

# AUSTRALIAN EDUCATION UNION

## Victorian Branch

112 Trenerry Crescent Abbotsford 3067  
PO Box 363 Abbotsford 3067

telephone: 03 9417 2822; 1800 013 379 fax: 1300 658 078 web: www.aeuvic.asn.au email: melbourne@aeuvic.asn.au

FR2005/674



5 June 2006

Industrial Registrar  
Australian Industrial Registry – Organisations Branch  
GPO Box 1994S  
MELBOURNE Vic 3001

Dear Madam/Sir

**Re: Financial Documents for the Australian Education Union Victorian Branch for the Year Ended 31 December 2005**

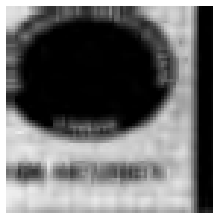
The full report was presented to Branch Council at its meeting on 2 June 2006.

I am now lodging the full report, including the concise report together with the Secretary's Certificate.

Yours sincerely

A handwritten signature in black ink, appearing to read "Brian Henderson".

**Brian Henderson**  
*Branch Secretary*



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### Certificate of Secretary or other Authorised Officer

(s268 of Schedule 1B Workplace Relations Act 1996)

I Brian John Henderson being the Branch Secretary of the Australian Education Union Victorian Branch certify:

- \* that the documents lodged herewith are copies of the full report and the concise report referred to in s268 of the RAO Schedule; and
- \* that the concise report was provided to members on 31 May 2006; and
- \* that the full report was presented to a meeting of the committee of management, being the AEU Victorian Branch Council of the reporting unit on 2 June 2006; in accordance with section 266 of the RAO Schedule.

Signature:

  
\_\_\_\_\_  
(Branch Secretary)

Date:

21 6 06

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**

**Annual Financial Report For The Year Ended**  
**31 December 2005**

# AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**31 December 2005**

**ABN: 44 673 398 674**

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## OPERATING REPORT FOR THE 2005 FINANCIAL YEAR AEU VICTORIAN BRANCH

### Principal Activities

In the schools sectors, the major activity was the union's participation in the ACTU/VTHC Campaign against the Howard Government's " Work Choices" Legislation. Tens of thousands of members took to the streets on June 30, 2005 and November 15, 2005 in support of the campaign against this unfair and unjust legislation. The School Services Officer agreement was certified in early 2005.

In the TAFE Sector the major activity was the development of a new log of claims for members to replace the current certified agreement which expires in September 2006. This includes a three stage consultation process with each sub branch. Members are given the opportunity to express their views on the current agreement and how this can be improved in relation to their working conditions

Disability services members covered by Part 1 of the award gained a new one year Certified Agreement to expire in June 2005. The purpose of which was to access back payment of monies allocated by government in that financial year. Secondly it allowed the question of a new classification structure to be the basis of the next agreement to follow from July 2006.

It has not been possible to gain a new agreement for part 2 members during 2005 despite the efforts of the AEU. The Sheltered workshops are primarily Federally funded and the task has been difficult. The AEU will continue its efforts in relation to these members.

In respect of members employed in Adult Migrant education Services, a new agreement was certified on 21/1/2005.

In our Early Childhood Sector there was a major industrial and community campaign in an attempt to secure a further Multi-Employer Certified Agreement. While there was a partial settlement late in 2004, negotiations continued with an agreement finally concluded in December 2005.

The following significant submissions were lodged during the year:

- Victorian Government's Review of the Education and Training Legislation
- Victorian Government's Inquiry into Vocational Education and Training
- Victorian Government's Working with Children Bill
- Department of Education and Training Review of Managed Individual Pathways
- Department of Education and Training Review of School Governance in Victorian Schools.
- NIQTSL (Teaching Australia) Standards for School Leadership Project

Significant resources were devoted to our continuing Public Education campaign in an attempt to maximise the political importance of Public Education, particularly in relation to the Victorian Government's 2005 State Budget.

## Recruitment

In 2005 we maintained strong recruitment levels as the following table demonstrates.

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
2005	208	628	508	291	365	292	247	323	231	269	601	163	4,126

## Financial Affairs

Since 1998, when the organisation had debts exceeding \$3M, strenuous efforts have been made to eliminate debt and to start to build a significant financial base to secure financial health into the future.

In broad terms this has been achieved by growing membership levels, securing supplementary sources of income and more efficient management of the organisation.

In 2005 two million dollars was invested in term deposits with compounding interest. Such investments should be increased in future years.

In 2005 the net profit from ordinary activities was \$744,305 compared to \$1,062,000 in 2004. Most of the 2005 profit was directly attributable to the increase in membership. Leaving that factor aside, the 2005 budget was delivered as planned. The small decrease in profit can be attributed to the cost of necessary building renovations which will also probably impact on profit in the next financial year as well. In addition there was an increase in affiliation fees and in unused staff entitlements.

The TFV Building - having achieved the milestone of clearing all bank debt in 2004 - is now starting to return substantial profits for the union. In 2005 this amounted to \$332,000 and from this year is recognized in the AEU Vic Branch Budget as an amount of \$320,000 under the line "Repayment of TFV Loan", which is currently \$1.84 million and falling.

The cash assets of the Union exceed \$3 million. With careful management and continuing increases in membership levels, the financial viability of the organisation will continue to grow steadily in future years.

One should not get carried away with the amount of cash assets. Put in context, our current cash assets represent about 3 months operating expenses. In my opinion it is vital we grow the cash base to at least 6 months operating expenses and preferably 12 months operating expenses. Our cash reserves are sufficient to cover staff entitlements such as annual leave and long service leave but that would not leave much cash in the bank. There is no need to change course in a financial sense to improve the level of cash assets. We are achieving that growth at an acceptable rate and with continuing prudent financial management, cash reserves will continue to increase over future years. The other key factor is continuing the improvement in membership numbers.

Given the improved financial outlook, there is a danger that the organisation will believe it can make significant changes in the number of employees or increase financial commitments without undermining the financial viability. While it has taken seven years to extract the organisation from the "financial mire", that improvement

can be frittered away quite rapidly by a few reckless decisions and/or a lack of financial vigilance.

#### Right of Resignation

Resignation from membership and termination of eligibility for membership is regulated by Federal Branch Rule 17. In keeping with that rule, AEU Victorian Branch Council, at its meeting held on Saturday 24 March, 2001 adopted a policy in respect of refunds of membership dues when members resign.

The policy is:

1. When a member lodges a resignation from the union it will take effect from the date of the letter or the date specified in that letter, whichever is later
2. Where a member's resignation from the union is received but not processed at the time, no disadvantage will be applied when the resignation is processed.
3. Branch Executive is authorised to vary this policy in exceptional circumstances and upon written request.
4. That this policy be highlighted in the AEU News in the first edition each year.

It is imperative that the union receives formal notification when members resign from the union.

#### Superannuation Trustees/Directors

The following members of our Branch Council are trustees of a superannuation entity or an exempt public sector superannuation scheme:

Jennifer A CASSIDY

Barbra A NORRIS

Both are Directors of the Government Superannuation Office (Victoria)

The following members of our Branch Council are directors of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme:

Jennifer A CASSIDY

Barbra A NORRIS

Both are Directors of VicSuper.

The criterion that makes them eligible to stand for election to both bodies is that they are contributors to those superannuation schemes. Periodically elections for Director positions are conducted by the Victorian Electoral Commission and all contributors are eligible to nominate. A ballot of all contributors decides the positions.

#### Prescribed Information

- (a) We started the year with 31,416 members and ended with 32,331 members which represent a growth of 915 members in the reporting year.

While the following figures are not strictly within the reporting year, they indicate the growth of the organisation on a Sector basis from 1 December 2004 to 1 December 2005:

Primary	4.1%	or	605 members
Secondary	2.4%	or	302 members
Early Childhood	.08%	or	8 members
TAP	0%	or	0 members
<b>TOTAL</b>	<b>2.9%</b>	<b>or</b>	<b>915 members</b>

(b) At 31/12/2005 the reporting unit employed 86 persons which translated to 76.24 equivalent full-time employees.



(b) At 31/12/2005 the reporting unit employed 86 persons which translated to 76.24 equivalent full-time employees.

Members of Branch Council in 2005:

ELECTORATE	No per elector e	PRIMARY	No per elector e	SECONDARY	No per elector e	EARLY CHILDHOOD
SOUTH EAST 1 Doncaster / Warringal Inner East Greater Waverley	5	Brookes, Gillian Cooke, Jean Halden, Andrea Martini, Tania Waterman, Fran (Walker, Mary – resigned 18.7.05)	5	Anastasiou, Tas Angus, Cheryl Steane, Valerie Stuart, Meg Tripp, Marita	7	Lappen, Debbie – from 17.3.05 Raymond, Jane – from 17.3.05 Vessey, Marian – from 6.9.05
SOUTH EAST 2 Outer Easter Yarra Valley Knox /Dandenong Ranges	5	Cassidy, Andrew Cassidy, Jenny Ebert, Sue Exton, John Pontin, Clive	4	De Gama, David O'Brien, Eileen	5	Cantwell, Kristin (Goodes, Benjamin – from 17.3.05, resigned 5.9.05) Lyons, Maree – from 16.9.05 (Menz, Martel – resigned 28.11.05) Roberts, Melanie
SOUTH EAST 3 Berwick/Pakenham/Cranbou rne/Wonthaggi South Eastern	4	Hussey, Mick Rothstadt, Kay Sharp, Kathy Vrondou, Chris	3	Glare, Dean McMeekin, Terry Paterson, John	4	Murray, Ann
SOUTH EAST 4 Longbeach/Moorabbin Frankston Peninsula	7	Davis, Nina Evison, Janet Farrelly, Rita Lee Ack, Donna Luebbers, Barbara Svigos, Russell Woods, Wayne	4	Bryce, Andy (Breen, John M - resigned 15.3.05) (Inchley, Stuart –from 21.4.05 resigned 17.10.05) Wright, Paul	7	Ayliffe, Grace Avard, Helander Anderson, Karen Barbuto, Doreen (Brady, Kate – resigned 30.5.05) Simpkin, Jill Storer, Carly

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
NORTH WEST 1 Diamond Valley Latrobe/Plenty Inner City	4	Norris, Barbra Edmonds, Robert Patford, Kathryn Skinner, Gayle	5	Butler, Mick (Fry, John – resigned 17.10.05) Merkenich, Mary (Mulhall, Joe, resigned 25.1.05) Mullaly, Justin – from 16.9.05 Rundle, Norrian Twiddy, Andrew	5	Evans, Bruna Fitzgerald, Susan James, Diane
NORTH WEST 2 Inner West Werribee	3	Clancy, Carolyn Horvath, Eva (Pope, Kevin – resigned 17.10.05)	3	Gillies, Pepe Lovelock, Chris Skourdumbis, Andrew	3	Grarock, Max – from 17.3.05
NORTH WEST 3 Broadmeadows Maribyrnong Sunbury Melton	5	Biondi, Georgina Merlino, Robert Mitchell, Ann Perry, Brendon Pontikis, Mary-Anne	5	Breen, Geoffrey Caust, David Cook, Philip D'Ortenzio, Marino Ludbrook, Fiona	4	Armstrong, Anne Low, Catherine Nowlan, Pauline O'Dwyer, Dianne
BARWON SOUTH WEST 1 Geelong	2	Augerinos, Andrew Crockart, Ian	2	Collins, Liz (Wilson, Rory – resigned 12.12.05)	3	Gill, Linda King, Frances
BARWON SOUTH WEST 2 Colac Hamilton/Portland Warrnambool	2	Anderson, Anne Jacobs, Adrian	2	(Blakeslee, Jim – resigned 12.12.05) Martina, Peter	2	Davis, Gayle
CENTRAL HIGHLANDS WIMMERA 1 Ballarat	2	Farquhar, Reginald Schenk, Henny	1	Breen, John W	2	Embling, Bronwyn Wain, Monica
CENTRAL HIGHLANDS WIMMERA 2 Stawell Horsham	1		1	Lynne Sargent	1	

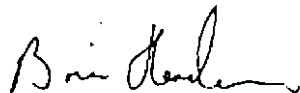
ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
GIPPSLAND 1 West Gippsland South Gippsland	1	Bransgrove, James	1	Humphries, Jessie Ann	1	Brady, Lynne
GIPPSLAND 2 Latrobe Valley	1	Stringer, Angela	1	Gray, Jeff	1	Viney, William
GIPPSLAND 3 Sale East Gippsland	1	Nicholas, Ross	1	Blake, Donald	1	Nunn, Josette – from 17.3.05
GOULBURN NORTH EAST 1 Benalla Seymour	1	Cunningham, Colleen	1		1	Heaps, Jennifer
GOULBURN NORTH EAST 2 Kyabram Shepparton	1		1	Schear, Walder	1	Kirby, Juineta
GOULBURN NORTH EAST 3 Wodonga Wangaratta	1	Dews, Merrilyn (Jelliff, Gail – resigned 5.9.05),	1	(Cunningham, Frank – resigned 12.12.05)	2	(Jackson, Glenys – resigned 28.11.05)
LODDON CAMPASPE MALLEE 1 Bendigo-Maryborough Castlemaine	2	Dunn, Lidia Underwood, Mathew	2	Dodgshun, Andrew Manning, Jack	2	
LODDON CAMPASPE MALLEE 2 Bendigo/Echuca Swan Hill	1	De Morton, Phillip	1		1	
LODDON CAMPASPE MALLEE 3 Mildura	1	Loftus, Keith	1	Donnelly, James	1	(Goodwin, Heather – resigned 18.7.05)
ALLIED SUB-SECTOR	3	Benett, Andrew Foenander, Jan Lowe, Nicole	2	Jo Henry Barbara Vojtek		

TAP (TAFE SUB SECTOR)	No. per workplace	Councillors
Ballarat University	2	Bruce Kuhne Graham Hankin
Bendigo Regional Institute of TAFE	1	Greg Barclay
Box Hill Institute of TAFE	2	Fergus Hudson Theo Lantzakis – resigned 25.1.05
Central Gippsland Institute of TAFE	1	Peter Sheehan
Chisholm Institute of TAFE	3	Roger Harris Karl Schneider Stephen Fisher
East Gippsland Community Institute of TAFE	1	Ann (Kathryn) Furphy
Gordon Institute of TAFE	2	Mark Hyde Rosemary Crowe
Goulburn Ovens Institute of TAFE	1	Judy Waite – resigned 18.4.05 Mario Varricchio – from 16.9.05
Holmesglen Institute of TAFE	2	Helen Wiggins Gary Padgham
Kangan/Batman Institute of TAFE	2	Geoff Hanlon – resigned 18.4.05 Michael Devine
Northern Melbourne Institute of TAFE	2	Craig Jones Hank (Ian) Ferguson – from 16.9.05
RMIT - TAFE Division	3	Russell Edis, Mary Collins Gary Dickinson – from 11.8.05
South West Institute of TAFE		Tam Vistarini
Sunraysia Institute of TAFE	1	Geoff Hume – resigned 18.7.05 Bryan McMullan – from 16.9.05
Swinburne Uni of Technology - TAFE Division	2	Kay Matthiesson Frank Lawlor
Victorian University of Technology - TAFE Div	3	Peter Moraitis, Leanne Glover-Richards – from 11.8.05
William Angliss Institute of TAFE	1	Robert Murray Lee
Wodonga Institute of TAFE	1	Phillip Browne

TAP (DISABILITY SERVICES SUB-SECTOR)	8	8 Vacant positions
TAP (AMES SUB-SECTOR)	2	2 Vacant positions

**Branch Officers;**

Mary Bluett, Ann Taylor, Rob Glare (resigned 16 July 2005), Christine Stewart, Peter Steele, Jodi Watt (resigned 21 January 2005), Mary Walker (commenced 9 May, 2005) Brian Henderson, Meredith Peace, John Fry (commenced 15 August, 2005) Rosalie Kinson, Shayne Quinn, Gillian Robertson, Rob Stewart



**Brian Henderson**  
**Branch Secretary**

**5 May 2006**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
ABN: 44 673 398 674**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name Of Firm      CHARMAN PARTNERS

Name of Partner    Mark Peter Barson

Date                      5th May 2006

Address                 Suite 4

10 - 12 Chapel Street

BLACKBURN VIC 3130

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 \$	2004 \$
Sales revenue		-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Other revenues	3	13,153,740	12,298,328
Distribution expenses		-	-
Marketing expenses		-	-
Occupancy expenses		(1,295,247)	(976,894)
Administration expenses		(11,097,659)	(10,241,519)
Impairment of property plant and equipment		-	-
Finance costs	4	-	-
Other expenses		(16,529)	(18,086)
Share of net profits of associates and joint ventures		-	-
Impairment of financial assets		88,256	3,608,606
Profit before income tax		<u>832,561</u>	<u>4,670,435</u>
Profit attributable to members of the Union		<u><u>832,561</u></u>	<u><u>4,670,435</u></u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2005**

	Note	2005 \$	2004 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	3,021,460	1,888,005
Trade and other receivables	8	559,694	512,568
Other current assets	9	263,278	164,671
<b>TOTAL CURRENT ASSETS</b>		<u>3,844,432</u>	<u>2,565,244</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	8	1,841,820	2,180,942
Financial assets	10	8,000,000	7,911,744
Property, plant and equipment	11	127,708	119,328
<b>TOTAL NON-CURRENT ASSETS</b>		<u>9,969,528</u>	<u>10,212,014</u>
<b>TOTAL ASSETS</b>		<u>13,813,960</u>	<u>12,777,258</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,150,406	1,083,027
Short-term provisions	13	1,710,898	1,574,136
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,861,304</u>	<u>2,657,163</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	13	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>2,861,304</u>	<u>2,657,163</u>
<b>NET ASSETS</b>		<u>10,952,656</u>	<u>10,120,095</u>
<b>EQUITY</b>			
Reserves		-	-
Retained earnings		10,952,656	10,120,095
<b>TOTAL EQUITY</b>		<u>10,952,656</u>	<u>10,120,095</u>

The accompanying notes form part of these financial statements.



**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**

ABN: 44 673 398 674

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2005**

Note	Share Capital		Retained Earnings	Asset Revaluation Reserve	Financial Assets Reserve	General Reserves	Total
	Ordinary	Partly paid ordinary shares					
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2004</b>	-	-	5,449,660	-	-	-	5,449,660
Profit attributable to members of entity	-	-	4,670,435	-	-	-	4,670,435
Sub-total	-	-	10,120,095	-	-	-	10,120,095
Dividends paid or provided for	-	-	-	-	-	-	-
<b>Balance at 31 December 2004</b>	-	-	10,120,095	-	-	-	10,120,095
Shares issued during the year	-	-	-	-	-	-	-
Profit attributable to members of entity	-	-	832,561	-	-	-	832,561
Revaluation increment	-	-	-	-	-	-	-
Sub-total	-	-	10,952,656	-	-	-	10,952,656
Dividends paid or provided for	-	-	-	-	-	-	-
<b>Balance at 31 December 2005</b>	-	-	10,952,656	-	-	-	10,952,656

The accompanying notes form part of these financial statements.

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		12,987,122	12,236,772
Payments to suppliers and employees		(12,218,614)	(10,946,604)
Dividends received		-	-
Interest received		105,146	44,229
Finance costs		-	-
Income tax paid		-	-
Net cash provided by (used in) operating activities	16	<u>873,654</u>	<u>1,334,397</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		890	610
Proceeds from sale of investments		-	-
Purchase of property, plant and equipment		(80,211)	(95,433)
Purchase of investments		-	-
Loans to related parties			
— payments made		-	-
— proceeds from repayments		339,122	191,030
Net cash provided by (used in) investing activities		<u>259,801</u>	<u>96,207</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		-	-
Net cash provided by (used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash held		1,133,455	1,430,604
Cash at beginning of financial year		1,888,005	457,401
Cash at end of financial year	7	<u><u>3,021,460</u></u>	<u><u>1,888,005</u></u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

**Note 1 Statement of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the AUSTRALIAN EDUCATION UNION as an individual entity.

The financial report of AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (IFRS) from 1 January 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of IFRS have been applied retrospectively to 2004 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The entity has however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer Note 22 for further details.

Reconciliations of the transition from previous Australian GAAP to IFRS have been included in Note 2 to this report.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Accounting Policies**

**(a) Income Tax**

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH is a trade union and no provision for income tax is necessary as trade unions are exempt from income tax under section 23(f) of the Income Tax Assessment Act 1936

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

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10 - 40 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(c) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(d) Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Held-to-maturity investments**

These investments have fixed maturities, and it is the entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the entity are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**(e) Impairment of Assets**

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

**(f) Employee Benefits**

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(g) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(h) Cash and Cash Equivalents**

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

**(i) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(j) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(k) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) **Comparative Figures**

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

**Critical accounting estimates and judgments**

Management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

*Key estimates — Impairment*

The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**Note 2 First-time Adoption of Australian Equivalents to International Financial Reporting Standards**

	Previous GAAP at 1 January 2004 \$	Adjustment \$	Australian Equivalents to IFRS at 1 January 2004 \$
<b>Reconciliation of Equity at 1 January 2004</b>			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	457,401	-	457,401
Trade and other receivables	431,892	-	431,892
Inventories	-	-	-
Other current assets	262,979	-	262,979
<b>TOTAL CURRENT ASSETS</b>	<b>1,152,272</b>	<b>-</b>	<b>1,152,272</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	2,371,972	-	2,371,972
Investments accounted for using the equity method	-	-	-
Financial assets	4,303,138	-	4,303,138
Property, plant and equipment	98,691	-	98,691
Deferred tax assets	-	-	-
Intangible assets	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,773,801</b>	<b>-</b>	<b>6,773,801</b>
<b>TOTAL ASSETS</b>	<b>7,926,073</b>	<b>-</b>	<b>7,926,073</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,034,418	-	1,034,418
Short-term borrowings	-	-	-
Current tax liabilities	-	-	-
Short-term provisions	1,441,995	-	1,441,995
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,476,413</b>	<b>-</b>	<b>2,476,413</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	-	-	-
Deferred tax liabilities	-	-	-
Long-term provisions	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,476,413</b>	<b>-</b>	<b>2,476,413</b>
<b>NET ASSETS</b>	<b>5,449,660</b>	<b>-</b>	<b>5,449,660</b>
<b>EQUITY</b>			
Issued capital	-	-	-
Reserves	-	-	-
Retained earnings	5,449,660	-	5,449,660
<b>TOTAL EQUITY</b>	<b>5,449,660</b>	<b>-</b>	<b>5,449,660</b>

	Previous GAAP at 31 December 2004 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian Equivalents to IFRS at 31 December 2004 \$
<b>Reconciliation of Equity at 31 December 2004</b>			
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,888,005	-	1,888,005
Trade and other receivables	512,568	-	512,568
Inventories	-	-	-
Other current assets	164,671	-	164,671
<b>TOTAL CURRENT ASSETS</b>	<b>2,565,244</b>	<b>-</b>	<b>2,565,244</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	2,180,942	-	2,180,942
Investments accounted for using the equity method	-	-	-
Financial assets	7,911,744	-	7,911,744
Property, plant and equipment	119,328	-	119,328
Deferred tax assets	-	-	-
Intangible assets	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,212,014</b>	<b>-</b>	<b>10,212,014</b>
<b>TOTAL ASSETS</b>	<b>12,777,258</b>	<b>-</b>	<b>12,777,258</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,083,027	-	1,083,027
Short-term borrowings	-	-	-
Current tax liabilities	-	-	-
Short-term provisions	1,574,136	-	1,574,136
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,657,163</b>	<b>-</b>	<b>2,657,163</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	-	-	-
Deferred tax liabilities	-	-	-
Long-term provisions	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,657,163</b>	<b>-</b>	<b>2,657,163</b>
<b>NET ASSETS</b>	<b>10,120,095</b>	<b>-</b>	<b>10,120,095</b>
<b>EQUITY</b>			
Issued capital	-	-	-
Reserves	-	-	-
Retained earnings	10,120,095	-	10,120,095
<b>TOTAL EQUITY</b>	<b>10,120,095</b>	<b>-</b>	<b>10,120,095</b>

	Previous GAAP \$	Effect of transition to Australian equivalents to IFRS \$	Australian equivalents to IFRS \$
<b>Reconciliation of Profit or Loss for 2004</b>			
Sales revenue	-	-	-
Cost of sales	-	-	-
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other revenues	12,298,328	-	12,298,328
Distribution expenses	-	-	-
Marketing expenses	-	-	-
Occupancy expenses	(976,894)	-	(976,894)
Administration expenses	(10,241,519)	-	(10,241,519)
Impairment of property plant and equipment	-	-	-
Finance costs	-	-	-
Other expenses from ordinary activities	(18,086)	-	(18,086)
Share of net profits of associates and joint ventures accounted for using the equity method	-	-	-
Impairment of financial assets	3,608,606	-	3,608,606
<b>Profit for the year</b>	<b>4,670,435</b>	<b>-</b>	<b>4,670,435</b>
<b>Profit attributable to members of the Union</b>	<b>4,670,435</b>	<b>-</b>	<b>4,670,435</b>

(a) An impairment loss amounting to Nil has been recognised under the Australian equivalents to IFRS relating to plant and machinery which has been written down to its recoverable amount. This has been recognised in the income statement for the year ended 31 December 2005.

**Note 3 Revenue**

	Note	2005 \$	2004 \$
Operating activities			
— membership subscriptions and levies		13,000,398	12,214,221
— dividends received	3(a)	-	-
— interest received	3(b)	105,146	44,229
— construction revenue		-	-
— services revenue		47,306	39,268
— other revenues from operating activities		-	-
<b>Total Revenue</b>		<b>13,152,850</b>	<b>12,297,718</b>
Non-operating activities			
— gain on disposal of property, plant and equipment		890	610
— gains on disposal of non-current investments		-	-
— other revenues from non operating activities		-	-
<b>Other Income</b>		<b>890</b>	<b>610</b>
(a) Dividend revenue from:			
— associated companies		-	-
— other corporations		-	-
— joint venture entities		-	-
<b>Total dividend revenue</b>		<b>-</b>	<b>-</b>
(b) Interest revenue from:			
— director related entities		-	-
— other persons		105,146	44,229
— directors		-	-
<b>Total interest revenue</b>		<b>105,146</b>	<b>44,229</b>

**Note 4 Profit from Ordinary Activities**

	2005 \$	2004 \$
(a) <b>Expenses</b>		
Affiliation fees	1,206,899	934,413
Finance costs:		
— Company	-	-
— Director related entity	-	-
— Other persons	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>
Impairment of non-current investments to recoverable amount	-	-
Foreign currency translation losses	-	-
Bad and doubtful debts:		
— trade receivables	82	13
<b>Total bad and doubtful debts</b>	<b>82</b>	<b>13</b>
Rental expense on operating leases		
— minimum lease payments	-	-
— contingent rentals	-	-
— rental expense for sublease	-	-
Contingent rentals on finance leases	-	-
Research and development costs	-	-
(b) <b>Significant Revenue and Expenses</b>		
The following significant revenue and expense items are relevant in explaining the financial performance:		
— Impairment of financial assets	88,256	3,608,606

**Note 5 Key Management Personnel Compensation****Key Management Personnel**

Mary Bluett  
 Rob Glare  
 Brian Henderson  
 Rosalie Kinson  
 Meredith Peace  
 Shayne Quinn  
 Gillian Robertson  
 Peter Steele  
 Christine Stewart  
 Rob Stewart  
 Ann Taylor  
 Mary Walker  
 Jodi Watt  
 John Fry

	Short-term Benefits					Post	Total
	Salary & Fees \$	Superannuation Contribution \$	Bonus \$	Non-Cash Benefits \$	Superannuation \$	Employment Benefit Long-term Benefits Long Service Leave \$	
<b>2005</b>							
Total compensation	992,101	152,707	115,125	40,307	-	33,143	1,333,383
<b>2004</b>							
Total compensation	921,874	147,637	88,734	31,740	-	15,396	1,205,381

**Note 6 Auditors' Remuneration**

	2005 \$	2004 \$
Remuneration of the auditor for:		
— auditing or reviewing the financial report	15,830	17,270
— taxation services	-	-
— due diligence services	-	-
— taxation services provided by related practice of auditor	-	-

**Note 7 Cash Assets**

	2005 \$	2004 \$
Cash at bank and in hand	1,554,458	879,598
Short-term bank deposits	1,467,002	1,008,407
	<u>3,021,460</u>	<u>1,888,005</u>

The effective interest rate on short-term bank deposits was 5.7% (2004: 5.5%); these deposits have an average maturity of 45 days.

## Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

	2005	2004
Cash and cash equivalents	3,021,460	1,888,005
Bank overdrafts	-	-
	<u>3,021,460</u>	<u>1,888,005</u>

**Note 8 Receivables**

	2005 \$	2004 \$
<b>CURRENT</b>		
Trade receivables	47,482	67,802
Provision for impairment of receivables	-	-
	<u>47,482</u>	<u>67,802</u>
Amounts due from customers for construction contracts	-	-
Other receivables	512,212	444,766
Other related parties	-	-
	<u>559,694</u>	<u>512,568</u>
<b>NON-CURRENT</b>		
Amounts Receivable	1,841,820	2,180,942
Provision for impairment of receivables	-	-
	<u>1,841,820</u>	<u>2,180,942</u>



**Note 9 Other Assets**

	2005 \$	2004 \$
CURRENT		
Calls in arrears	-	-
Prepayments	263,278	164,671
	<u>263,278</u>	<u>164,671</u>

**Note 10 Other Financial Assets**

	2005 \$	2004 \$
Available for sale financial assets	8,000,000	7,911,744
Available-for-sale financial assets comprise:		
Listed investments, at fair value	-	-
— shares in listed corporations	-	-
Unlisted investments, at fair value	-	-
Unlisted investments, at cost		
— shares in associates	8,000,000	8,000,000
— accumulated impairment losses	-	(88,256)
	<u>8,000,000</u>	<u>7,911,744</u>
Total available-for-sale financial assets	<u>8,000,000</u>	<u>7,911,744</u>

**Note 11 Property, Plant and Equipment**

	2005 \$	2004 \$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	290,883	335,226
Accumulated depreciation	(163,175)	(215,898)
Accumulated impairment losses	-	-
	<u>127,708</u>	<u>119,328</u>
Total plant and equipment	<u>127,708</u>	<u>119,328</u>
Total property, plant and equipment	<u>127,708</u>	<u>119,328</u>

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and Equipment \$	Total \$
Balance at the beginning of year	119,328	119,328
Additions	80,211	80,211
Disposals	124,554	124,554
Additions through acquisition of entity	-	-
Revaluation increments/(decrements)	(124,554)	(124,554)
Depreciation expense	(71,831)	(71,831)
Capitalised borrowings cost and depreciation	-	-
Carrying amount at the end of year	<u>127,708</u>	<u>127,708</u>

**(b) Impairment Losses**

The total impairment loss recognised in the income statement during the prior period amounted to Nil and is separately presented in the income statement as 'impairment loss'.

**Note 12 Payables**

	2005 \$	2004 \$
CURRENT		
Unsecured liabilities		
Unearned income - members' subscriptions paid in advance	429,855	443,312
Sundry payables and accrued expenses	569,091	491,947
Net GST liability	151,460	147,768
	<u>1,150,406</u>	<u>1,083,027</u>

**Note 13 Provisions**

	2005	2004
<b>CURRENT</b>		
Employee Entitlements	\$	\$
Opening balance at beginning of year	1,574,136	1,441,995
Additional provisions raised during year	136,762	132,141
Amounts used	-	-
Balance at end of the year	<u>1,710,898</u>	<u>1,574,136</u>
<b>NON-CURRENT</b>		
Employee Entitlements		
Opening balance at beginning of year	-	-
Additional provisions raised during year	-	-
Amounts used	-	-
Balance at end of the year	<u>-</u>	<u>-</u>
	2005	2004
<b>Analysis of Total Provisions</b>	\$	\$
Current	1,710,898	1,574,136
Non-current	-	-
	<u>1,710,898</u>	<u>1,574,136</u>

**Provision for Employee Entitlements**

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits has been included in Note 1.

**Note 14 Capital and Leasing Commitments**

	2005	2004
	\$	\$
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable --- minimum lease payments		
— not later than 12 months	222,369	225,244
— between 12 months and five years	272,529	263,866
— greater than five years	-	-
	<u>494,898</u>	<u>489,110</u>

**Note 15 Contingent Liabilities and Contingent Assets**

	2005	2004
	\$	\$
Estimates of the potential financial effect of contingent liabilities that may become payable:		
<b>Related Party Guarantees Provided by the Entity</b>		
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH has provided a guarantee in respect of secured bank facilities of TFV Property Pty Ltd.	-	1,000,000
<b>Other</b>		
Autopay arrangement	<u>180,000</u>	<u>180,000</u>

**Note 16 Cash Flow Information**

	2005 \$	2004 \$
<b>(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax</b>		
Profit from ordinary activities after income tax	832,561	4,670,435
Non-cash flows in profit from ordinary activities		
Depreciation	71,830	74,796
Impairment of financial assets	(88,256)	(3,608,606)
Net gain on disposal of property, plant and equipment	(890)	(610)
Net gain on disposal of investments	-	-
Share of associated company's net profit after dividends	-	-
Share of joint venture entity net profit after income tax and dividends	-	-
 Changes in assets and liabilities		
Increase/(decrease) in trade and term debtors	(47,126)	(80,676)
Increase/(decrease) in other assets	(98,607)	98,308
(Increase)/decrease in payables	67,379	48,609
Increase/(decrease) in provisions	136,763	132,141
	<u>873,654</u>	<u>1,334,397</u>
<b>(b) Non-cash Financing and Investing Activities</b>		
Property, plant and equipment:		
During the financial year, the entity acquired plant and equipment with an aggregate fair value of Nil (2004: Nil) by means of hire purchase agreements.		
<b>(c) Credit Stand by Arrangement and Loan Facilities</b>		
The union has a bank overdraft and commercial bill facility amounting to Nil (2004: Nil).		

**Note 17 Events After the Balance Sheet Date**

Since the end of the financial year AUSTRALIAN EDUCATION UNION VICTORIAN DIVISION has determined that a bonus will be paid to all staff. This bonus is based on the provisions set out in the Certified Agreement applicable to employees of the Union. The amount to be paid in the 2006 year will be \$367,320.

**Note 18 Information to be provided to Members or Registrar**

In accordance with requirements of the Workplace Relations Act 1996, as amended, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under sub-section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

**Note 19 Officers Remuneration**

In accordance with the Reporting Guidelines made under s255 of the ROA Schedule at paragraph 11(g) employee benefits to holders of office of the reporting unit for the year ended 31 December 2005 was \$1,333,383.

In accordance with the Reporting Guidelines made under s255 of the ROA Schedule at paragraph 11(h) employee benefits to employees (other than holders of office) of the reporting unit for the year ended 31 December 2005 was \$5,181,233.

**Note 20 Levies****Public Education Campaign Levy**

The 1997 Branch Conference determined that a levy of all members be struck in accordance with AEU Federal Rules for the purpose of funding the AEU Victorian Branch's Public Education Campaign.

A separate fund has been established for this purpose.

The levy was set at \$20 p.a. for members employed 0.6 and above and \$10 for members employed 0.5 or below.

The levy applied for three years commencing on 3rd August 1997. On 5th August 2000 Branch Conference decided to continue the levy in its present form until the end of the calendar year 2003. On 19th July 2003 Branch Conference extended the levy in its present form until the end of the calendar year 2006.

	2005	2004
	\$	\$
Opening Balance	304,848	163,221
Add funds collected from levy	577,543	581,000
Add donation and interest income	18,289	8,603
Total funds available	595,832	589,603
Less amounts paid for Public Education purposes	(900,680)	(752,824)
Funds available for Public Education campaign purposes as at 31 December	505,191	304,848
Public Education bank account at year end	618,599	300,310
Add amounts under/(over) remitted to Public Education account by AEU Vic Branch	(113,408)	4,538
	505,191	304,848
<u>Source of funds</u>		
Excess of income over campaign spending	200,343	141,627
Reduction in bank account	-	-
Increase in amount owing by Public Education Campaign to AEU Vic Branch	113,408	-
Reduction in amount owing by AEU Vic Branch to Public Education Campaign	4,538	-
	318,289	141,627
<u>Application of funds</u>		
Reduction of amount owing to AEU Vic Branch	-	53,024
Increase in bank account	318,289	88,603
	318,289	141,627

**Certified Agreement Levy**

Branch Council on 20th March 1999 determined that a levy of all members in the primary and secondary sectors be struck in accordance with AEU Federal Branch rules for the purpose of funding the AEU Victorian Branch's Certified Agreement Campaign.

A separate fund was established for this purpose.

The levy was set at \$100 per primary or secondary member with pro rata amounts applied to those employed part time.

The levy was due and payable by 30th June 1999.

	2005	2004
	\$	\$
Opening Balance	21,576	144,254
Add donation and interest income	1,096	3,604
Total funds available	22,672	147,858
Less amounts paid for Certified Agreement Levy purposes	-	(126,282)
Funds available for Certified Agreement Levy purposes as at 31 December	22,672	21,576
Certified Agreement Levy bank account at year end	23,954	22,858
Add amounts under/(over) remitted to Certified Agreement Levy account by AEU Vic Branch	(1,282)	(1,282)
	22,672	21,576
<u>Source of funds</u>		
Reduction in bank account	-	-
Reduction in amount owing by AEU Vic Branch/Increase in amount owed to AEU Vic Branch	-	134,950
Donation and interest income	1,096	3,604
	1,096	138,554
<u>Application of funds</u>		
Campaign spending	-	126,282
Increase in bank account	1,096	12,272
Increase in amounts owed by AEU Vic Branch	-	-
	1,096	138,554

**Note 21 Financial Instruments**

**(a) Financial Risk Management**

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills and leases.

The main purpose of non-derivative financial instruments is to raise finance for the entity's operations.

The entity does not have any derivative instruments at 31 December 2005.

**(i) Financial Risks**

The main risks the entity is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

**Interest rate risk**

At 31 december 2005 the entity has no debt incurring interest cost. For further details on interest rate risk refer to Note 21(b).

**Foreign currency risk**

The entity is not exposed to fluctuations in foreign currencies.

**Liquidity risk**

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised funds are maintained.

**Credit risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

**Price risk**

The entity is not exposed to any material commodity price risk.

**(b) Interest Rate Risk**

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective		Floating Interest Rate		Within Year		Fixed Interest Rate Maturing		Non-interest Bearing		Total	
	Interest Rate		2005	2004	2005	2004	1 to 5 years		2005	2004	2005	2004
	2005	2004	\$	\$	\$	\$	2005	2004	\$	\$	\$	\$
<b>Financial Assets:</b>												
Cash and cash equivalents	4.66	4.16	1,551,244	877,182	-	-	-	-	-	-	1,551,244	877,182
Receivables	0.00	0.00	-	-	-	-	-	-	2,401,514	2,693,510	2,401,514	2,693,510
Investments	5.69	5.47	-	-	1,467,002	1,008,407	-	-	-	-	1,467,002	1,008,407
<b>Total Financial Assets</b>			<b>1,551,244</b>	<b>877,182</b>	<b>1,467,002</b>	<b>1,008,407</b>	<b>-</b>	<b>-</b>	<b>2,401,514</b>	<b>2,693,510</b>	<b>5,419,760</b>	<b>4,579,099</b>
<b>Financial Liabilities:</b>												
Bank overdraft secured	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Bank bills secured	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Bank loan secured	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Trade and other payables	0.0	0.0	-	-	-	-	-	-	1,150,406	1,083,027	1,150,406	1,083,027
Lease liabilities	0.0	0.0	-	-	-	-	-	-	-	-	-	-
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,150,406</b>	<b>1,083,027</b>	<b>1,150,406</b>	<b>1,083,027</b>

(c) **Net Fair Values**

The net fair values of listed investments have been valued at the quoted market bid price at balance date adjusted for transaction costs expected to be incurred. For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date

	2005		2004	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial assets</b>				
Available for sale financial assets at fair value	8,000,000	8,000,000	7,911,744	7,911,744
Loans and receivables	2,401,514	2,401,514	2,693,510	2,693,510
	<u>10,401,514</u>	<u>10,401,514</u>	<u>10,605,254</u>	<u>10,605,254</u>
<b>Financial liabilities</b>				
Bank overdraft secured	-	-	-	-
Bank bills secured	-	-	-	-
Bank loan secured	-	-	-	-
Trade and other payables	1,150,406	1,150,406	1,083,027	1,083,027
Lease liabilities	-	-	-	-
	<u>1,150,406</u>	<u>1,150,406</u>	<u>1,083,027</u>	<u>1,083,027</u>

**Note 22 Change In Accounting Policy**

(a) The entity has adopted the following Accounting Standards for application on or after 1 January 2005:

- AASB 132: Financial Instruments: Disclosure and Presentation
- AASB 139: Financial Instruments: Recognition and Measurement

The changes resulting from the adoption of AASB 132 relate primarily to increased disclosures required under the standard and do not affect the value of amounts reported in the financial statements.

The adoption of AASB 139 has not resulted in material differences in the recognition and measurement of the entity's financial instruments.

**Note 23 Detailed Income and Expenditure Statement**

	Note	2005 \$	2004 \$
<b>INCOME</b>			
Certified Agreement levy	20	1,096	3,604
Interest		105,146	44,229
Membership subscriptions		12,403,470	11,621,014
Other income		47,306	39,268
Profit/(Loss) on sale of furniture & fittings		890	610
Public Education Campaign levy	20	595,832	589,603
<b>TOTAL INCOME</b>		<b>13,153,740</b>	<b>12,298,328</b>
<b>EXPENSES</b>			
Affiliation Fees		1,206,899	934,413
Campaigns - Certified Agreement levy	20	-	126,282
- Other campaigns		54,897	127,664
- Public Education Campaign levy	20	395,489	447,976
Communications: telephone, fax & internet		122,456	110,381
Conferences - Annual conference		4,433	2,365
- Other conferences & forums		35,925	27,843
Donations		10,112	2,657
Equipment - Furniture, computer & equipment sundry items		81,143	93,788
- Depreciation		71,830	74,796
- Lease & rental costs		82,537	76,645
- Maintenance of computers & equipment		32,379	39,803
Functions & farewells		6,671	4,842
Legal expenses		229,241	223,895
Library/information services		25,400	15,059
Membership services		338,572	269,186
Motor vehicle fleet costs		445,119	402,898
Miscellaneous		4,366	4,135
Office Expenses - Audit		15,830	17,270
- Bad debts written off		82	13
- Bank charges		1,969	11,281
- Office requisites & paper		60,399	68,292
- Postage		28,567	39,415
- Subscription collection costs		61,054	54,599
Publications		382,594	371,341
Regional offices: rent, rates, telephone, etc		139,020	146,628
Rent & outgoing: Trennery Crescent		1,027,360	691,862
Salaries - Annual leave		55,079	80,914
- Fringe benefits tax		86,201	25,013
- Insurance		56,555	59,696
- Leadership & others		4,849,457	4,523,595
- Long service leave		90,709	66,371
- Other salary costs		63,253	104,476
- Payroll tax		332,057	296,556
- Sick leave		32,288	22,467
- Staff benefits reserve		744,580	539,045
- Superannuation		804,054	734,405
- Training		43,169	11,112
- Workcover		125,476	116,793
Structures		216,566	228,925
Travel expenses		45,647	41,802
<b>TOTAL EXPENSES</b>		<b>12,409,435</b>	<b>11,236,499</b>
<b>OPERATING SURPLUS/(LOSS) BEFORE ABNORMAL ITEMS</b>		<b>744,305</b>	<b>1,061,829</b>
<b>ABNORMAL ITEM</b>			
Impairment of financial assets	4	88,256	3,608,606
<b>SURPLUS/(LOSS) AND ABNORMAL ITEM FOR THE YEAR</b>		<b>832,561</b>	<b>4,670,435</b>

**Note 24 Company Details**

The registered office of the company is:

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
112 Trennery Crescent  
ABBOTSFORD VIC 3067

The principle place of business is:

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
112 Trennery Crescent  
ABBOTSFORD VIC 3067



ABN: 44673398674

# AUSTRALIAN EDUCATION UNION

## Victorian Branch

112 Trenerry Crescent Abbotsford 3067

PO Box 363 Abbotsford 3067

telephone: 03 9417 2822; 1800 013 379 fax: 1300 658 078 web: www.aeuvic.asn.au email: melbourne@aeuvic.asn.au

### COMMITTEE OF MANAGEMENT STATEMENT

On 5 May 2006 the Committee of Management of the Australian Education Union Victorian Branch being the AEU Victorian Branch Council passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2005.

The AEU Victorian Branch Council declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - (iv) we are not aware of whether the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 f the RAO Schedule has been furnished to the member or Registrar; and
  - (vi) no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

For Committee of Management:  
Title of Office held:

**Brian John Henderson**  
**Branch Secretary**

Signature: \_\_\_\_\_

Date:

8/5/06



A c c o u n t a n t s &amp; B u s i n e s s A d v i s o r s

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
ABN 44 673 398 674****AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**

We have audited the financial report of the Australian Education Union Victorian Branch for the financial year ended 31st December 2005. The financial report includes the financial statements of the Union. The Committee of Management is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Union.

Our audit has been conducted in accordance with the Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is represented fairly in accordance with the Accounting Standards and other mandatory professional reporting requirements and the Workplace Relations Act 1996 so as to present a view which is consistent with our understanding of the Union's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration, as set out following the operating report, has not changed as at the date of providing our audit opinion.

**Audit Opinion**

In our opinion, the general purpose financial report of Australian Education Union Victorian Branch presents fairly the financial position of Australian Education Union Victorian Branch as at 31 December 2005 and the results of its operations and its cash flows for the financial year then ended, in accordance with any of the following that apply in relation to the reporting unit:

- (a) the Australian Accounting Standards; and
- (b) the requirements imposed by Part 3 of Chapter 8 of the Schedule 1B of the Workplace Relations Act 1996.



**Charman Partners**  
**Partner : Mark Peter Barson**  
**Registered Company Auditor**  
**Date : 29<sup>th</sup> May 2006**

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10-12 Chapel Street  
Blackburn Victoria 3130  
Email  
mail@charmanpartners.com.au

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(03) 9878 8200  
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(03) 9878 8400

Directors  
P.A. Tierney, FCA  
N.G. Johnston, CPA  
M.P. Barson, CA  
W.C. Goodwin, CA

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**

**Concise Financial Report For The Year Ended**  
**31 December 2005**

# **AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**

**31 December 2005**

**ABN: 44 673 398 674**

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**AUSTRALIAN EDUCATION UNION – VICTORIAN BRANCH**  
**ABN 4467 3398 674**

**DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS**

**Information on Australian Education Union – Victorian Branch Concise Financial Report:**

The financial statements and disclosures in the concise financial report have been derived from the 2005 financial report of Australian Education Union – Victorian Branch.

A copy of the full financial report and auditors report can be sent to any member, free of charge, upon request.

This discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Australian Education Union – Victorian Branch financial statements and the information contained in the concise financial report has been derived from the full 2005 Financial Report of the Australian Education Union – Victorian Branch.

**Statement of Financial Performance:**

The surplus from ordinary activities attributable to members for the year is \$744,305 compared to a surplus of \$1,062,000 in 2004. This surplus is mainly due to revenue growing at 7% since 2004 while expenses have increased by 10.4% over the same period. The largest contributor to the increased expenses was necessary renovations.

**Statement of Financial Position:**

Total assets increased by \$1,036,702 or 8.1% from the 2004 year end mainly due to an increase in cash assets to over \$3 million. Total liabilities increased by \$204,141 or 7.7% from 2004 mainly due to an increase in provision in employee entitlements and amounts payable. As a consequence members funds increased by \$832,561 from the 2004 year.

Apart from the above, there has been no significant change in the composition of the assets and liabilities from the 2004 year.

**Statement of Cash Flows:**

Cash assets increased from \$1,888,005 as at 31 December 2004 to \$3,021,460 as at 31 December 2005. Cash flows from operations decreased by 34.5% during the year from \$1,334,397 in 2004 to \$873,654. Loan repayments by TFV Property increased by 77.5% during the year from \$191,030 in 2004 to \$339,122 in 2005.

Designated Officer



Brian Henderson

Dated: 22/05/2006

G:\wpdocs\leadership\bhend\Industrial Registry\22 May, 2006 Discussion and analysis of the financial statements.doc

## **OPERATING REPORT FOR THE 2005 FINANCIAL YEAR AEU VICTORIAN BRANCH**

### Principal Activities

In the schools sectors, the major activity was the union's participation in the ACTU/VTHC Campaign against the Howard Government's "Work Choices" Legislation. Tens of thousands of members took to the streets on June 30, 2005 and November 15, 2005 in support of the campaign against this unfair and unjust legislation. The School Services Officer agreement was certified in early 2005.

In the TAFE Sector the major activity was the development of a new log of claims for members to replace the current certified agreement which expires in September 2006. This includes a three stage consultation process with each sub branch. Members are given the opportunity to express their views on the current agreement and how this can be improved in relation to their working conditions

Disability services members covered by Part 1 of the award gained a new one year Certified Agreement to expire in June 2005. The purpose of which was to access back payment of monies allocated by government in that financial year. Secondly it allowed the question of a new classification structure to be the basis of the next agreement to follow from July 2006.

It has not been possible to gain a new agreement for part 2 members during 2005 despite the efforts of the AEU. The Sheltered workshops are primarily Federally funded and the task has been difficult. The AEU will continue its efforts in relation to these members.

In respect of members employed in Adult Migrant education Services, a new agreement was certified on 21/1/2005.

In our Early Childhood Sector there was a major industrial and community campaign in an attempt to secure a further Multi-Employer Certified Agreement. While there was a partial settlement late in 2004, negotiations continued with an agreement finally concluded in December 2005.

The following significant submissions were lodged during the year:

- Victorian Government's Review of the Education and Training Legislation
- Victorian Government's Inquiry into Vocational Education and Training
- Victorian Government's Working with Children Bill
- Department of Education and Training Review of Managed Individual Pathways
- Department of Education and Training Review of School Governance in Victorian Schools.
- NIQTSL (Teaching Australia) Standards for School Leadership Project

Significant resources were devoted to our continuing Public Education campaign in an attempt to maximise the political importance of Public Education, particularly in relation to the Victorian Government's 2005 State Budget.

## Recruitment

In 2005 we maintained strong recruitment levels as the following table demonstrates.

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
2005	208	628	508	291	365	292	247	323	231	269	601	163	4,126

## Financial Affairs

Since 1998, when the organisation had debts exceeding \$3M, strenuous efforts have been made to eliminate debt and to start to build a significant financial base to secure financial health into the future.

In broad terms this has been achieved by growing membership levels, securing supplementary sources of income and more efficient management of the organisation.

In 2005 two million dollars was invested in term deposits with compounding interest. Such investments should be increased in future years.

In 2005 the net profit from ordinary activities was \$744,305 compared to \$1,062,000 in 2004. Most of the 2005 profit was directly attributable to the increase in membership. Leaving that factor aside, the 2005 budget was delivered as planned. The small decrease in profit can be attributed to the cost of necessary building renovations which will also probably impact on profit in the next financial year as well. In addition there was an increase in affiliation fees and in unused staff entitlements.

The TFV Building - having achieved the milestone of clearing all bank debt in 2004 - is now starting to return substantial profits for the union. In 2005 this amounted to \$332,000 and from this year is recognized in the AEU Vic Branch Budget as an amount of \$320,000 under the line "Repayment of TFV Loan", which is currently \$1.84 million and falling.

The cash assets of the Union exceed \$3 million. With careful management and continuing increases in membership levels, the financial viability of the organisation will continue to grow steadily in future years.

One should not get carried away with the amount of cash assets. Put in context, our current cash assets represent about 3 months operating expenses. In my opinion it is vital we grow the cash base to at least 6 months operating expenses and preferably 12 months operating expenses. Our cash reserves are sufficient to cover staff entitlements such as annual leave and long service leave but that would not leave much cash in the bank. There is no need to change course in a financial sense to improve the level of cash assets. We are achieving that growth at an acceptable rate and with continuing prudent financial management, cash reserves will continue to increase over future years. The other key factor is continuing the improvement in membership numbers.

Given the improved financial outlook, there is a danger that the organisation will believe it can make significant changes in the number of employees or increase financial commitments without undermining the financial viability. While it has taken seven years to extract the organisation from the "financial mire", that improvement

can be frittered away quite rapidly by a few reckless decisions and/or a lack of financial vigilance.

#### Right of Resignation

Resignation from membership and termination of eligibility for membership is regulated by Federal Branch Rule 17. In keeping with that rule, AEU Victorian Branch Council, at its meeting held on Saturday 24 March, 2001 adopted a policy in respect of refunds of membership dues when members resign.

The policy is:

1. When a member lodges a resignation from the union it will take effect from the date of the letter or the date specified in that letter, whichever is later
2. Where a member's resignation from the union is received but not processed at the time, no disadvantage will be applied when the resignation is processed.
3. Branch Executive is authorised to vary this policy in exceptional circumstances and upon written request.
4. That this policy be highlighted in the AEU News in the first edition each year.

It is imperative that the union receives formal notification when members resign from the union.

#### Superannuation Trustees/Directors

The following members of our Branch Council are trustees of a superannuation entity or an exempt public sector superannuation scheme:

Jennifer A CASSIDY

Barbra A NORRIS

Both are Directors of the Government Superannuation Office (Victoria)

The following members of our Branch Council are directors of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme:

Jennifer A CASSIDY

Barbra A NORRIS

Both are Directors of VicSuper.

The criterion that makes them eligible to stand for election to both bodies is that they are contributors to those superannuation schemes. Periodically elections for Director positions are conducted by the Victorian Electoral Commission and all contributors are eligible to nominate. A ballot of all contributors decides the positions.

#### Prescribed Information

- (a) We started the year with 31,416 members and ended with 32,331 members which represent a growth of 915 members in the reporting year.

While the following figures are not strictly within the reporting year, they indicate the growth of the organisation on a Sector basis from 1 December 2004 to 1 December 2005:

Primary	4.1%	or	605 members
Secondary	2.4%	or	302 members
Early Childhood	.08%	or	8 members
TAP	0%	or	0 members
<b>TOTAL</b>	<b>2.9%</b>	<b>or</b>	<b>915 members</b>

(b) At 31/12/2005 the reporting unit employed 86 persons which translated to 76.24 equivalent full-time employees.



(b) At 31/12/2005 the reporting unit employed 86 persons which translated to 76.24 equivalent full-time employees.

Members of Branch Council in 2005:

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
SOUTH EAST 1 Doncaster / Warringal Inner East Greater Waverley	5	Brookes, Gillian Cooke, Jean Halden, Andrea Martini, Tania Waterman, Fran (Walker, Mary – resigned 18.7.05)	5	Anastasiou, Tas Angus, Cheryl Steane, Valerie Stuart, Meg Tripp, Marita	7	Lappen, Debbie – from 17.3.05 Raymond, Jane – from 17.3.05 Vessey, Marian – from 6.9.05
SOUTH EAST 2 Outer Easter Yarra Valley Knox /Dandenong Ranges	5	Cassidy, Andrew Cassidy, Jenny Ebert, Sue Exton, John Pontin, Clive	4	De Gama, David O'Brien, Eileen	5	Cantwell, Kristin (Goodes, Benjamin – from 17.3.05, resigned 5.9.05) Lyons, Maree – from 16.9.05 (Menz, Martel – resigned 28.11.05) Roberts, Melanie
SOUTH EAST 3 Berwick/Pakenham/Cranbourne/Wonthaggi South Eastern	4	Hussey, Mick Rothstadt, Kay Sharp, Kathy Vrondou, Chris	3	Glare, Dean McMeekin, Terry Paterson, John	4	Murray, Ann
SOUTH EAST 4 Longbeach/Moorabbin Frankston Peninsula	7	Davis, Nina Evison, Janet Farrelly, Rita Lee Ack, Donna Luebbers, Barbara Svigos, Russell Woods, Wayne	4	Bryce, Andy (Breen, John M - resigned 15.3.05) (Inchley, Stuart –from 21.4.05 resigned 17.10.05) Wright, Paul	7	Ayliffe, Grace Avard, Helander Anderson, Karen Barbuto, Doreen (Brady, Kate – resigned 30.5.05) Simpkin, Jill Storer, Carly

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
NORTH WEST 1 Diamond Valley Latrobe/Plenty Inner City	4	Norris, Barbra Edmonds, Robert Patford, Kathryn Skinner, Gayle	5	Butler, Mick (Fry, John – resigned 17.10.05) Merkenich, Mary (Mulhall, Joe, resigned 25.1.05) Mullaly, Justin – from 16.9.05 Rundle, Norrian Twiddy, Andrew	5	Evans, Bruna Fitzgerald, Susan James, Diane
NORTH WEST 2 Inner West Werribee	3	Clancy, Carolyn Horvath, Eva (Pope, Kevin – resigned 17.10.05)	3	Gillies, Pepe Lovelock, Chris Skourdombis, Andrew	3	Grarock, Max – from 17.3.05
NORTH WEST 3 Broadmeadows Maribyrnong Sunbury Melton	5	Biondi, Georgina Merlino, Robert Mitchell, Ann Perry, Brendon Pontikis, Mary-Anne	5	Breen, Geoffrey Caust, David Cook, Philip D'Ortenzio, Marino Ludbrook, Fiona	4	Armstrong, Anne Low, Catherine Nowlan, Pauline O'Dwyer, Dianne
BARWON SOUTH WEST 1 Geelong	2	Augerinos, Andrew Crockart, Ian	2	Collins, Liz (Wilson, Rory – resigned 12.12.05)	3	Gill, Linda King, Frances
BARWON SOUTH WEST 2 Colac Hamilton/Portland Warrnambool	2	Anderson, Anne Jacobs, Adrian	2	(Blakeslee, Jim – resigned 12.12.05) Martina, Peter	2	Davis, Gayle
CENTRAL HIGHLANDS WIMMERA 1 Ballarat	2	Farquhar, Reginald Schenk, Henny	1	Breen, John W	2	Embling, Bronwyn Wain, Monica
CENTRAL HIGHLANDS WIMMERA 2 Stawell Horsham	1		1	Lynne Sargent	1	

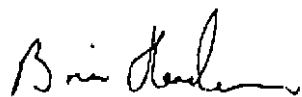
ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
GIPPSLAND 1 West Gippsland South Gippsland	1	Bransgrove, James	1	Humphries, Jessie Ann	1	Brady, Lynne
GIPPSLAND 2 Latrobe Valley	1	Stringer, Angela	1	Gray, Jeff	1	Viney, William
GIPPSLAND 3 Sale East Gippsland	1	Nicholas, Ross	1	Blake, Donald	1	Nunn, Josette – from 17.3.05
GOULBURN NORTH EAST 1 Benalla Seymour	1	Cunningham, Colleen	1		1	Heaps, Jennifer
GOULBURN NORTH EAST 2 Kyabram Shepparton	1		1	Schear, Walder	1	Kirby, Juineta
GOULBURN NORTH EAST 3 Wodonga Wangaratta	1	Dews, Merrilyn (Jelliff, Gail – resigned 5.9.05),	1	(Cunningham, Frank – resigned 12.12.05)	2	(Jackson, Glenys – resigned 28.11.05)
LODDON CAMPASPE MALLEE 1 Bendigo-Maryborough Castlemaine	2	Dunn, Lidia Underwood, Mathew	2	Dodgshun, Andrew Manning, Jack	2	
LODDON CAMPASPE MALLEE 2 Bendigo/Echuca Swan Hill	1	De Morton, Phillip	1		1	
LODDON CAMPASPE MALLEE 3 Mildura	1	Loftus, Keith	1	Donnelly, James	1	(Goodwin, Heather – resigned 18.7.05)
ALLIED SUB-SECTOR	3	Benett, Andrew Foenander, Jan Lowe, Nicole	2	Jo Henry Barbara Vojtek		

TAP (TAFE SUB SECTOR)	No. per workplace	Councillors
Ballarat University	2	Bruce Kuhne Graham Hankin
Bendigo Regional Institute of TAFE	1	Greg Barclay
Box Hill Institute of TAFE	2	Fergus Hudson Theo Lantzakis – resigned 25.1.05
Central Gippsland Institute of TAFE	1	Peter Sheehan
Chisholm Institute of TAFE	3	Roger Harris Karl Schneider Stephen Fisher
East Gippsland Community Institute of TAFE	1	Ann (Kathryn) Furphy
Gordon Institute of TAFE	2	Mark Hyde Rosemary Crowe
Goulburn Ovens Institute of TAFE	1	Judy Waite – resigned 18.4.05 Mario Varricchio – from 16.9.05
Holmesglen Institute of TAFE	2	Helen Wiggins Gary Padgham
Kangan/Batman Institute of TAFE	2	Geoff Hanlon – resigned 18.4.05 Michael Devine
Northern Melbourne Institute of TAFE	2	Craig Jones Hank (Ian) Ferguson – from 16.9.05
RMIT - TAFE Division	3	Russell Edis, Mary Collins Gary Dickinson – from 11.8.05
South West Institute of TAFE		Tam Vistarini
Sunraysia Institute of TAFE	1	Geoff Hume – resigned 18.7.05 Bryan McMullan – from 16.9.05
Swinburne Uni of Technology - TAFE Division	2	Kay Matthiesson Frank Lawlor
Victorian University of Technology - TAFE Div	3	Peter Moraitis, Leanne Glover-Richards – from 11.8.05
William Angliss Institute of TAFE	1	Robert Murray Lee
Wodonga Institute of TAFE	1	Phillip Browne

TAP (DISABILITY SERVICES SUB-SECTOR)	8	8 Vacant positions
TAP (AMES SUB-SECTOR)	2	2 Vacant positions

**Branch Officers;**

Mary Bluett, Ann Taylor, Rob Glare (resigned 16 July 2005), Christine Stewart, Peter Steele, Jodi Watt (resigned 21 January 2005), Mary Walker (commenced 9 May, 2005) Brian Henderson, Meredith Peace, John Fry (commenced 15 August, 2005) Rosalie Kinson, Shayne Quinn, Gillian Robertson, Rob Stewart



**Brian Henderson**  
**Branch Secretary**

**5 May 2006**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
ABN: 44 673 398 674**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name Of Firm      CHARMAN PARTNERS

Name of Partner    Mark Peter Barson

Date                    5th May 2006

Address                Suite 4

10 - 12 Chapel Street

BLACKBURN VIC 3130

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
Sales revenue	-	-
Cost of sales	-	-
Gross profit	-	-
Other revenues	13,153,740	12,298,328
Distribution expenses	-	-
Marketing expenses	-	-
Occupancy expenses	(1,295,247)	(976,894)
Administration expenses	(11,097,659)	(10,241,519)
Impairment of property plant and equipment	-	-
Finance costs	-	-
Other expenses	(16,529)	(18,086)
Share of net profits of associates and joint ventures	-	-
Impairment of financial assets	88,256	3,608,606
Profit before income tax	<u>832,561</u>	<u>4,670,435</u>
Profit attributable to members of the Union	<u><u>832,561</u></u>	<u><u>4,670,435</u></u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,021,460	1,888,005
Trade and other receivables	559,694	512,568
Other current assets	263,278	164,671
<b>TOTAL CURRENT ASSETS</b>	<u>3,844,432</u>	<u>2,565,244</u>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	1,841,820	2,180,942
Financial assets	8,000,000	7,911,744
Property, plant and equipment	127,708	119,328
<b>TOTAL NON-CURRENT ASSETS</b>	<u>9,969,528</u>	<u>10,212,014</u>
<b>TOTAL ASSETS</b>	<u>13,813,960</u>	<u>12,777,258</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,150,406	1,083,027
Short-term provisions	1,710,898	1,574,136
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,861,304</u>	<u>2,657,163</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term provisions	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>2,861,304</u>	<u>2,657,163</u>
<b>NET ASSETS</b>	<u>10,952,656</u>	<u>10,120,095</u>
<b>EQUITY</b>		
Reserves	-	-
Retained earnings	10,952,656	10,120,095
<b>TOTAL EQUITY</b>	<u>10,952,656</u>	<u>10,120,095</u>

The accompanying notes form part of these financial statements.



**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**  
**ABN: 44 673 398 674**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	12,987,122	12,236,772
Payments to suppliers and employees	(12,218,614)	(10,946,604)
Dividends received	-	-
Interest received	105,146	44,229
Finance costs	-	-
Income tax paid	-	-
Net cash provided by (used in) operating activities	<u>873,654</u>	<u>1,334,397</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	890	610
Proceeds from sale of investments	-	-
Purchase of property, plant and equipment	(80,211)	(95,433)
Purchase of investments	-	-
Loans to related parties		
— payments made	-	-
— proceeds from repayments	339,122	191,030
Net cash provided by (used in) investing activities	<u>259,801</u>	<u>96,207</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	-
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends paid	-	-
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
Net increase in cash held	1,133,455	1,430,604
Cash at beginning of financial year	1,888,005	457,401
Cash at end of financial year	<u>3,021,460</u>	<u>1,888,005</u>

The accompanying notes form part of these financial statements.

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**

ABN: 44 673 398 674

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

**Note 1 Basis of Preparation of the Concise Financial Report**

The concise financial report has been prepared in accordance with Accounting Standards AASB 1039: Concise Financial reports and the Workplace Relations Act 1996.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full report of Australian Education Union Victorian Branch. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Australian Education Union Victorian Branch as the full financial report.

The accounting policies have been consistently applied by the entity and are consistent with those of the previous financial year.

**Note 2 Revenue**

	Note	2005 \$	2004 \$
<b>Operating activities</b>			
— membership subscriptions and levies		13,000,398	12,214,221
— dividends received	2(a)	-	-
— interest received	2(b)	105,146	44,229
— construction revenue		-	-
— services revenue		47,306	39,268
— other revenues from operating activities		-	-
<b>Total Revenue</b>		<b>13,152,850</b>	<b>12,297,718</b>
<b>Non-operating activities</b>			
— gain on disposal of property, plant and equipment		890	610
— gains on disposal of non-current investments		-	-
— other revenues from non operating activities		-	-
<b>Other Income</b>		<b>890</b>	<b>610</b>
<b>(a) Dividend revenue from:</b>			
— associated companies		-	-
— other corporations		-	-
— joint venture entities		-	-
<b>Total dividend revenue</b>		<b>-</b>	<b>-</b>
<b>(b) Interest revenue from:</b>			
— director related entities		-	-
— other persons		105,146	44,229
— directors		-	-
<b>Total interest revenue</b>		<b>105,146</b>	<b>44,229</b>

**Note 3 Information to be provided to Members or Registrar**

In accordance with requirements of the Workplace Relations Act 1996, as amended, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 which read as follows:

- (1) A member of an organisation, or a Registrar, may apply to the organisation for specified prescribed information in relation to the organisation.
- (2) An organisation shall, on application made under sub-section (1) by a member of the organisation or a Registrar, make the specified information available to the member or Registrar in such manner, and within such time, as is prescribed.
- (3) A Registrar may only make an application under sub-section (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

# AUSTRALIAN EDUCATION UNION

## Victorian Branch

112 Trenerry Crescent Abbotsford 3067  
PO Box 363 Abbotsford 3067

telephone: 03 9417 2822; 1800 013 379 fax: 1300 658 078 web: www.aeuvic.asn.au email: melbourne@aeuvic.asn.a

### COMMITTEE OF MANAGEMENT STATEMENT

On 5 May 2006 the Committee of Management of the Australian Education Union Victorian Branch being the AEU Victorian Branch Council passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2005.

The AEU Victorian Branch Council declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
  - (iv) we are not aware of whether the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
  - (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 f the RAO Schedule has been furnished to the member or Registrar; and
  - (vi) no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

For Committee of Management:  
Title of Office held:

**Brian John Henderson**  
**Branch Secretary**

Signature: 

Date: 8/5/06

Accountants &amp; Business Advisors

**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
ABN 44 673 398 674****AUDIT REPORT TO THE MEMBERS OF  
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH**

We have audited the concise financial report of the Australian Education Union Victorian Branch for the financial year ended 31st December 2005. The financial report includes the financial statements of the Union. The Committee of Management is responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Union.

Our audit has been conducted in accordance with the Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We also performed an independent audit of the full financial report of Australian Education Union Victorian Branch for the year ended 31 December 2005. Our audit report on the full financial report was signed on 29th May 2006, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standards.

The audit opinion expressed in this report has been formed on the above basis.

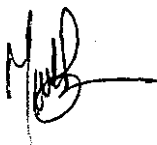
**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional and ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration, as set out following the operating report, has not changed as at the date of providing our audit opinion.

**Audit Opinion**

In our opinion, the concise financial report of Australian Education Union Victorian Branch complies with Accounting Standard AASB 1039: Concise Financial Report and the Workplace Relations Act 1996.

**Charman Partners****Partner : Mark Peter Barson****Registered Company Auditor****Date : 29th May 2006**

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Directors  
P.A. Tierney, FCA  
N.G. Johnston, CPA  
M.P. Barson, CA  
W.C. Goodwin, CA



**Australian Government**  
**Australian Industrial Registry**

Level 8, Terrace Towers  
80 William Street, East Sydney, NSW 2011  
Telephone: (02) 8374 6666  
Fax: (02) 9380 6990  
Email: sydney@air.gov.au

Mr Brian Henderson  
Branch Secretary  
Australian Education Union  
Victorian Branch  
PO Box 363  
Abbotsford Victoria 3067

Dear Mr Henderson

**Re: Australian Education Union - Workplace Relations Act 1996  
Financial Documents for year ended 31 December 2005 – FR2005/674**

I have received your letter dated 5 June 2006 accompanied by your certificate and a copy of the financial documents of the Victorian Branch of the Australian Education Union for the year ended 31 December 2005. The documents were received in the Registry on 7 June 2006.

The documents have been filed.

Although the documents have been filed, I raise primarily as a courtesy reminder the subject of donations made by the Branch. The financial accounts reveal that donations totalling \$10,112 were made in 2005. Subsection 237(1) of the RAO Schedule states that:

*“An organisation must, within 90 days after the end of each financial year (or such longer period as the Registrar allows), lodge in the Industrial Registry a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 made by the organisation during the financial year.”*

Subsection 237(6) states that:

*“ The relevant particulars, in relation to a grant or donation made by an organisation, are:*

*(a) the amount of the grant or donation; and*

*(b) the purpose for which the grant or donation was made; and*

*(c) except where the grant or donation was made to relieve a member of the organisation, or a dependant of a member of the organisation, from severe financial hardship - the name and address of the person to whom the grant or donation was made.”*

As no subsection 237(1) statement has been lodged we assume that no single donation exceeded \$1,000. Should this not be the case, please immediately advise the Registry of the details and ensure that there is compliance with the reporting requirements of section 237 other than with respect to the required timeframe.

A copy of this letter has been forwarded to your auditor, Mr Mark Barson, for his information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Ellis'.

Michael Ellis  
Deputy Industrial Registrar  
23 August 2006

cc Mr Mark Barson  
Partner  
Charman Partners