FAIR WORK COMMISSION

11 February 2014

Ms Gillian Robertson
Secretary, Victorian Branch
Australian Education Union
PO Box 363
ABBOTSFORD VIC 3067

Dear Ms Robertson,

Re: Lodgement of Financial Statements and Accounts - Australian Education Union, Victorian Branch - for years ended 31 December 2011 (FR2011/2905), 31 December 2012 (FR2012/592)

I refer to the above financial statements and accounts. I acknowledge an unusual delay in corresponding to you in relation to these reports. The documents in relation to the year ended 31 December 2011 were lodged with the Fair Work Commission on 22 June 2012. The documents in relation to the year ended 31 December 2012 were lodged on 24 June 2013.

I note that statements listing Loans, Grants and Donations were also lodged, for the respective years, on 25 January 2012 and 23 January 2013.

I have filed all the above documents. However I take this opportunity to draw your attention to a requirement of the Reporting Guidelines that committee of management statements include a declaration, where an organisation consists of 2 or more reporting units, whether “the financial records have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation”.[1] The Guideline directly reflects subsection 252(2) of the RO Act which provides that the financial records for each of the reporting units in an organisation must, *as far as practicable*, be kept in a consistent manner.

This declaration does not appear to have ever been included in the Branch’s committee of management statements, nor, from my review of previous correspondence, does it appear that this requirement has been previously brought to the Branch’s attention. The Victorian Branch is one of several reporting units comprising the federally registered union (‘the organisation’). Future committee of management statements should therefore include an appropriate form of the declaration in order to completely comply with the Guidelines.

Yours sincerely

Stephen Kellett

Stephen Kellett

Senior Adviser, Regulatory Compliance Branch

[1] See paragraph 25(e)(iv) of the former Reporting Guidelines; paragraph 41(e)(iv) of the new Reporting Guidelines

Terrace Towers
80 William Street
East Sydney NSW 2011
Telephone: (02) 8374 6666
International: (612) 8374 6666
Facsimile: (02) 9380 6990
Email: orgs@fwc.gov.au

From: KELLETT, Stephen
To: "Ernie Catchlove"
Subject: Attention Ms Gillian Robertson - financial reports y/e Dec 2011, Dec 2012 - filing
Date: Tuesday, 11 February 2014 10:08:00 AM
Attachments: AEU VIC FR2011 2905 FR2012 592 (final).pdf

Dear Mr Catchlove,

Please see attached my letter in relation to the above.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

(ph) (02) 6723 7237
(email) stephen.kellett@fwc.gov.au

AUSTRALIAN EDUCATION UNION
Victorian Branch
ABN: 44673398674
112 Trenerry Crescent Abbotsford 3067
PO Box 363 Abbotsford 3067
telephone: 03 9417 2822: 1800 013 379 fax: 03 9417 6198 web: www.aeuvic.asn.au email: melbourne@aeuvic.asn.au

Certificate of Secretary or other Authorised Officer

(s268 of Fair Work (Registered Organisations) Act 2009)

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 referred to in s268 of the Fair Work (Registered Organisations) Act 2009; and

* that the full report was provided to members on 27 May 2012; 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 22 June 2012; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: ______________________
(Branch Secretary)

Date: 22/06/2012

AUSTRALIAN EDUCATION UNION
VICTORIAN BRANCH
AND CONTROLLED ENTITIES

ABN: 44 673 398 674

Financial Report For The Year Ended
31 December 2011

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITIES

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2011

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OPERATING REPORT FOR THE 2011 FINANCIAL YEAR
AEU VICTORIAN BRANCH

Principal Activities

The schools sectors were involved in a campaign around Federal funding and David Gonski's inquiry into the current funding regime. The campaign was to achieve a fairer funding formula from the Federal Government that recognises that public schools are the primary funding obligation of the Federal Government and that the current funding formula instituted by the Howard Government is unfair and corrupt.

The schools sectors were also involved in a campaign to oppose the Baillieu Government's cuts to VCAL co-ordination in Secondary Schools and in Special Schools, where $48 million was stripped from school budgets.

The focus of the Early Childhood sector in the previous twelve months has been on supporting members through a period of ongoing change. The COAG reform agenda for Early Childhood Education and Care has resulted in significant changes including new National Regulations and Quality Standards with an associated assessment and ratings system, new State and Commonwealth curriculum frameworks and the ongoing implementation of the Universal Access policy

Supporting our members has also been a key theme driving our "Play Fair in Childcare Campaign." Recognising that teachers in long daycare are often employed below the industry-standard conditions of VECTAA, the campaign has taken a three-part approach: educate members about their rights and entitlements, activate them to collectively work with the AEU in improving their conditions, and encourage employers to employ their teachers appropriately.

During 2011 the attacks against TAFE from the Baillieu government reached a new low. Greedy private-for-profit providers receiving massive subsidies from the government caused a massive budget blow out.
To fix the over spend the government choose to slash $40 million from TAFE budgets which resulted in the loss of over 300 teachers and course closures. TAFE AEU members campaigned hard to expose the threats to the public TAFE system resulting from the government's persistence with the Skills Reform Policy.

Following the failure of AMES to meet its 2010 - 2011 budget predictions by around $5+ million, AMES moved to restructure its teaching work force in an attempt to reduce costs and increase income.
Teachers at AMES who held senior positions have been told that they will not be paid for these senior duties anymore, and are all expected to return to their classrooms to assist in generating income.

2011 saw the AEU disability sector members continue the campaign over Equal Pay

The following significant submissions were lodged during the year:

- State Budget Submission 2011 - 2012 December 2011;
- VCEC draft report- Securing Victoria's Future Prosperity - December 2011;
- Review of Skills Reform Agenda - August 2011;
- Gifted and Talented Inquiry - July 2011;
- Federal School Funding Review – March 2011.

Recruitment
In 2011 we maintained strong recruitment levels with an increase of 1,145 members over the reporting period.

Financial Affairs
The union continues to prosper with growing membership levels, supplementary sources of income and more efficient management of the organisation.

In 2011 we held approximately $4.1 million in cash or short term deposits and cash.

In 2011 the operating surplus from ordinary activities was $232,349 compared to a net loss of $756,529 in 2010. On the income side, membership subscriptions, including PEC levies, increased by over $1.8 million. Interest received increased by about $77,000. On the expense side, legal costs increased $0.13 million, depreciation by over $0.45 million following continued substantial investment on the membership data base system and communication equipment. Salaries and related costs increased by about $0.3 million. Public

Education Campaign spending decreased by over $1.59 million due to there being minimal campaigning around EBA's at the Federal and State levels.

The TFV Building is currently valued at $13.70 million. This valuation was made prior to the global financial crisis and I am confident a future valuation will reflect a better outcome.

As reported in 2010 the AEU has purchased the property at 126 Trenerry Crescent Abbotsford with a view to relocating to that building once the current tenants decide to vacate the premises or upon the termination of the lease.

The purchase of the building has been financed by Bank mecu and the current rental income more than meets our interest payments on the loan. The AEU has been investigating redevelopment options for the office site at 112 Trenerry Crescent.

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:

Dean R GLARE
Barbra A NORRIS

Both are Directors of the Emergency Services Superannuation Board (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:

Christine. M. STEWART
Barbra A NORRIS

The latter two are Directors of VicSuper.

The criterion that makes the three 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 45,223 members and ended with 46,668, members which represent an increase of 2489 (3.19%) members in the reporting year.

The following figures indicate the growth of the organisation on a Sector basis from 1 January 2011 to 31 December 2011:

Primary	5.41% or	or 1189 members
Secondary	3.36% or	552 members
Early Childhood	0.37% or	8 members
TAP	6.85% or	-304 members
TOTAL	**3.19% or**	**1,445 members**

(b) At 31/12/2011 the reporting unit employed 94 persons, which translates to 80.7211 equivalent full-time employees (58 Full time, 22.7211 Part time).

BRANCH COUNCIL MEMBERS 2011

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 Burton, Tanya (from 13.5.11) Halden, Andrea Greaves, Erin (from 27.4.10 resigned 1.8.11)	4	Angus, Cheryl Bennett, Patricia Cookson, Wendy Steane, Valerie	5	Bacon-Hall, Lisa (from 2.9.11) Evans, Bruna
SOUTH EAST 2 Outer Easter Yarra Valley Knox /Dandenong Ranges	4	Pontin, Clive Clarke, Brian (from 27.4.10) Murphy, Brendan (from 27.4.10) Raeck, Seona (from 27.4.10)	3	Ellingworth,Amanda (from 27.4.10 resigned 19.12.11) Lennon, Brian Mulhall, Maya (from 25.2.11)	4	Kapoor, Madhu
SOUTH EAST 3 Berwick/Pakenham /Cranbourne/Wonthaggi South Eastern	4	Lylak, Nicole Sharp, Kathy Surmacz, Adam Vrondou, Chris	4	Adams, Steven Crotty, Judith Glare, Dean Patten, Angela	3	Bird, Jo Murray, Ann Patrick, Sue
SOUTH EAST 4 Longbeach/Moorabbin Frankston Peninsula	6	Farrelly, Rita Fitness, Annaka (from 22.10.10) Haddow, Sally (from 21.10.1) Killen, Amber Luebbers, Barbara (resigned 1,2,11) Santaera, Diana (from 21.10.11) Whyte, Lisa	4	Bryce, Andy Denehey, Carole Kumar, Andrew Patton, Felix	6	Avard, Helander Simpkin, Jill (resigned 2.9.11) Pozzobon, Sarah (from 3.12.11)
NORTH WEST 1 Diamond Valley Latrobe/Plenty Inner City	5	Atkinson, Athony Cohen, Daniel Ghiotti, Beth McPherson, Hamish Pisani, Prue (from 25.2.11)	5	Butler, Mick Finlay, Kirsten Merkenich, Mary Rundle, Norrian Twiddy, Andrew	4	Fitzgerald, Susan La Rosa, Danielle (from 22.10.10) Soccio, Catherine (from 22.10.10) Ratje, Heidi (from 3.12.11)
NORTH WEST 2 Inner West Werribee	4	Duncan, Briley Menhennet, Shelley (resigned 20.2.11) Perera, Belinda (from 5.8.11) Holley, Sier (from 5.8.11) Masiero, Antoinette (from 3.12.11)	3	Lovelock, Chris Peterson, Andrew O'Flaherty, Maureen	3	Grarock, Max Lloyd, Rachelle
NORTH WEST 3 Broadmeadows Maribyrnong Sunbury Melton	6	Donovan, Alison (resigned 6.12.11) O'Grady, Erin Perry, Pamela Pontikis, Mary-Anne Pope, Kevin Walker, Peter	4	Breen, Geoffrey Cook, Philip D'Ortenzio, Marino Quinn, Julie	4	Bourke, Nicole O'Dwyer, Dianne Smith, Ellen (from 21.10.11)
BARWON SOUTH WEST 1 Geelong	2	Augerinos, Andrew Crockart, Ian	2	Mantelli, Ubaldino Wight, Philip	2	Robertson, Judith (from 21.10.11)

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
BARWON SOUTH WEST 2 Colac Hamilton/Portland Warrnambool	1	Kembrey, Caitlin (from 13.5.11)	1	Martina, Peter	1	Davis, Gayle
CENTRAL HIGHLANDS WIMMERA 1 Ballarat	1	Farquhar, Reginald	1	Aitken, Catherine	1	Wain, Monica
CENTRAL HIGHLANDS WIMMERA 2 Stawell Horsham	1	Prollius, Samantha	1	Matthews, Rosalee	1	
GIPPSLAND 1 West Gippsland South Gippsland	1	Hussey, Mick	1	Humphries, Jessie	1	Brady, Lynne (resigned 20.2.11) Amos, Kristy (from 21.10.11)
GIPPSLAND 2 Latrobe Valley	1	Stringer, Angela	1	Jackson, Ross	1	
GIPPSLAND 3 Sale East Gippsland	1	Nicholas, Ross	1	Stephenson, Rupert	1	
GOULBURN NORTH EAST 1 Benalla Seymour	1	Rentoin, Jenny (from 5.8.11)	1	Brookes, Jennifer (resigned 22.2.11) Mackenzie, Rod (from 13.5.11)	1	Heaps, Jennifer
GOULBURN NORTH EAST 2 Kyabram Shepparton	1	Coghlan, Kellie (resigned 27.1.11)	1	Muston, Robert	1	Kirby, Juineta
GOULBURN NORTH EAST 3 Wodonga Wangaratta	1	Dews, Merrilyn	1	Stevenson, Anne (from 21.10.11)	1	
LODDON CAMPASPE MALLEE 1 Bendigo-Maryborough Castlemaine	2	Lewis, Marg Reidy, Barbara	1	Manning, Jack	1	
LODDON CAMPASPE MALLEE 2 Bendigo/Echuca Swan Hill	1	De Morton, Phillip	1	Peters, Courtney (from 3.12.11)	1	Telfer, Megan
LODDON CAMPASPE MALLEE 3 Mildura	1	Bell, John	1	Hines, Anne (from 27.4.10)	1	Hart, Sophie

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
ALLIED SUB-SECTOR	7	Foenander, Jan Ganosis, Sylvia Kowanjko, Lucy (from 25.2.11) McKenzie, Pam (from 22.10.10) McPherson, Deb (from 22.10.10) Slatter, Vivien (from 22.10.10) Tenson, Katrina	4	Davis, Alison Foster, Lauren (from 3.12.11) Macardy, Rae Robinson, Ann (resigned 22.10.11) Shell, Donna		

TAP SECTOR COUNCILLORS – TAFE, DISABILITY, AMES - 2011

TAFE SUB SECTOR	No. per workplace	Councillors
Ballarat University	2	Julie-Anne Noble
Bendigo Regional Institute of TAFE	2	Greg Barclay (resigned 14.6.11) Stacey Clark Sue Kirby (from 2.9.11)
Box Hill Institute of TAFE	3	Peter Ryan Deon Vlotman (from 25.2.11) Michael Zangmeister (from 13.5.11)
Central Gippsland Institute of TAFE	1	Peter Sheehan
Chisholm Institute of TAFE	4	Steve Beattie (resigned 2.8.11) Anthony Bundock Ken Drechsler (resigned 16.8.11) Peter Malone
East Gippsland Community Institute of TAFE	1	Michael Clark
Gordon Institute of TAFE	3	Angela Di Sciascio Brett Gear (resigned 5.12.11) Sue Mandley
Goulburn Ovens Institute of TAFE	1	Barbara Van Leest
Holmesglen Institute of TAFE	3	Mohamed Beck (from 25.2.11) Yangama Jokwiro (from 21.10.11) Joe Cross (from 21.10.11)
Kangan/Batman Institute of TAFE	3	Mike Devine (resigned 19.10.11) Damien Flynn (from 27.4.10)
Northern Melbourne Institute of TAFE	4	Yolanda Ingley Craig Jones Gerard Beaton Graeme Sparkes (from 13.5.11)
RMIT - TAFE Division	4	Russell Edis Kirsty Gorter Ted Bown Mary Collins
South West Institute of TAFE	1	Doreen Risbey
Sunraysia Institute of TAFE	1	Ray Cadmore (resigned 31.12.11)
Swinburne Uni of Technology - TAFE Division	4	Frank Lawlor George Ulehla
Victorian University of Technology - TAFE Div	4	Jacinta Kirkpatrick (resigned 5.12.11) Kevin Baker (resigned 8.4.11) John Banjanin Norm Colling Lyn Hannah (from 21.10.11)
William Angliss Institute of TAFE	1	Garry Blackburn (from 29.10.10)
Wodonga Institute of TAFE	1	Ian Lack
DISABILITY SERVICES	8	Simona Karner Carmel Coogan (from 27.4.10) Terry Hurley (from 29.10.10) Caroline Backman (from 21.10.11) Chris Lambie (from 21.10.11) Marcus Puccini (from 21.10.11)
AMES	2	2 Vacancies

AEU VICTORIAN BRANCH
BRANCH COUNCIL 2011

Entitlement:	
All Primary Sector Councillors	56
All Secondary Sector Councillors	45
TAFE & Adult Provision Sector	13 (incl Disability and AMES quota)
- Disability Services – 2	
- AMES sub-sector – 1	
Early Childhood Sector	4
Elected Leadership	12

TAFE Sub-Sector (10 positions)

Banjanin	John	
Barclay	Greg	(resigned 14.6.11)
Bown	Ted	
Blackburn	Garry	(from 29.10.10)
Bundock	Tony	
Clarke	Stacey	
Gear	Brett	(resigned 5.12.11)
Jones	Craig	
Kirby	Sue	(from 2.9.11)
Lack	Ian	
Malone	Peter	
Mandley	Sue	
Noble	Julie-Anne	
Sheehan	Peter	

Disability Services Sub-Sector

AMES Sub-Sector

Early Childhood Sector

Bird	Joanne
Burke	Nicole
Grarock	Max
O'Dwyer	Dianne

Branch Officers
Mary Bluett, Meredith Peace, Brian Henderson, Gillian Robertson, Carolyn Clancy, James Rankin, Justin Mullaly, Erin Aulich, Martel Menz, Shayne Quinn, Jo Fogarty, Greg Barclay (appointed 25 February 2011).

Brian Henderson

Brian Henderson
Branch Secretary
2 May, 2012

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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2011 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
	Mark B
Name of Partner	Mark Barson
Date	4th May 2012
Address	Suite 4, 10-12 Chapel Street
	BLACKBURN VIC 3130

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674
AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Revenue	2	21,222,804	19,378,598	20,670,501	18,840,102
Employee benefits expense		(9,853,614)	(9,525,936)	(9,853,614)	(9,525,936)
Occupancy expense		(609,081)	(544,480)	(609,081)	(544,480)
Administration expense		(7,710,080)	(8,780,735)	(7,710,080)	(8,780,735)
Rental expense		(123,255)	(124,408)	-	-
126 Trenerry Crescent Outgoings		(89,066)	-	(89,066)	-
Depreciation and amortisation expense		(1,174,389)	(720,819)	(1,174,118)	(720,819)
Impairment of property, plant and equipment	12	-	(1,285,305)	-	-
Finance costs	3(a)	(1,002,193)	-	(1,002,193)	-
Other expenses		(7,538)	(37,799)	-	(24,661)
Share of net profits of associates and joint venture entities		-	-	-	-
Profit before income tax	3	653,588	(1,640,884)	232,349	(756,529)
Income tax (expense)/revenue	4(a)	(131,344)	237,063	-	-
Profit for the year	3	522,244	(1,403,821)	232,349	(756,529)
Profit attributable to:					
Members of the parent entity		522,244	(1,403,821)	232,349	(756,529)
		522,244	(1,403,821)	232,349	(756,529)

The accompanying notes form part of these financial statements.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674
AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated Group		Parent Entity	
		2011	2010	2011	2010
		$	$	$	$
Profit for the year		522,244	(1,403,821)	232,349	(756,529)
Other comprehensive income:					
Total comprehensive income for the year		522,244	(1,403,821)	232,349	(756,529)
Total comprehensive income attributable to:					
Members of the parent entity		522,244	(1,403,821)	232,349	(756,529)
		522,244	(1,403,821)	232,349	(756,529)

The accompanying notes form part of these financial statements.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	5,200,637	2,716,174	5,099,601	2,697,244
Trade and other receivables	8	642,784	419,973	638,352	407,191
Other assets	9	372,226	395,717	284,961	394,011
TOTAL CURRENT ASSETS		6,215,647	3,531,864	6,022,914	3,498,446
NON-CURRENT ASSETS					
Trade and other receivables	8	2,317	2,272	1,335,771	1,272,823
Financial assets	10	-	-	8,000,000	8,000,000
Property, plant and equipment	12	32,435,353	15,197,282	18,432,560	1,423,922
Other assets 126-142 Trenerry Crescent	9	-	1,721,591	-	1,721,591
TOTAL NON-CURRENT ASSETS		32,437,670	16,921,145	27,768,331	12,418,336
TOTAL ASSETS		38,653,317	20,453,009	33,791,245	15,916,782
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	13	1,195,538	1,632,171	1,165,463	1,605,330
Current tax liabilities	15	25,649	23,625	-	-
Provisions	16	953,910	915,574	953,910	915,574
TOTAL CURRENT LIABILITIES		2,175,097	2,571,370	2,119,373	2,520,904
NON-CURRENT LIABILITIES					
Trade and other payables	13	38,720	38,720	-	-
Borrowings	14	18,100,396	-	18,100,396	-
Deferred tax liabilities	15	381,148	350,456	-	-
Provisions	16	1,266,488	1,323,239	1,266,488	1,323,239
TOTAL NON-CURRENT LIABILITIES		19,786,752	1,712,415	19,366,884	1,323,239
TOTAL LIABILITIES		21,961,849	4,283,785	21,486,257	3,844,143
NET ASSETS		16,691,468	16,169,224	12,304,988	12,072,639
EQUITY					
Reserves	26	-	-	-	-
Retained earnings		16,691,468	16,169,224	12,304,988	12,072,639
TOTAL EQUITY		16,691,468	16,169,224	12,304,988	12,072,639

The accompanying notes form part of these financial statements.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

		Share Capital			Reserves		
	Note	Ordinary	Partly paid ordinary shares	Retained Earnings (accumulated losses)	Revaluation Surplus	Financial Assets Reserve	Total
		$	$	$	$	$	$
Consolidated Group							
Balance at 1 January 2010		8,000,000		17,573,045			25,573,045
Retrospective adjustment upon change in accounting policy							-
Balance at 1 January 2010		8,000,000	-	17,573,045	-	-	25,573,045
Comprehensive income							
Profit attributable to members of parent entity				(1,403,821)			(1,403,821)
Total comprehensive income for the year		8,000,000	-	16,169,224	-	-	24,169,224
Transactions with owners, in their capacity as owners and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2010		8,000,000	-	16,169,224	-	-	24,169,224
Balance at 1 January 2011		8,000,000	-	16,169,224	-	-	24,169,224
Comprehensive income							
Profit attributable to members of parent entity				522,244			522,244
Shares issued during the year							-
Total comprehensive income for the year		8,000,000	-	16,691,468	-	-	24,691,468
Transactions with owners, in their capacity as owners and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2011		8,000,000	-	16,691,468	-	-	24,691,468

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

		Share Capital			Reserves		
	Note	Ordinary	Partly paid ordinary shares	Retained Earnings (accumulated losses)	Revaluation Surplus	Financial Assets Reserve	Total
		$	$	$	$	$	$
Parent Entity							
Balance at 1 January 2010				12,829,168			12,829,168
Retrospective adjustment upon change in accounting policy							-
Balance at 1 January 2010		-	-	12,829,168	-	-	12,829,168
Comprehensive income							
Profit attributable to members of parent entity				(756,529)			(756,529)
Total comprehensive income for the year		-	-	12,072,639	-	-	12,072,639
Transactions with owners, in their capacity as owners and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2010		-	-	12,072,639	-	-	12,072,639
Balance at 1 January 2011		-	-	12,072,639	-	-	12,072,639
Comprehensive income							
Profit attributable to members of parent entity				232,349			232,349
Shares issued during the year							-
Total comprehensive income for the year		-	-	12,304,988	-	-	12,304,988
Transactions with owners, in their capacity as owners and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2011		-	-	12,304,988	-	-	12,304,988

The accompanying notes form part of these financial statements.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Consolidated 2011 $	Consolidated 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		20,763,048	19,325,969	20,143,711	18,742,575
Interest received		222,085	171,241	220,498	170,056
Payments to suppliers and employees		(16,560,850)	(16,887,867)	(16,560,850)	(16,887,867)
Capitation fees AEU		(1,975,397)	(1,838,548)	(1,975,397)	(1,838,548)
Finance costs		(1,002,193)	-	(1,002,193)	-
Income tax (paid)/refunded		1,182	4,551	-	-
Net cash provided by/(used in) operating activities	19(a)	1,447,875	775,346	825,769	186,216
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,537,638)	(3,153,472)	(1,537,638)	(3,153,472)
Purchase of investments		(14,923,527)	-	(14,923,527)	-
Loans to related parties					
— payments made		(617,775)	(394,348)	(617,775)	(394,348)
— proceeds from repayments		555,132	661,320	555,132	661,320
Net cash provided by/(used in) investing activities		(16,523,808)	(2,886,500)	(16,523,808)	(2,886,500)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		18,100,396	-	18,100,396	-
Net cash provided by/(used in) financing activities		17,560,396	(660,000)	18,100,396	-
Net increase/(decrease) in cash held		2,484,463	(2,771,154)	2,402,357	(2,700,284)
Cash and cash equivalents at beginning of financial year		2,716,174	5,487,328	2,697,244	5,397,528
Cash and cash equivalents at end of financial year	7	5,200,637	2,716,174	5,099,601	2,697,244

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent Australian Education Union Victorian Branch and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Australian Education Union Victorian Branch as an individual parent entity ('Parent Entity').

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board, the Corporations Act 2001 and the requirements imposed by the reporting guidelines of Section 255, Division 3, Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on [insert date] by Branch Council.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Australian Education Union Victorian Branch at the end of the reporting period. A controlled entity is any entity over which Australian Education Union Victorian Branch has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 11 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognized (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value recognizing any change fair value in the profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less accumulated impairment losses.

The amount of goodwill recognized on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair values of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognized in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

(b) 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 50.1 of the Income Tax Assessment Act 1997.

The controlled entity, TFV Property Pty Ltd, is subject to income tax.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are charged to the statement of comprehensive income.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The cost of fixed assets constructed within the consolidated group 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the consolidated group 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
Buildings	2.5%
Plant and equipment	30%
Membership Database	30%
Communications Equipment	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, 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 the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

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

(e) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortized cost using the effective interest rate method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) 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 subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that either do not meet the criteria for classification as any other type of financial asset or are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group 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 immediately recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

— the likelihood of the guaranteed party defaulting during the next reporting period;
— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
— the maximum loss exposure if the guaranteed party were to default.

Derecognition
Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of Assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

(g) Employee Benefits
Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) 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 statement of financial position.

(j) Revenue and Other Income
Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(k) Trade and Other Payables
Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) 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 or sale.

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

(m) 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(o) Critical Accounting Estimates and Judgments

Branch Council evaluates estimates and judgments incorporated into the financial statements 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 Group.

Key estimates

(i) *Impairment*

Branch Council assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) *Impairment – Carbon Price*

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

(p) Change in Accounting Policy

Previously, the Australian Education Union Victorian Branch prepared separate financial statements that did not include its subsidiary company, TFV Property Pty Ltd. However, for the year ending 31 December 2011, consolidated financial statements have been prepared with the prior year's comparatives being re-stated for this change in accounting policy.

(q) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Australian Education Union Victorian Branch (the parent entity) and TFV Property Pty Ltd (its subsidiary) for the year ended 30 June 2011 (the consolidated group).

Subsidiaries are those entities over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of the subsidary are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Use of the Work of Another Auditor

The financial statements of TFV Property Pty Ltd, which have been used to prepare the consolidated group financial statements, were audited by B.G.L. & Associates Pty Ltd.

(r) Adoption of New and Revised Accounting Standards

During the current year the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Australian Education Union Victorian Branch.

AASB 3: Business Combinations

The Australian Accounting Standards Board has revised AASB 3, and as a result some aspects of business combination accounting have changed.

Recognition and measurement impact

Recognition of acquisition costs – The revised version of AASB 3 requires that all costs associated with a business combination be expensed in the period in which they were incurred. Previously such costs were capitalised as part of the cost of the business combination.

Disclosure impact

The revised AASB 3 contains a number of additional disclosure requirements, not required by the previous version of AASB 3. The revised disclosures are designed to ensure that users of the Group's financial statements are able to understand the nature and financial impact of any business combinations on the financial statements.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out

— *AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

— *AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the Group qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

— *AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).*

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard will affect certain disclosures only relating to financial instruments and therefore not expected to significantly impact the Group.

— *AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).*

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121 into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

— *AASB 1054: Australian Additional Disclosures and AASB 2011–1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] (applicable for annual reporting periods commencing on or after 1 July 2011).*

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements.

The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

These Standards are not expected to significantly impact the Group.

— *AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 10 replaces parts of AASB 127 [March 2008, as amended] and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

— *AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

— *AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

— *AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 [September 2011] also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;
(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 2 Revenue and Other Income

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Revenue:					
— interest received					
— other persons		222,085	171,241	220,498	170,056
Total interest revenue on financial assets not at fair value through profit or loss		222,085	171,241	220,498	170,056
— Membership subcriptions and levies		19,950,985	19,158,135	19,400,269	18,620,824
— Rental		1,008,613	-	1,008,613	-
— other revenues		41,121	49,222	41,121	49,222
Total other revenue		21,222,804	19,378,598	20,670,501	18,840,102
Total revenue		21,222,804	19,378,598	20,670,501	18,840,102

Note 3 Profit before Income Tax

	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Profit before income tax from continuing operations include the following specific expense				
(a) Expenses				
Affiliation fees	1,975,397	1,838,548	1,975,397	1,838,548
Interest expense on financial liabilities not at fair value through profit or loss				
— external	1,002,193	-	1,002,193	-
Total finance costs	1,002,193	-	1,002,193	-
Employee benefits expense	9,853,614	9,525,936	9,853,614	9,525,936
Other expenses:				
Rental expense on operating leases:				
— minimum lease payments	530,249	492,302	530,249	492,302
	530,249	492,302	530,249	492,302

Note 4 Income Tax Expense

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
(a) The components of tax expense comprise:					
Current tax		100,652	98,047	-	-
Deferred tax		30,692	(335,110)	-	-
Recoupment of prior year tax losses		-	-	-	-
Under provision in respect of prior years		-	-	-	-
		131,344	(237,063)	-	-
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:					
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010:30%)					
— consolidated group		126,372	(265,306)	-	-
— parent entity			-	-	-
Add:					
Tax effect of:					
— under-provision for income tax in prior years		-	-	-	-
— non-deductible depreciation and amortisation		81	-	-	-
— impairment adjustment		-	385,593		
— other non-allowable items		(8,760)	2,100	-	-
		117,693	122,387	-	-
Less:					
Tax effect of:					
— special building allowance		12,395	19,431	-	-
— depreciation		4,646	4,909	-	-
— other items		(30,692)	335,110	-	-
— tax losses transferred from controlled entities		-	-	-	-
— recoupment of prior year tax losses not previously brought to account		-	-	-	-
Income tax attributable to entity		131,344	(237,063)	-	-
The applicable weighted average effective tax rates are as follows:		20.1%	14.4%	0.0%	0.0%

The increase in the weighted average effective consolidated tax rate for 2011 is a result of a significant reduction in the availability of prior year tax losses to reduce the current tax liability.

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	2011 $	2010 $
Short-term employee benefits	1,592,536	1,671,779
	1,592,536	1,671,779

Other KMP Transactions

For details of other transactions with KMP, refer to Note 21: Related Party Transactions.

Note 6 Auditors' Remuneration

	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial statement	28,820	23,350	25,370	23,350
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial statements of subsidiaries	-	3,400	-	-

Note 7 Cash and Cash Equivalents

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
CURRENT					
Cash at bank and in hand		1,167,634	1,123,988	1,066,598	1,105,058
Short-term bank deposits		4,033,003	1,592,186	4,033,003	1,592,186
		5,200,637	2,716,174	5,099,601	2,697,244

The effective interest rate on short-term bank deposits was 5.8% (2010: 5.5%); these deposits have an average maturity of 90 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 statement of financial position as

	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Cash and cash equivalents	5,200,637	2,716,174	5,099,601	2,697,244
Bank overdrafts	-	-	-	-
	5,200,637	2,716,174	5,099,601	2,697,244

Note 8 Trade and Other Receivables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
CURRENT					
Trade receivables		224,984	78,456	220,552	65,674
Provision for impairment	8(a)	-	-	-	-
		224,984	78,456	220,552	65,674
Other related parties		-	-	-	-
Other receivables		417,800	341,517	417,800	341,517
Total current trade and other receivables		642,784	419,973	638,352	407,191
NON-CURRENT					
Amounts receivable from wholly owned subsidiary		-	-	1,333,454	1,272,823
Provision for impairment	8(a)	-	-	-	-
Other receivables		2,317	2,272	2,317	-
Total non-current trade and other receivables		2,317	2,272	1,335,771	1,272,823

(a) Provision for impairment of receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main source of credit risk to the Group is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Consolidated Group

2011	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) < 30	31–60	61–90	>90	Within initial trade terms
	$	$	$	$	$	$	$
Trade and term receivables	730,049	-	312,249	417,800	-	-	-
Other receivables	2,318	-	2,318	-	-	-	-
Total	732,367	-	314,567	417,800	-	-	-

2010	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) < 30	31–60	61–90	>90	Within initial trade terms
	$	$	$	$	$	$	$
Trade and term receivables	421,679	-	80,162	341,517	-	-	-
Other receivables	2,273	-	2,273	-	-	-	-
Total	423,952	-	82,435	341,517	-	-	-

Parent Entity 2011	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) < 30	31–60	61–90	>90	Within initial trade terms
	$	$	$	$	$	$	$
Trade and term receivables	638,352	-	220,552	417,800	-	-	-
Other receivables	2,317	-	2,317	-	-	-	-
Total	640,669	-	222,869	417,800	-	-	-

2010	Gross Amount	Past due and impaired	Past due but not impaired (days overdue) < 30	31–60	61–90	>90	Within initial trade terms
	$	$	$	$	$	$	$
Trade and term receivables	65,674	-	65,674	-	-	-	-
Other receivables	1,614,340	-	-	341,517	-	1,272,823	-
Total	1,680,014	-	65,674	341,517	-	1,272,823	-

(b) Financial Assets classified as loans and receivables

	Note	Consolidated Group 2011	Consolidated Group 2010	Parent Entity 2011	Parent Entity 2010
		$	$	$	$
Trade and other Receivables					
— Total Current		642,784	419,973	638,352	407,191
— Total Non-Current		2,317	2,272	1,335,771	1,272,823
		645,101	422,245	1,974,123	1,680,014
Financial Assets	25	645,101	422,245	1,974,123	1,680,014

(c) Collateral pledged

No collateral is held over trade and other receivables.

Note 9 Other Assets

	Consolidated Group 2011	Consolidated Group 2010	Parent Entity 2011	Parent Entity 2010
	$	$	$	$
CURRENT				
Prepayments	372,226	395,717	284,961	394,011
	372,226	395,717	284,961	394,011
NON-CURRENT				
Prepayments	-	-	-	-
Deposit on purchase of 126-142 Trennery Crescent	-	1,721,591	-	1,721,591
	-	1,721,591	-	1,721,591

Note 10 Financial Assets

	Note	Consolidated Group 2011	Consolidated Group 2010	Parent Entity 2011	Parent Entity 2010
		$	$	$	$
NON-CURRENT					
Other Investments	10(b)	-	-	8,000,000	8,000,000
Total Non-Current Assets		-	-	8,000,000	8,000,000

(a) Available-for-sale financial assets

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 31 December 2011.

(b) Other investments

	Consolidated Group 2011	Consolidated Group 2010	Parent Entity 2011	Parent Entity 2010
Shares in subsidiaries	-	-	8,000,000	8,000,000
	-	-	8,000,000	8,000,000

Note 11 Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)* 2011	2010
Subsidiaries of Australian Education Union Victorian			
TFV Property Pty Ltd	Australia	100	100

* Percentage of voting power in proportion to ownership

Note 12 Property, Plant and Equipment

	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
LAND AND BUILDINGS				
Freehold land and buildings:				
— cost 2011	16,645,118	-	16,645,118	-
Total land and buildings	16,645,118	-	16,645,118	-
PLANT AND EQUIPMENT				
Plant and equipment:				
At cost	218,176	248,147	214,385	246,904
Accumulated depreciation	(153,035)	(171,262)	(152,764)	(171,262)
Accumulated impairment losses	-	-	-	-
	65,141	76,885	61,621	75,642
Membership Database				
At cost	3,488,873	1,993,364	3,488,873	1,993,364
Accumulated depreciation	(1,786,979)	(740,795)	(1,786,979)	(740,795)
	1,701,894	1,252,569	1,701,894	1,252,569
Communications Equipment				
At cost	239,279	239,279	239,279	239,279
Accumulated depreciation	(215,352)	(143,568)	(215,352)	(143,568)
	23,927	95,711	23,927	95,711
Investment Property				
Independent valuation	13,999,273	13,772,117	-	-
	13,999,273	13,772,117	-	-
	-	-	-	-
Total plant and equipment	15,790,235	1,425,165	1,787,442	1,423,922
Total property, plant and equipment	32,435,353	15,197,282	18,432,560	1,423,922

(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	Land & Buildings $	Plant and Equipment $	Membership Database $	Communication Equipment $	Total $
Consolidated Group:					
Balance at 1 January 2010	14,959,399	88,124	457,241	167,495	15,672,259
Additions	98,023	40,265	1,392,859		1,531,147
Disposals - written down value					-
Additions through acquisition of entity					-
Revaluation increments/(decrements)	(1,285,305)				(1,285,305)
Impairment losses					-
Depreciation expense		(51,504)	(597,531)	(71,784)	(720,819)
Capitalised borrowing cost and depreciation					-
Carrying amount at 31 December 2010	13,772,117	76,885	1,252,569	95,711	15,197,282
Additions		44,677	1,495,509		1,540,186
Disposals - written down value					-
Additions through acquisition of entity					-
Revaluation increments/(decrements)	227,156				227,156
Impairment losses					-
Depreciation expense		(56,421)	(1,046,184)	(71,784)	(1,174,389)
Capitalised borrowing cost and depreciation					-
Carrying amount at 31 December 2011	13,999,273	65,141	1,701,894	23,927	15,790,235

(b) **Impairment losses**

The total impairment loss recognised in the statement of comprehensive income during the period amounted to $Nil (2010: $1,285,305). The impairment loss is separately presented in the statement of comprehensive income as impairment of property, plant and equipment.

The impairment loss arose on the basis of valuation of properties at fair value being the amounts for which the properties could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

(c) **Asset revaluations**

Buildings

The fair value of the buildings based on their fair value less cost to sell, based on an active market, was determined to be $13,999,273. The fair value of the buildings increased by $227,156.

Note 13 Trade and Other Payables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
CURRENT					
Unsecured liabilities					
Unearned income - members' subscriptions paid in advance		1,195,538	1,632,171	669,887	1,181,649
Sundry payables and accrued expenses		-	-	304,874	157,848
Unsecured liabilities		-	-	190,702	265,833
	13(a)	1,195,538	1,632,171	1,165,463	1,605,330
NON-CURRENT					
Unsecured liabilities					
Trade payables		38,720	38,720	-	-
	13(a)	38,720	38,720	-	-

(a) **Financial liabilities at amortised cost classified as trade and other payables**

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Trade and other payables					
— total current		1,195,538	1,632,171	1,165,463	1,605,330
— total non-current		38,720	38,720	-	-
		1,234,258	1,670,891	1,165,463	1,605,330
Less annual leave entitlements		-	-	-	-
Financial liabilities as trade and other payables	25	1,234,258	1,670,891	1,165,463	1,605,330

Note 14 Borrowings

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
NON-CURRENT					
Bank loan secured	14(c)	18,100,396	-	18,100,396	-
Total non-current borrowings		18,100,396	-	18,100,396	-
Total borrowings	25	18,100,396	-	18,100,396	-
(a) Total current and non-current secured liabilities:					
Bank loan		18,100,396	-	18,100,396	-
		18,100,396	-	18,100,396	-
(b) The carrying amounts of non-current assets pledged as security are:					
Freehold land and buildings	12	16,645,118		16,645,118	-
		16,645,118	-	16,645,118	-

(c) The bank debt is secured by a first registered mortgage over certain freehold properties owned by the controlled entity. Covenants imposed by the bank require total bank debt not to exceed 70% of the valuation of the properties.

Note 15 Tax

	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
CURRENT				
Income tax	25,649	23,625	-	-
TOTAL	25,649	23,625	-	-

NON-CURRENT **Consolidated Group**	Opening Balance $	Charged to Income $	Charged directly to Equity $	Changes in Tax Rate $	Exchange Differences $	Closing Balance $
Deferred tax liability						
Property, plant and equipment						
- tax allowance						-
- revaluation	685,566	335,110				350,456
Available-for-sale financial assets						-
Other						-
Balance at 31 December 2010	350,456	335,110	-	-	-	350,456
Property, plant and equipment						
- tax allowance	-					-
- revaluation	350,456	(30,692)				381,148
Available-for-sale financial assets	-					-
Other	-					-
Balance at 31 December 2011	350,456	(30,692)	-	-	-	381,148

Note 16 Provisions

	Consolidated Group 2011	Consolidated Group 2010	Parent Entity 2011	Parent Entity 2010
CURRENT	$	$	$	$
Short-term Employee Benefits				
Opening balance at 1 January 2011	915,574	815,214	915,574	815,214
Additional provisions raised during year	38,336	100,360	38,336	100,360
Amounts used	-	-	-	-
Balance at 31 December 2011	953,910	915,574	953,910	915,574
Office Holders	293,813	251,951	293,813	251,951
Other Employees	660,097	663,623	660,097	663,623
	953,910	915,574	953,910	915,574
NON-CURRENT				
Long-term Employee Benefits				
Opening balance at 1 January 2011	1,323,239	1,231,756	1,323,239	1,231,756
Additional provisions raised during year	(56,751)	91,483	(56,751)	91,483
Amounts used	-	-	-	-
Balance at 31 December 2011	1,266,488	1,323,239	1,266,488	1,323,239
Office Holders	196,895	279,835	196,895	279,835
Other Employees	1,069,593	1,043,404	1,069,593	1,043,404
	1,266,488	1,323,239	1,266,488	1,323,239

	Consolidated Group 2011	Consolidated Group 2010	Parent Entity 2011	Parent Entity 2010
Analysis of Total Provisions	$	$	$	$
Current	953,910	915,574	953,910	915,574
Non-current	1,266,488	1,323,239	1,266,488	1,323,239
	2,220,398	2,238,813	2,220,398	2,238,813

Provision for Long-term Employee Benefits

A provision has been recognised for employee benefits relating to 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 have been included in Note 1.

Note 17 Capital and Leasing Commitments

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
(a) Operating Lease Commitments					
Non-cancellable operating leases contracted for but not capitalised in the financial statements					
Payable — minimum lease payments					
— not later than 12 months		343,538	393,683	343,538	393,683
— between 12 months and five years		232,009	319,517	232,009	319,517
— greater than five years		-	-	-	-
		575,547	713,200	575,547	713,200
(b) Capital Expenditure Commitments					
Capital expenditure commitments contracted for:					
Purchase of 126-142 Trennery Crescent		-	14,954,386	-	14,954,386
Capital expenditure projects					
		-	14,954,386	-	14,954,386
Payable:					
— not later than 12 months		-	14,954,386	-	14,954,386
— between 12 months and five years					
— greater than five years					
		-	14,954,386	-	14,954,386

Note 18 Contingent Liabilities and Contingent Assets

	Consolidated Group 2011 $	Consolidated Group 2010 $	Parent Entity 2011 $	Parent Entity 2010 $
Estimates of the potential financial effect of contingent liabilities that may become payable:				
Contingent Liabilities				
Autopay arrangement	500,000	500,000	500,000	500,000

Note 19 Cash Flow Information

	Consolidated Group		Parent Entity	
	2011	2010	2011	2010
	$	$	$	$
(a) Reconciliation of cash flow from operations with profit after income tax				
Profit after income tax	522,244	(1,403,821)	232,349	(756,529)
Non-cash flows in profit				
— impairment adjustment		1,285,305		
— depreciation	1,174,389	720,819	1,174,118	720,819
— net expenses not actually paid	373,624	293,762		
Share of joint venture entity net profit after income tax and				
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
— increase/(decrease) in trade and term debtors	(308,795)	(34,458)	(231,161)	(25,212)
— (increase)/decrease in other assets	109,050	(126,826)	109,050	(126,826)
— increase/(decrease) in deferred tax receivable				
— increase/(decrease) in payables	(436,938)	179,552	(440,172)	182,120
— increase/(decrease) in income taxes payable	2,024	4,279		
— (increase)/decrease in deferred taxes payable	30,692	(335,110)		
— increase/(decrease) in provisions	(18,415)	191,844	(18,415)	191,844
Net cash provided by operating activities	1,447,875	775,346	825,769	186,216

Note 20 Events After the Reporting Period

No known matters or circumstances have arisen since the end of the financial year which significantly affect the branch's operations, results of those operations or the state of affairs of the branch in subsequent financial years.

Note 21 Related Party Transactions

The Group's main related parties are as follows:

(a) **Entities exercising control over the group:**
The ultimate parent entity, which exercises control over the group, is Australian Education Union Victorian Branch.

(b) **Key Management Personnel:**
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5: Key Management Personnel Compensation.

(c) **Transactions with related parties:**
There are no transactions between related parties.

Note 22 Information to be provided to Members or General Manager

In accordance with requirements of the Fair Work (Registered Organisation) Act 2009, 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 a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

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

Note: This subsection is a civil penalty provision (see section 305).

Fair Work (Registered Organisations) Act 2009

Note 23 Officers Remuneration

In accordance with the Reporting Guidelines made under the Fair Work (Registered Organisations) Act 2009, employee benefits to holders of office of the reporting unit for the year ended 31 December 2011 was $1,592,536.

In accordance with the Reporting Guidelines made under the Fair Work (Registered Organisations) Act 2009, employee benefits to employees (other than holders of office) of the reporting unit for the year ended 31 December 2011 was $6,985,246.

Note 24 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 per annum for members employed 0.6 and above and $10 per annum for members employed 0.5 or below.

The levy applied for three years commencing on 3rd August 1997. On 5th August 2000, Branch Council decided to continue the levy in its present form until the end of the calendar year 2003. On 19 July 2003, Branch Conference extended the levy in its present form until the end of the calendar year 2006. On 8th July 2006, Branch Conference extended the levy indefinitely, and increased the levy to $25.00 per annum for members employed 0.6 and above and $12.50 for members employed 0.5 or below.

	Consolidated Group		Parent Entity	
	2011	2010	2011	2010
	$	$	$	$
Opening Balance	1,060,177	1,406,275	1,060,177	1,406,275
Add funds Collected from Levy	920,608	858,144	920,608	858,144
Add Donation and Interest Income	62,839	86,302	62,839	86,302
	983,447	944,446	983,447	944,446
Total Funds Available	2,043,624	2,350,721	2,043,624	2,350,721
Less amounts paid for Public Education Campaign purposes	(234,404)	(1,290,544)	(234,404)	(1,290,544)
Funds available for Public Education Campaign purposes as at 31 December	1,809,220	1,060,177	1,809,220	1,060,177
Public Education Bank Account at year end	1,640,867	998,905	1,640,867	998,905
Add under remitted (over remitted) to Public Education Account by AEU Victorian Branch	168,353	61,272	168,353	61,272
	1,809,220	1,060,177	1,809,220	1,060,177
<u>Sources of Funds</u>				
Reduction in Bank Account	-	362,639	-	362,639
Excess of income over campaign spending	749,043	-	749,043	-
Reduction in amount owing by AEU Vic Branch to Public Education Campaign	-	-	-	-
	749,043	362,639	749,043	362,639
<u>Application of Funds</u>				
Excess of Campaign spending over income	-	346,098	-	346,098
Increase in Bank Account	641,962	-	641,962	-
Increase in amount owed by AEUVB	107,081	16,541	107,081	16,541
	749,043	362,639	749,043	362,639

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 rule for the purpose of funding the AEU Victorian Branch's Certified Agreement Campaign.

A separate fund was etablished 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.

	Consolidated Group		Parent Entity	
	2011	2010	2011	2010
	$	$	$	$
Opening Balance	26,859	26,237	26,859	26,237
Add Donation and Interest Income	1,626	622	1,626	622
Total Funds available	28,485	26,859	28,485	26,859
Less amounts paid for Certified Agreement Levy purposes	-	-	-	-
Funds available for Certified Agreement Levy purposes as at 31 December	28,485	26,859	28,485	26,859
Certified Agreement Levy Bank Account at year end	28,485	26,859	28,485	26,859
Add under-remitted (over remitted) to Certified Agreement Levy Account by AEU Branch	-	-	-	-
	28,485	26,859	28,485	26,859
<u>Sources of Funds</u>				
Donation and Interest Income	1,626	622	1,626	622
<u>Application of Funds</u>				
Increase in bank account	1,626	622	1,626	622

Note 25 Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group		Parent Entity	
		2011	2010	2011	2010
	Note	$	$	$	$
Financial Assets					
Cash and cash equivalents	7	5,200,637	2,716,174	5,099,601	2,697,244
		-	-	-	-
Total Financial Assets		5,200,637	2,716,174	5,099,601	2,697,244
Financial Liabilities					
Financial liabilities at amortised cost					
— Trade and other payables	13(a)	1,234,258	1,670,891	1,165,463	1,605,330
— Borrowings	14	18,100,396	-	18,100,396	-
Total Financial Liabilities		19,334,654	1,670,891	19,265,859	1,605,330

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that branch council has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to third parties in relation to obligations under its bank bill facility .

Collateral held by the Group securing receivables are detailed in Note 8.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 8.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 8.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

		Consolidated Group		Parent Entity	
		2011	2010	2011	2010
	Note	$	$	$	$
Cash and cash equivalents					
— AA Rated		5,200,637	2,716,174	5,099,601	2,697,244
— A Rated					
	7	5,200,637	2,716,174	5,099,601	2,697,244

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

— preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
— using derivatives that are only traded in highly liquid markets;
— monitoring undrawn credit facilities;
— obtaining funding from a variety of sources;
— maintaining a reputable credit profile;
— managing credit risk related to financial assets;
— only investing surplus cash with major financial institutions; and
— comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Group's policy is to ensure no more than [insert percentage]% of borrowings should mature in any 12-month period.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	-	-	18,100,396	-	-	-	18,100,396	-
Trade and other payables (excl. est.	-	-	-	-	-	-	-	-
Total contractual	-	-	18,100,396	-	-	-	18,100,396	-
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	-	-	18,100,396	-	-	-	18,100,396	-

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Consolidated Group	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents							-	-
Trade, term and loan receivables							-	-
Total anticipated inflows	-	-	-	-	-	-	-	-
Net (outflow) / inflow on financial instruments	-	-	(18,100,396)	-	-	-	(18,100,396)	-

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2011	2010	2011	2010	2011	2010	2011	2010
Parent Entity	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans							-	-
Trade and other payables (excl. est.	1,165,163	1,605,330					1,165,163	1,605,330
Amounts payable to related parties							-	-
Financial guarantees							-	-
Total contractual outflows	1,165,163	1,605,330	-	-	-	-	1,165,163	1,605,330
Less bank overdrafts							-	-
Total expected outflows	1,165,163	1,605,330	-	-	-	-	1,165,163	1,605,330

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2011	2010	2011	2010	2011	2010	2011	2010
Parent Entity	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	5,099,601	2,697,244					5,099,601	2,697,244
Trade, term and loan receivables	638,352	407,191					638,352	407,191
Other investments	279,294	394,011					279,294	394,011
Total anticipated inflows	6,017,247	3,498,446	-	-	-	-	6,017,247	3,498,446
Net (outflow) / inflow on financial instruments	4,852,084	1,893,116	-	-	-	-	4,852,084	1,893,116

Financial assets pledged as collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 14 for further details.

c. Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
Year ended 31 December 2011	$	$	$	$
+/- 2% in interest rates	61,645	61,645	61,645	61,645
+/- 2% in listed investments			-	-

	Consolidated Group		Parent Entity	
	Profit	Equity	Profit	Equity
Year ended 31 December 2010	$	$	$	$
+/- 2% in interest rates	55,613	55,613	55,613	55,613
+/- 2% in listed investments	-	-	-	-

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

	Note	2011		2010	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Consolidated Group		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	5,200,637		2,716,174	
Trade and other receivables	(i)	642,784		419,973	
Loans and advances - related parties	(ii)				
		5,843,421	-	3,136,147	-
Total financial assets		5,843,421	-	3,136,147	-
Financial liabilities					
Trade and other payables	(i)	1,234,258		1,670,891	
Bank debt	(v)	18,100,396		-	
Total financial liabilities		19,334,654	-	1,670,891	-

	Footnote	2011		2010	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Parent Entity		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	5,099,601		2,697,244	
Trade and other receivables	(i)	638,352		407,191	
Loans and advances - related parties	(ii)				
		5,737,953	-	3,104,435	-
Available-for-sale financial assets:					
— at fair value					
— listed investments		-		-	
— unlisted investments		-		-	
Total available-for-sale financial assets	(iii)	-	-	-	-
Total financial assets		5,737,953	-	3,104,435	-

Financial liabilities					
Trade and other payables	(i)	1,165,463		1,605,330	
Bank debt	(v)	18,100,396		-	
Total financial liabilities		19,265,859	-	1,605,330	-

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

(ii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying values largely represent movements in the effective interest rate determined on initial recognition and current market rates.

(iii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

(iv) Discounted cash flow models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

(v) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate bank debt will differ to carrying values.

Note 26 Reserves

a. **Revaluation Surplus**
The revaluation surplus records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

b. **Financial Assets Reserve**
The financial assets reserve records revaluation of financial assets.

c. **General Reserve**
The general reserve records funds set aside for future expansion of the consolidated group.

Note 27 Detailed Income and Expenditure Statement

INCOME	Note	2011 $	2010 $
Rental Income		1,008,613	-
Certified Agreement Levy	24	1,626	622
Interest		220,498	170,056
Membership Subscriptions		18,403,157	17,638,074
Other Income		41,121	49,222
Profit/(Loss) on Sale of Furniture & Equipment		2,175	-
Work Partners Rebates		9,864	37,682
Public Education Campaign levy	24	983,447	944,446
Total		20,670,501	18,840,102
EXPENSES			
Affiliation Fees - Australian Education Union		1,975,397	1,838,548
Campaigns			
Certified Agreement Levy	24	-	-
Other Campaigns		185,788	189,284
Public Education Campaign Levy	24	234,404	1,290,544
Communications : Telephone, Fax & Internet		209,770	181,992
Conferences			
Annual Conference		2,624	5,097
Other Conferences & Forums		99,933	90,841
Donations		52,400	17,150
Equipment			
Furniture, Computer & Equipment Sundry Items		35,440	48,648
Depreciation		1,174,118	720,819
Lease & Rental Costs		52,238	84,410
Maintenance Of Computers & Equipment		125,727	26,385
Functions and Farewells		7,987	6,684
Legal Expenses		1,096,159	959,889
Library/Information Services		30,082	23,491
Membership Services		2,158,218	2,495,221
Motor Vehicle Fleet Costs		626,436	714,097
Miscellaneous		4,608	7,511
Office Expenses			
Audit		25,370	23,350
Bad Debts Written Off		90	7
Bank Charges		-	-
Office Requisites & Paper		38,942	62,364
Postage		91,050	100,424
Subscription Collection Costs		176,292	145,239
Publications		542,851	475,370
Regional Offices : Rent, Rates, Telephone, etc		154,699	178,293
Rent and Outgoings : Trenerry Crescent		1,483,915	385,037
Salaries			
Annual Leave		40,690	116,983
Fringe Benefits Tax		45,798	42,097
Insurance		68,796	68,072
Leadership & Others		7,291,211	6,963,682
Long Service Leave		87,456	131,406
Other Salary Costs		116,849	114,344
Payroll Tax		419,616	443,428
Sick Leave		-	-
Staff Benefits Reserve		-	-
Superannuation		1,193,259	1,127,946
Taxes & Charges		326	-
Training		66,349	74,516
Teams		6,536	13,390
Workcover		110,743	66,984
Structures		338,603	298,406
Travel Expenses		67,382	64,682
Total Expenses		20,438,152	19,596,631
Operating Surplus/(Loss)		232,349	(756,529)
Impairment of financial assets		-	-
SURPLUS/(LOSS) FOR THE YEAR		232,349	(756,529)

Note 28 Entity Details

The registered office of the entity is:

Australian Education Union Victorian Branch
112 Trenerry Crescent
ABBOTSFORD VIC 3067

The principal place of business is:

Australian Education Union Victorian Branch
112 Trenerry 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 4 May 2012 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 2011. The AEU Victorian Branch Council declares in relation to the GPFR that in its opinion:

(a) the financial statements and notes comply with the reporting guidelines of the General Manager for purposes of section 253 of the Fair Work (Registered Organisations) Act 2009;

(b) the financial statements and notes give a true and fair view of the financial performance and financial position of the reporting unit for the financial year to which they relate;

(c) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

(d) 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 Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and

  (iv) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or Registrar; and

  (v) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009.

(e) in relation to recovery of wages activity:

  (i) there has been no such activity undertaken by the reporting unit.

(f) The Financial Statements and notes comply with the Australian Accounting Standards.

For Committee of Management: **Brian John Henderson**
Title of Office held: **Branch Secretary**

Signature: B. Hel Date: 4/5/2012

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH
ABN 44 673 398 674
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

We have audited the financial report of the Australian Education Union Victorian Branch, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes, including the Committee of Management Statement, of the consolidated entity comprising the Australian Education Union Victorian Branch and the entities it controlled at the year's end or from time to time during the financial year.

Committee of Management's and Branch Secretary's Responsibility for the Financial Report

The committee of management and branch secretary of the Australian Education Union Victorian Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Fair Work (Registered Organisations) Act 2009.

Audit Opinion

In our opinion, the general purpose financial report of Australian Education Union Victorian Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Charman Partners
Partner : Mark Peter Barson
Registered Company Auditor
Member of the Institute of Chartered Accountants in Australia holding a current Public Practice Certificate
Date : 24th May 2012

FAIR WORK AUSTRALIA

3 February 2012

Mr Brian Henderson
Secretary
Australian Education Union-Victorian Branch

melbourne@aeuvic.asn.au

Dear Mr Henderson,

Lodgement of Financial Documents for year ended 31 December 2011 [FR2011/2905]
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Australian Education Union-Victorian Branch (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements.

In addition, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website. The information can be viewed at www.fwa.gov.au – under *Registered Organisations – Overview – Fact sheets*. This site also contains the Financial Reporting Guidelines.

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at orgs@fwa.gov.au. Alternatively, you can forward the documents by fax to (03) 9655 0410.

Please do not hesitate to contact me on (03) 8661 7764 or by email at kevin.donnellan@fwa.gov.au if you wish to discuss the requirements outlined in this correspondence.

Yours sincerely,

Kevin Donnellan
Organisations, Research & Advice
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		*As soon as practicable after end of financial year*
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement. (b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	*As soon as practicable after end of financial year*
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	*Within a reasonable time of having received the GPFR* *(NB: Auditor's report must be dated on or after date of Committee of Management Statement*
Provide full report free of charge to members – s265 The full report includes: • the General Purpose Financial Report (which includes the Committee of Management Statement); • the Auditor's Report; and • the Operating Report.	/ /	*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,* *or* *(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*
Present full report to: (a) General Meeting of Members - s266 (1),(2); OR	/ /	*Within 6 months of end of financial year*
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	*Within 6 months of end of financial year*
Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate++ – s268	/ /	*Within 14 days of meeting*

** the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

 # The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.