 474,175 |
|   |         |         |
| Current   | 275,559 | 338,674 |
| Non-current   | 139,362 | 135,501 |
| Total employee provisions                                 | 414,921 | 474,175 |

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

# NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

|  | 2019                 | 2018                  |
|--|----------------------|-----------------------|
| NOTE 9 OTHER NON-CURRENT LIABILITIES   | \$                   | \$                    |
| Other non-current liabilities  Amy Rowntree Memorial Fund                                    | 4,877                | -                     |
| Total other non-current liabilities  | 4,877                | -                     |
| NOTE 10 EQUITY   |                      |                       |
| (a) Retained profits  Balance at the beginning of the year  Surplus / (deficit) for the year | 3,682,692<br>239,656 | 3,700,960<br>(18,268) |
| Balance at end of year   | 3,922,348            | 3,682,692             |
| (b) General reserve  Balance as at beginning of the year  Transferred in or out              | 725,031              | 725,031<br>-          |
| Balance at end of year   | 725,031              | 725,031               |
| (c) Asset revaluation reserve  Balance as at beginning of the year  Transferred in or out    | 742, <b>3</b> 99     | 742,399               |
| Balance at end of year   | 742,399              | 742,399               |
| Total reserves   | 1,467,430            | 1,467,430             |

There are no other funds relating to compulsory levies or voluntary contributions maintained by the Union.

# NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

|  | 2019<br>\$ | 2018<br>\$     |
|--|------------|----------------|
| NOTE 11 CASH FLOW                                      |            |                |
| CASH FLOW RECONCILIATION                               |            |                |
| Surplus / (deficit) for the year                       | 239,656    | (18,268)       |
| Adjustments for non-cash items                         |            |                |
| Bad Debt Expense                                       | -          | 2,600          |
| Depreciation and amortisation                          | 142,651    | 147,538        |
| Net (profit) / loss on disposal of plant and equipment | 391        | 2,162          |
| Net market movement in investments                     | (27,730)   | (44,538)       |
| Changes in assets and liabilities                      |            |                |
| (Increase) / decrease in trade and other receivables   | (15,364)   | (25,338)       |
| (Increase) / decrease in other non-current assets      | 12,822     | ás             |
| (Decrease) / increase in trade payables                | 4,359      | (3,992)        |
| (Decrease) / increase in other payables                | (10,845)   | (5,528)        |
| (Decrease) / increase in employee provisions           | (59,254)   | (81,120)       |
| Net cash from / (used by) operating activities         | 286,686    | (26,484)       |
| (a) CASH FLOW INFORMATION                              |            |                |
| Cash inflows   |            |                |
| Operating activities                                   | 3,738,980  | 3,709,107      |
| Investing activities                                   | 25,423     | <b>27,07</b> 2 |
| Total cash inflows                                     | 3,764,403  | 3,736,179      |
| Cash outflows  |            |                |
| Operating activities                                   | 3,452,294  | 3,735,591      |
| Investing activities                                   | 271,296    | 193,669        |
| Total cash outflows                                    | 3,723,590  | 3,929,260      |

# NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

## NOTE 12 RELATED PARTY DISCLOSURES

## (a) Related Parties

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

Helen Richardson President

Claire Bugg Deputy President – DoE

Mandy Jackson Deputy President – Support Staff
Peta-Maree Revell-Cook Deputy President – Secondary Colleges

Simon Bailey Deputy President – TAFE

Andrew Butler Leeanne Clifford David Genford Heather Griffin Alison Jales

Elizabeth Osborne (resigned 25 August 2018)

Lucie Ellis (from 16 April 2019)

|  | 2013      | 2010               |
|--|-----------|--------------------|
|  | \$        | \$                 |
| Net Cash flows (to) / from other reporting units |           |                    |
| Australian Education Union - Federal Office      | (330,064) | (365,22 <b>6</b> ) |
| Australian Education Union - ACT Branch          |           | -                  |
| Australian Education Union - VIC Branch          | (30)      | -                  |
| Australian Education Union - SA Branch           |           | •                  |
| Australian Education Union - NT Branch           | -         | **                 |
| New South Wales Teachers Federation Branch       | •         | -                  |
| Queensland Teachers Union                        | 46        | -                  |

2019

2018

## (b) International Trust Fund

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

| Total remuneration of auditors                              | 14,200 | 13,650 |
|---|--------|--------|
| Other services  | 2,700  | 2,600  |
| Financial statement audit services                          | 11,500 | 11,050 |
| Value of the services provided by WLF Accounting & Advisory |        |        |
| NOTE 13 REMUNERATION OF AUDITORS                            |        |        |
| Contribution  | 22,000 | 21,000 |
|   |        |        |

Other services includes the preparation of the financial statements in the Registered Organisations Commission model financial statements format.

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

## **NOTE 14 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 \$34,740 (2018: \$33,073).

# Australian Education Union Tasmanian Branch NOTES TO THE FINANCIAL STATEMENTS

# For the period ended 30 June 2019

|  | 2019    | 2018                    |
|--|---------|-------------------------|
| NOTE 15 KEY MANAGEMENT PERSONNEL REMUNERATION                      | \$      | \$                      |
| Short-term employee benefits Salary (including annual leave taken) | 316,427 | 327,714                 |
| Annual leave accrued   | 24,341  | 25,209                  |
| Total short-term employee benefits                                 | 340,768 | 352,923                 |
| Post-employment benefits   |         |                         |
| Superannuation   | 47,115  | 46,171                  |
| Total post-employment benefits                                     | 47,115  | 4 <b>6,</b> 1 <b>71</b> |
| Other long-term benefits   |         |                         |
| Long service leave accrued   | 7,911   | 8,193                   |
| Total other long-term benefits                                     | 7,911   | 8,193                   |
| Termination benefits   | •       |                         |
| Total benefits   | 395,794 | 407,287                 |

#### **NOTE 16 UNION DETAILS**

The principal place of business of the Union is:

Level 1/32 Patrick Street HOBART TAS 7000

## NOTE 17 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, the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).



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

In relation to our audit of the financial report of the Australian Education Union Tasmanian Branch for the financial year ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements as set out in the *Fair Work (Registered Organisations) Act 2009*; and any applicable code of professional conduct.

JOANNE DOYLE

Partner

Wise Lord & Ferguson
Chartered Accountants

1/160 Collins Street HOBART TAS 7000

Dated: 8 No. 2019



## INDEPENDENT AUDITOR'S REPORT

Members of the Australian Education Union Tasmanian Branch

Report on the Audit of the Financial Report

## Opinion

We have audited the financial report of Australian Education Union Tasmanian Branch (the reporting unit), which comprises the statement of financial position as at 30 June 2019, the statement of 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 statement, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Education Union Tasmanian Branch as at 30 June 2019, 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).

We 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

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

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

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

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.

Liability limited by a scheme approved under Professional Standards Legislation.

Our 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 our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work 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

Our 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 our 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, we exercise professional judgement and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial report, whether
  due to fraud or error, design and perform audit procedures responsive to those risks,
  and obtain audit evidence that is sufficient and appropriate to provide a basis for our
  opinion. The risk of not detecting a material misstatement resulting from fraud is
  higher than for one resulting from error, as fraud may involve collusion, forgery,
  intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design
  audit procedures that are appropriate in the circumstances, but not for the purpose
  of expressing an opinion on the effectiveness of the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

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

JOANNE DOYLE

Partner

Wise Lord & Ferguson

Fellow of Institute of Chartered Accountants Australia & New Zealand CAANZ

Registered Company Auditor: 217468

Registered Organisation Auditor no. AA2017/121

Holder of Public Practice Certificate

1/160 Collins Street HOBART TAS 7000

Date: 8 Nowers 2019



# Officer declaration statement

I, Helen Richardson, being the Branch President of the Australian Education Union Tasmanian Branch, declare that the following activities did not occur during the reporting period ending 30 June 2019.

# The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- · receive capitation fees 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 compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay separation and redundancy to employees (other than holders of office)
- pay other employee expenses to employees (other than holders of office)



- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- 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
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- 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 office | er:   | Millin | M Me | <br> | *************************************** |
|----------------------|-------|--------|------|------|---|
| Dated:               | 1.11. | 119    |      | <br> | *************************************** |



2 July 2019

Helen Richardson Branch President Australian Education Union-Tasmanian Branch Sent via email: support@aeutas.org.au

Dear Helen Richardson,

Re: Lodgement of Financial Report - FR2019/211
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 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

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

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

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

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (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 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. 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 <u>financial reporting</u>, and fact sheets regarding <u>financial reporting processes and requirements</u>. 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 <a href="here">here</a> a link to 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 <u>website</u>.

#### Contact

Should you require any clarification in relation to the above, please email <a href="mailto:regorgs@roc.gov.au">regorgs@roc.gov.au</a>.

Yours faithfully,

**Kylie Ngo Registered Organisations Commission** 

Website: www.roc.gov.au



# Fact sheet

# Summary of financial reporting timelines – s.253 financial reports General Information:

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

#### STEP 1:

Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report as soon as practicable after the end of the financial year:



#### STEP 2:

Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report (1st meeting)



#### **STEP 3:**

Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit within a reasonable timeframe

# IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT GENERAL MEETING OF MEMBERS

(this is the default process in the RO Act)

#### STEP 4:

Provide *full report* to members at least 21 days before the General Meeting



#### STEP 5:

Present *full report* to a General Meeting of Members within 6 months of the reporting unit's end of financial year (2nd meeting)



#### STEP 6:

Prepare and sign the designated officer's certificate then lodge *full report* and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

# IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT COMMITTEE OF MANAGEMENT MEETING

(Special rules must be in the rulebook to use this process)

#### STEP 4:

Provide full report to members within 5 months of the reporting unit's end of financial year



#### STEP 5:

Present *full report* to Committee of Management Meeting within 6 months of the reporting unit's end of financial year (2nd meeting)



## STEP 6:

Prepare and sign the designated officer's certificate then lodge full report and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

## Misconceptions

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

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

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



FS 009 (14 December 2018)

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

<sup>\*</sup>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.

## **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:

| Misconce | eption  | Requiren | nent   |
|----------|---|----------|--|
| ×        | 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.                   | <b>√</b> | The statement must be signed by an elected officer of the relevant branch.   |
| ×        | Statements can be lodged with the financial report. | <b>√</b> | The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.  |

## **Grants & Donations within the Financial Report**

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

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

In the ROC's Model Statements the note appears as follows:

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

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

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

## Implications for filing the Financial Report

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

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

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

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

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

#### **Further information**

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

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