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
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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

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Certificate of Secretary or other Authorised Officer

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

I Gillian Robertson 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 29 May 2013; 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 21 June 2013; in accordance with section 266 of the Fair Work (Registered Organisations) Act 2009.

Signature: ______________________
(Branch Secretary)

Date: 21/06/2013

AUSTRALIAN EDUCATION UNION
VICTORIAN BRANCH
AND CONTROLLED ENTITIES

ABN: 44 673 398 674

Financial Report For The Year Ended
31 December 2012

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITIES

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2012

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OPERATING REPORT FOR THE 2012 FINANCIAL YEAR
AEU VICTORIAN BRANCH

Principal Activities

The schools sector continued their involvement in the campaign to secure changes to the federal funding formula for Australian schools. The campaign's aim is 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 sector was also involved in a major campaign to secure a new industrial agreement for all members in public schools – education support, teachers and principals. This campaign saw members taking industrial action in unprecedented numbers, culminating in a stop work meeting with 15,000 members present. With 92% of preschool programs moving to deliver 15 hours per week of funded preschool in 2013, the early childhood sector supported members through practical implementation issues associated with this significant change and was a major component of our work in 2012. Analysing and advising on timetabling to ensure industrial entitlements were respected in the process was one aspect. However, more significant has been the extensive individual support provided as members have wrestled with a number of professional, personal and cultural challenges inherent in the change. Work done included consulting members, developing and serving the logs of claim for the successor agreements to VECTAA and LGECEEA 2009 and the commencement of negotiations underscores the work done advocating for improved conditions necessary to ensure the attraction and retention of staff necessary to the delivery of the COAG early childhood reform agenda.

The AEU campaigned vigorously during 2012 to keep the community aware of the government's attacks on TAFE and to build broad based community support for the TAFE4ALL campaign. The relentless attacks on the Victorian TAFE system by the coalition government continued throughout 2012 and drove the union work of the TAFE sector. In an act of unparalleled cost cutting to any public system, the Baillieu-Ryan government slashed $300 million from TAFE's recurrent budgets – this equated to approximately one third of state government funding. The cuts removed funding for student services such as counsellors, libraries, teaching support workers, canteens as well as wage supplementation grants for teacher and support staff achieved over years of enterprise bargaining.

The majority of AEU's work in the disability sector during 2012 revolved around the equal remuneration case. Initially we were involved in technical work and discussions surrounding the case to be presented at various points to the Full Bench of Fair Work Australia, then we were engaged in discussions with employer groups across the sector developing agreed classification and translation documents and beginning the complex process of assessing the impact of the annual equal remuneration pay rises on the wages of our members. During 2012, AMES developed an approach to the agreed classification structure which posed a great risk to the integrity of the structure. While the agreed structure is a single band through which teachers progress in annual steps (subject to performance review), AMES sought to treat it as three different classification bands, then to declare surplus some of those who were in the most experienced, and most expensive, tier of the structure. The dispute about these related matters went in the end to the Fair Work Commission. In a conference at the Commission, the AEU's concerns were addressed and the redundancy program halted.

The following significant submissions were lodged during the year.

- VCEC School Autonomy Inquiry: AEU response
  Submission, December 2012: The AEU argues that further devolution to the government school system will lead to the fragmentation of public education and is a barely disguised attempt at cost cutting which will particularly affect disadvantaged groups.
- New Directions for School Leadership and the Teaching Profession: AEU response
  Submission, September 2012: The AEU's response to the Baillieu Government's education paper says it is full of contradictions, features policies with little or no evidence to support them, and sets out conservative, competition-driven proposals that should have been brought to the EBA negotiating table. It will undermine education and shows the government's lack of commitment to public education
- State Budget Submission 2012
  Submission, March 2012: The AEU's submission to the State Government calls for investment in education as the means of reviving Victoria's flagging economy
- VIT Fees, August 2012.

Recruitment

In 2012 we maintained strong recruitment levels with an increase of **6,246** 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 2012 we held approximately $4.3 million in cash or short term deposits and cash.

In 2012 the operating deficit from ordinary activities was $1,036,437 compared to surplus of $232,349 in 2011. On the income side, membership subscriptions, including PEC levies, increased by over $0.9 million. Interest received decreased by about $93k. On the expense side, legal costs decreased by $10k. Depreciation was reduced by over $10k following the recent substantial investment on the membership data base system and communication equipment. Salaries and related costs increased by about $0.6 million. Public Education Campaign spending increased by over $1 million due to the intense campaigning around EBA's, Tafe Cuts and the Gonski campaign at State and Federal levels.

The TFV Building at 112 Trenerry Crescent is currently valued at $15.28m. This valuation was produced in February 2012 by Charter Keck and Chamber and represents a much improved situation over the previous value of $13.70m. It should be noted that $300k was expended by the AEU to better position the Union with respect to the future use of 112 Trenerry Crescent.

As previously reported 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 bankmecu and the current rental income more than meets our interest payments on the loan.

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
Angela Stringer

Both are Directors of the Emergency Services Superannuation Board (Victoria).

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

Barbra A Norris
Christine M Stewart

The criterion that makes the four 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 **46,668** members and ended with **52,914** members which represent an increase of **6246** members in the reporting year.

The following figures indicate the growth of the organisation on a Sector basis from 1 January 2012 to 31 December 2012:

Primary	**+18.57% or 4,298 members**	
Secondary	**+14.88% or 2,524 members**	
Early Childhood	**- 2.54% or decline of 53 members**	
TAP	**- 13.37% or decline of 523 members**	
TOTAL	**17.54% or 6,246 members**	

(b) At 31/12/2011 the reporting unit employed 94 persons, which translates to 77.4527 equivalent full-time employees (55 Full time, 22.4527 Part time).

BRANCH COUNCIL MEMBERS 2012

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
SOUTH EAST 1 Doncaster / Warringal Inner East Greater Waverley	5	Aulich, Seona (from 23.3.12) Brookes, Gillian Burton, Tanya (from 13.5.11) Halden, Andrea Warren, Athena (from 23.3.12)	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 (resigned 20.2.12) Clarke, Brian (from 27.4.10) Murphy, Brendan (from 27.4.10) Raeck, Seona (from 27.4.10)	3	Lennon, Brian Mulhall, Maya (from 25.2.11) McGillicuddy, Erin (from 23.3.12)	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	Alhazza, Zahra (from 22.6.12) Bird, Jo (resigned 13.2.12) Murray, Ann Patrick, Sue
SOUTH EAST 4 Longbeach/Moorabbin Frankston Peninsula	6	Farrelly, Rita Fitness, Annaka (from 22.10.10) Haddow, Sally (from 21.10.11) Killen, Amber Santaera, Diana (from 21.10.11) Whyte, Lisa	4	Bryce, Andy Denehey, Carole Kumar, Andrew Patton, Felix	6	Avard, Helander Pozzobon, Sarah (from 3.12.11) Nair, Meena (from 23.3.12)

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
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 (resigned 11.4.12) Rundle, Norrian Simpson, David (from 23.3.12)	4	Barber, Melissa (from 22.6.12) Fitzgerald, Susan La Rosa, Danielle (from 22.10.10 – resigned 15.2.12) Soccio, Catherine (from 22.10.10) Ratje, Heidi (from 3.12.11)
NORTH WEST 2 Inner West Werribee	4	Duncan, Briley 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 (resigned 7.9.12)
NORTH WEST 3 Broadmeadows Maribyrnong Sunbury Melton	6	Ford, Kerry (from 22.6.12) 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 – resigned 14.2.12))
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	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 (resigned 3.2.12) Spiller, Susan (from 22.6.12)	1	Stephenson, Rupert (resigned 30.1.12) Kell, Matthew (from 23.3.12)	1	
GOULBURN NORTH EAST 1 Benalla Seymour	1	Rentoin, Jenny (from 5.8.11)	1	Mackenzie, Rod (from 13.5.11)	1	Heaps, Jennifer
GOULBURN NORTH EAST 2 Kyabram Shepparton	1		1	Muston, Robert	1	Kirby, Juineta

ELECTORATE	No per electorate	PRIMARY	No per electorate	SECONDARY	No per electorate	EARLY CHILDHOOD
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
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 - 2012

TAFE SUB SECTOR	No. per workplace	Councillors
Ballarat University	2	Julie-Anne Noble
Bendigo Regional Institute of TAFE	2	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	Anthony Bundock Peter Malone
East Gippsland Community Institute of TAFE	1	Michael Clark (resigned 10.8.12)
Gordon Institute of TAFE	3	Angela Di Sciascio (resigned 30.4.12) Sue Mandley Judith Moore (from 23.3.12) Stephen North (from 22.6.12)
Goulburn Ovens Institute of TAFE	1	Barbara Van Leest
Holmesglen Institute of TAFE	3	Mohamed Beck (from 25.2.11 – resigned 18.6.12)) Yangama Jokwiro (from 21.10.11) Joe Cross (from 21.10.11)
Kangan/Batman Institute of TAFE	3	Damien Flynn (from 27.4.10) Alicia Stephenson (from 22.6.12)
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	
Swinburne Uni of Technology - TAFE Division	4	Frank Lawlor George Ulehla
Victorian University of Technology - TAFE Div	4	John Banjanin Norm Colling Lyn Hannah (from 21.10.11) Jennifer Walsh (from 23.3.12)
William Angliss Institute of TAFE	1	Garry Blackburn (from 29.10.10)
Wodonga Institute of TAFE	1	Ian Lack
DISABILITY SERVICES	8	Carmel Coogan (from 27.4.10 – resigned 13.2.12) Caroline Backman (from 21.10.11) Chris Lambie (from 21.10.11) Marcus Puccini (from 21.10.11) John Blaze (from 23.3.12)
AMES	2	Maggie Power (from 3.12.11)

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 (13 positions)

Banjanin	John
Bown	Ted
Blackburn	Garry
Bundock	Tony
Clarke	Stacey
Jones	Craig
Kirby	Sue
Lack	Ian
Malone	Peter
Mandley	Sue
Noble	Julie-Anne
Sheehan	Peter

Disability Services Sub-Sector

AMES Sub-Sector

Early Childhood Sector

Bird	Joanne	(resigned 13.2.12)
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 (resigned 22 .6.12), Greg Barclay, Jennifer Walsh (appointed 23.7.12)

Gillian Robertson
Branch Secretary
30 April 2013

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 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Firm CHARMAN PARTNERS

Name of Partner Mark Barson

Date 14/5/2013

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 2012

		Consolidated Group		Parent Entity	
		2012	2011	2012	2011
	Note	$	$	$	$
Revenue	2	23,673,539	21,222,804	21,840,977	20,670,501
Employee benefits expense		(10,447,009)	(9,853,614)	(10,447,009)	(9,853,614)
Occupancy expense		(941,902)	(609,081)	(941,902)	(609,081)
Administration expense		(9,390,134)	(7,710,080)	(9,166,634)	(7,710,080)
Rental expense		(163,039)	(123,255)	-	-
126 Trenerry Crescent Outgoings		(128,838)	(89,066)	(128,838)	(89,066)
Depreciation and amortisation expense		(1,164,544)	(1,174,389)	(1,164,176)	(1,174,118)
Finance costs	3(a)	(1,028,855)	(1,002,193)	(1,028,855)	(1,002,193)
Other expenses		(7,336)	(7,538)	-	-
Profit before income tax	3	401,882	653,588	(1,036,437)	232,349
Income tax (expense)/revenue	4(a)	(482,201)	(131,344)	-	-
Profit for the year	3	(80,319)	522,244	(1,036,437)	232,349
Profit attributable to:					
Members of the parent entity		(80,319)	522,244	(1,036,437)	232,349
		(80,319)	522,244	(1,036,437)	232,349

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 COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group		Parent Entity	
		2012	2011	2012	2011
		$	$	$	$
Profit for the year		(80,319)	522,244	(1,036,437)	232,349
Other comprehensive income:					
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		(80,319)	522,244	(1,036,437)	232,349
Total comprehensive income attributable to:					
Members of the parent entity		(80,319)	522,244	(1,036,437)	232,349
		(80,319)	522,244	(1,036,437)	232,349

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 2012

		Consolidated Group			Parent Entity		
		2012	2011	1 January 2011	2012	2011	1 January 2011
	Note	$	$	$	$	$	$
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	7	4,607,060	5,200,637		4,343,280	5,099,601	
Trade and other receivables	8	887,710	642,784		885,749	638,352	
Other assets	9	308,734	372,226		308,734	284,961	
TOTAL CURRENT ASSETS		5,803,504	6,215,647	-	5,537,763	6,022,914	-
NON-CURRENT ASSETS							
Trade and other receivables	8	3,879	2,317		1,306,965	1,335,771	
Financial assets	10	-	-		8,000,000	8,000,000	
Property, plant and equipment	12	33,029,347	32,435,353		17,776,195	18,432,560	
TOTAL NON-CURRENT ASSETS		33,033,226	32,437,670	-	27,083,160	27,768,331	-
TOTAL ASSETS		38,836,730	38,653,317	-	32,620,923	33,791,245	-
LIABILITIES							
CURRENT LIABILITIES							
Trade and other payables	13	1,273,761	1,195,538		1,221,093	1,165,463	
Current tax liabilities	15	16,218	25,649		-	-	
Provisions	16	819,676	953,910		819,676	953,910	
TOTAL CURRENT LIABILITIES		2,109,655	2,175,097	-	2,040,769	2,119,373	-
NON-CURRENT LIABILITIES							
Trade and other payables	13	38,720	38,720		-	-	
Borrowings	14	17,976,855	18,100,396		17,976,855	18,100,396	
Deferred tax liabilities	15	765,603	381,148		-	-	
Provisions	16	1,334,748	1,266,488		1,334,748	1,266,488	
TOTAL NON-CURRENT LIABILITIES		20,115,926	19,786,752	-	19,311,603	19,366,884	-
TOTAL LIABILITIES		22,225,581	21,961,849	-	21,352,372	21,486,257	-
NET ASSETS		16,611,149	16,691,468	-	11,268,551	12,304,988	-
EQUITY							
Retained earnings		16,611,149	16,691,468		11,268,551	12,304,988	
TOTAL EQUITY		16,611,149	16,691,468	-	11,268,551	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 CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

		Share Capital			Reserves		
		Ordinary	Partly paid ordinary shares	Retained Earnings (accumulated losses)	Revaluation Surplus	Financial Assets Reserve	Total
	Note	$	$	$	$	$	$
Consolidated Group							
Balance at 1 January 2011				16,169,224			16,169,224
Retrospective adjustment upon change in accounting policy							-
Balance at 1 January 2011 (restated)		-	-	16,169,224	-	-	16,169,224
Comprehensive income							
entity				522,244			522,244
Other comprehensive income for the year							-
Total comprehensive income for the year attributable to members of the parent entity		-	-	16,691,468	-	-	16,691,468
Transactions with owners, in their capacity as owners, and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2011		-	-	16,691,468	-	-	16,691,468
Balance at 1 January 2012		-	-	16,691,468	-	-	16,691,468
Comprehensive income							
entity				(80,319)			(80,319)
Total comprehensive income for the year attributable to members of the parent entity		-	-	16,611,149	-	-	16,611,149
Transactions with owners, in their capacity as owners, and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2012		-	-	16,611,149	-	-	16,611,149
Parent Entity							
Balance at 1 January 2011				12,072,639			12,072,639
Retrospective adjustment upon change in accounting policy							-
Balance at 1 January 2011		-	-	12,072,639	-	-	12,072,639
Comprehensive income							
Profit attributable to members of parent entity				232,349			232,349
Total comprehensive income for the year attributable to members of the parent entity		-	-	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
Balance at 1 January 2012		-	-	12,304,988	-	-	12,304,988
Comprehensive income							
Profit attributable to members of parent entity				(1,036,437)			(1,036,437)
Other comprehensive income for the year							-
Shares issued during the year							-
Total comprehensive income for the year attributable to members of the parent entity		-	-	(1,036,437)	-	-	(1,036,437)
Transactions with owners, in their capacity as owners and other transfers							
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 31 December 2012		-	-	11,268,551	-	-	11,268,551

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 2012

		Consolidated Group		Parent Entity	
		2012	2011	2012	2011
	Note	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		22,026,843	20,763,048	21,445,064	20,143,711
Interest received		149,481	222,085	148,516	220,498
Payments to suppliers and employees		(21,109,694)	(18,536,247)	(20,718,500)	(18,536,247)
Finance costs		(1,028,855)	(1,002,193)	(1,028,855)	(1,002,193)
Income tax (paid)/refunded		-	1,182	-	-
Net cash provided by/(used in) operating activities	19(a)	37,775	1,447,875	(153,775)	825,769
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(507,811)	(1,537,638)	(507,811)	(1,537,638)
Purchase of investments		-	(14,923,527)	-	(14,923,527)
Loan payments made to related parties		-	(617,775)	(893,009)	(617,775)
Loan repayments received from related parties		-	555,132	921,815	555,132
Net cash provided by/(used in) investing activities		(507,811)	(16,523,808)	(479,005)	(16,523,808)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	18,100,396	-	18,100,396
Repayment of borrowings		(123,541)	(540,000)	(123,541)	-
Net cash provided by/(used in) financing activities		(123,541)	17,560,396	(123,541)	18,100,396
Net increase/(decrease) in cash held		(593,577)	2,484,463	(756,321)	2,402,357
Cash and cash equivalents at beginning of financial year		5,200,637	2,716,174	5,099,601	2,697,244
Cash and cash equivalents at end of financial year	7	4,607,060	5,200,637	4,343,280	5,099,601

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 the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cash flow information, 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 amounts presented in the financial statements have been rounded to the nearest dollar.

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 intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses. There have been no business combinations affecting the Parent Entity or Consolidated Group during the Financial Year.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. There is no goodwill recognised in the financial statements of the Parent Entity or Consolidated Group.

(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 (income) 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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 carried 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 accumulated depreciation for buildings.

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 recognised in profit or loss.

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 recognised as expenses in profit or loss 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 recognised in profit or loss when the item is derecognised. 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 recognised 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, amortised cost using the effective interest 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 calculated as 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 amount with a consequential recognition of an income or expense item 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 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 amount 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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they 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 any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. 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.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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 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.

Financial guarantees are 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.

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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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 company'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 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.

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 receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) Critical Accounting Estimates and Judgments

Branch Council evaluate 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 – general*

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*

In November 2011, the Federal Parliament passed the Clean Energy Act 2011, which implements a carbon pricing mechanism from 1 July 2012. Under the mechanism, entities that produce over the threshold level of carbon emissions will be required to purchase permits to offset their carbon emissions.

The Group is not directly impacted by the carbon pricing mechanism because it does not control facilities that produce emissions greater than the threshold level. However, the Group will be indirectly impacted by the mechanism through increases in the prices it pays for energy and materials purchased from suppliers that are impacted by the introduction of the mechanism. The Group also anticipates that it will experience an increase in expenditures related to waste disposal under the carbon pricing mechanism, although any future increases in such costs are likely to be less significant than the anticipated increases in energy and material costs.

Management of the Group has considered whether the introduction of the carbon pricing mechanism is an impairment indicator and has determined that it is not expected to have a significant impact on the estimated net cash flows of the Group's operations or the recoverability of its assets, principally because the Group has the capacity to pass on any increases in production costs through its contracts with customers. Nevertheless, management has adjusted the discount rate it applies when determining the recoverable amount of an asset or cash-generating unit to reflect the uncertainty around price increases, particularly beyond the fixed price phase (2012–2015) of the carbon pricing mechanism.

(s) 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 31 December 2012 (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 obtained 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.

(t) 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

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.

(w) 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 below:

— AASB 9: *Financial Instruments (December 2010)* and AASB 2010–7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

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.

Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow the IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. The directors anticipate that the adoption of AASB 9 and AASB 2010–7 will have no significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact particularly considering the changes that are expected to be made to IFRS 9 in the future.

— *AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (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 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 (applicable for annual reporting periods commencing on or after 1 January 2013).*

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" (where 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).

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's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

— *AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (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 measurement.

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) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

— *AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (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's financial statements.

— AASB 119: *Employee Benefits (September 2011)* and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (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 amendments.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- 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.

— AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

— AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

— AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and
  AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- ASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

Note 2 Revenue and Other Income

		Consolidated Group		Parent Entity	
		2012	2011	2012	2011
	Note	$	$	$	$
— interest received					
— other persons		149,481	244,001	148,516	242,414
Total interest revenue on financial assets not at fair value through profit or loss		149,481	244,001	148,516	242,414
— Membership subcriptions and levies		20,380,292	19,378,353	20,380,292	19,378,353
— Rental		1,860,795	1,559,329	1,279,925	1,008,613
— Revaluation of Building		1,250,727	-	-	-
— other revenues		32,244	41,121	32,244	41,121
Total other revenue		23,524,058	20,978,803	21,692,461	20,428,087
Total revenue		23,673,539	21,222,804	21,840,977	20,670,501

Note 3 Profit before Income Tax

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Profit before income tax from continuing operations includes the following specific expenses:				
(a) Expenses				
Affiliation fees	2,124,629	1,975,397	2,124,629	1,975,397
Interest expense on financial liabilities not at fair value through profit or loss				
— external	1,028,855	1,002,193	1,028,855	1,002,193
Total finance costs	1,028,855	1,002,193	1,028,855	1,002,193
Employee benefits expense:				
— contributions to defined contribution superannuation funds	1,229,354	1,193,259	1,229,354	1,193,259
Rental expense on operating leases:				
— minimum lease payments	539,475	530,249	539,475	530,249
	539,475	530,249	539,475	530,249

Note 4 Income Tax Expense

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
(a) The components of tax expense comprise:					
Current tax		97,746	100,652		
Deferred tax		384,455	30,692		
		482,201	131,344	-	-
(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% (2011:30%)					
— consolidated group		431,496	126,372		
— parent entity		-	-		
Add:					
Tax effect of:					
— non-deductible depreciation and amortisation		110	81		
— other non-allowable items		(9,234)	(8,760)		
		422,372	117,693		
Less:					
Tax effect of:					
— special building allowance		12,395	12,395		
— depreciation		4,062	4,646		
— other items		(451,505)	(30,692)		
— revaluation of property		375,218	-		
Income tax attributable to entity		482,202	131,344		
The applicable weighted average effective tax rates are as follows:		33.5%	31.2%		

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:

	2012 $	2011 $
Short-term employee benefits	1,877,441	1,592,536
Post-employment benefits	-	-
Other long-term benefits	-	-
	1,877,441	1,592,536

Other KMP Transactions

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

Note 6 Auditors' Remuneration

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial statements	34,409	28,820	34,409	25,370
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial statements of subsidiaries	4,200	4,025	-	-
	38,609	32,845	34,409	25,370

Note 7 Cash and Cash Equivalents

		Consolidated Group		Parent Entity	
		2012	2011	2012	2011
CURRENT	Note	$	$	$	$
Cash at bank and on hand		4,607,060	1,167,634	1,236,990	1,066,598
Short-term bank deposits		-	4,033,003	3,106,290	4,033,003
		4,607,060	5,200,637	4,343,280	5,099,601

The effective interest rate on short-term bank deposits was 4.8% (2011: 5.8%); 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 follows:

	Note				
Cash and cash equivalents		4,607,060	5,200,637	4,343,280	5,099,601
Bank overdrafts	14	-	-	-	-
		4,607,060	5,200,637	4,343,280	5,099,601

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 14 for further detail.

Note 8 Trade and Other Receivables

		Consolidated Group		Parent Entity	
		2012	2011	2012	2011
	Note	$	$	$	$
CURRENT					
Trade receivables		887,710	642,784	885,749	638,352
Provision for impairment	8(a)	-	-	-	-
Total current trade and other receivables	8(c)	887,710	642,784	885,749	638,352
NON-CURRENT					
Amounts receivable from wholly owned subsidiary		3,879	2,317	1,306,965	1,335,771
Provision for impairment	8(a)	-	-	-	-
Total non-current trade and other receivables		3,879	2,317	1,306,965	1,335,771

(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.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 1 January 2011	Charge for the Year	Amounts Written Off	Closing Balance 31 December 2011
Consolidated Group	$	$	$	$
Current trade receivables				-
	-	-	-	-
Parent Entity				
Amounts receivable from wholly owned subsidiary				-
	-	-	-	-

	Opening Balance 1 January 2012	Charge for the Year	Amounts Written Off	Closing Balance 31 December 2012
Consolidated Group	$	$	$	$
Current trade receivables	-			-
	-	-	-	-
Parent Entity				
Amounts receivable from wholly owned subsidiary	-			-
	-	-	-	-

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

2012	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	887,710	-	267,289	620,421	-	-	-
Other receivables	3,879	-	3,879	-	-	-	-
Total	891,589	-	271,168	620,421	-	-	-

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	642,784	-	224,984	417,800	-	-	-
Other receivables	2,317	-	2,317	-	-	-	-
Total	645,101	-	227,301	417,800	-	-	-

Parent Entity

2012	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	2,192,714	0	265,328	620,421	-	1,306,965	-
Other receivables	-	-	-	-	-	-	-
Total	2,192,714	-	265,328	620,421	-	1,306,965	-

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	1,974,123	-	220,552	417,800	-	1,335,771	-
Other receivables	-	-	-	-	-	-	-
Total	1,974,123	-	220,552	417,800	-	1,335,771	-

(c) Financial Assets classified as loans and receivables

	Note	Consolidated Group 2012	Consolidated Group 2011	Parent Entity 2012	Parent Entity 2011
		$	$	$	$
Trade and other Receivables					
— Total Current		887,710	642,784	885,749	638,352
— Total Non-Current		3,879	2,317	1,306,965	1,335,771
		891,589	645,101	2,192,714	1,974,123
Financial Assets	25	891,589	645,101	2,192,714	1,974,123

(d) Collateral pledged

No collateral is held over trade and other receivables.

Note 9 Other Assets

	Consolidated Group 2012	Consolidated Group 2011	Parent Entity 2012	Parent Entity 2011
	$	$	$	$
CURRENT				
Prepayments	308,734	372,226	308,734	284,961
	308,734	372,226	308,734	284,961
NON-CURRENT				
Prepayments	-	-	-	-
	-	-	-	-

Note 10 Financial Assets

	Note	Consolidated Group 2012	Consolidated Group 2011	Parent Entity 2012	Parent Entity 2011
		$	$	$	$
NON-CURRENT					
Other Investments	10(b)	-	-	8,000,000	8,000,000
Total Non-Current Assets		-	-	8,000,000	8,000,000

(b) Other investments

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 (%)* 2012	2011
Subsidiaries of Australian Education Union Victorian Branch:			
TFV Property Pty Ltd	Australia	100	100

* Percentage of voting power in proportion to ownership

Note 12 Property, Plant and Equipment

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
LAND AND BUILDINGS				
Freehold land and buildings:				
Cost 2011	31,895,118	30,644,391	16,645,118	16,645,118
Total land and buildings	31,895,118	30,644,391	16,645,118	16,645,118
Plant and equipment:				
At cost	170,960	218,176	167,440	214,385
Accumulated depreciation	(101,709)	(153,035)	(101,341)	(152,764)
Accumulated impairment losses	-	-	-	-
	69,251	65,141	66,099	61,621
Membership Database				
At cost	3,954,664	3,488,873	3,954,664	3,488,873
Accumulated depreciation	(2,889,686)	(1,786,979)	(2,889,686)	(1,786,979)
	1,064,978	1,701,894	1,064,978	1,701,894
Communications Equipment				
At cost	239,279	239,279	239,279	239,279
Accumulated depreciation	(239,279)	(215,352)	(239,279)	(215,352)
	-	23,927	-	23,927
Investment Property				
Independent valuation	-	-	-	-
	-	-	-	-
	-	-	-	-
Total plant and equipment	1,134,229	1,790,962	1,131,077	1,787,442
Total property, plant and equipment	33,029,347	32,435,353	17,776,195	18,432,560

(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 $	Investment Property $	Plant and Equipment $	Membership Database $	Communication Equipment $	Total $
Consolidated Group:						
Balance at 1 January 2011	-	13,772,117	76,885	1,252,569	95,711	15,197,282
Additions	16,645,118	-	44,677	1,495,509	-	18,185,304
Revaluation increments/(decrements)	-	227,156	-	-	-	227,156
Impairment losses	-	-	-	-	-	-
Depreciation expense	-	-	(56,421)	(1,046,184)	(71,784)	(1,174,389)
Carrying amount at 31 December 2011	16,645,118	13,999,273	65,141	1,701,894	23,927	32,435,353
Additions	-	-	42,019	465,791	-	507,810
Disposals - written down value	-	-	(88,964)	-	-	(88,964)
Revaluation increments/(decrements)	-	1,250,727	88,964	-	-	1,339,691
Impairment losses	-	-	-	-	-	-
Depreciation expense	-	-	(37,909)	(1,102,707)	(23,927)	(1,164,543)
Carrying amount at 31 December 2012	16,645,118	15,250,000	69,251	1,064,978	-	33,029,347

(b) Impairment losses

The total impairment loss recognised in profit or loss during the period amounted to $Nil (2011: $Nil). The impairment loss is separately presented in the statement of comprehensive income as impairment of property, plant and equipment.

(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 $31,895,118. The fair value of the buildings increased by $1,250,727.

Note 13 Trade and Other Payables

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
CURRENT					
Unsecured liabilities					
Unearned income - members' subscriptions paid in		664,219	1,195,538	664,219	669,887
Sundry payables and accrued expenses		414,136	-	361,468	304,874
Unsecured liabilities		195,406	-	195,406	190,702
	13(a)	1,273,761	1,195,538	1,221,093	1,165,463
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 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Trade and other payables					
— total current		1,273,761	1,195,538	1,221,093	1,165,463
— total non-current		38,720	38,720	-	-
		1,312,481	1,234,258	1,221,093	1,165,463
Less: other payables (net amount of GST payable)		-	-	-	-
Financial liabilities as trade and other payables	25	1,312,481	1,234,258	1,221,093	1,165,463

Note 14 Borrowings

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
NON-CURRENT					
Bank loan secured	14(c)	17,976,855	18,100,396	17,976,855	18,100,396
Total non-current borrowings		17,976,855	18,100,396	17,976,855	18,100,396
Total borrowings	25	17,976,855	18,100,396	17,976,855	18,100,396
(a) Total current and non-current secured liabilities:					
Bank loan		17,976,855	18,100,396	17,976,855	18,100,396
		17,976,855	18,100,396	17,976,855	18,100,396
(b) The carrying amounts of non-current assets pledged as security are:					
Freehold land and buildings	12	31,895,118	30,644,391	16,645,118	16,645,118
		31,895,118	30,644,391	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 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
CURRENT				
Income tax	16,218	25,649	-	-
TOTAL	16,218	25,649	-	-

NON-CURRENT	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
Consolidated Group	$	$	$	$	$	$
Deferred tax liability						
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
Property, plant and equipment						
- tax allowance	-					-
- revaluation	381,148	384,455				765,603
Available-for-sale financial assets	-					-
Other	-					-
Balance at 31 December 2012	381,148	384,455	-	-	-	765,603

Note 16 Provisions

	Consolidated Group		Parent Entity	
CURRENT	2012	2011	2012	2011
Short-term Employee Benefits	$	$	$	$
Opening balance at 1 January 2012	953,910	915,574	953,910	915,574
Additional provisions raised during year	(134,234)	38,336	(134,234)	38,336
Balance at 31 December 2012	819,676	953,910	819,676	953,910
Office Holders	166,361	293,813	166,361	293,813
Other Employees	653,315	660,097	653,315	660,097
	819,676	953,910	819,676	953,910
NON-CURRENT				
Long-term Employee Benefits				
Opening balance at 1 January 2012	1,266,488	1,323,239	1,266,488	1,323,239
Additional provisions raised during year	68,260	(56,751)	68,260	(56,751)
Balance at 31 December 2012	1,334,748	1,266,488	1,334,748	1,266,488
Office Holders	179,174	196,895	179,174	196,895
Other Employees	1,155,574	1,069,593	1,155,574	1,069,593
	1,334,748	1,266,488	1,334,748	1,266,488

	Consolidated Group		Parent Entity	
	2012	2011	2012	2011
Analysis of Provisions	$	$	$	$
Current	819,676	953,910	819,676	953,910
Non-current	1,334,748	1,266,488	1,334,748	1,266,488
	2,154,424	2,220,398	2,154,424	2,220,398

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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 discussed in Note 1(n).

Note 17 Capital and Leasing Commitments

		Consolidated Group		Parent Entity	
		2012	2011	2012	2011
	Note	$	$	$	$
(a) Operating Lease Commitments					
Non-cancellable operating leases contracted for but not recognised in the financial statements					
Payable — minimum lease payments					
— not later than 12 months		340,644	343,538	340,644	343,538
— between 12 months and five years		206,630	232,009	206,630	232,009
— later than five years		-	-	-	-
		547,274	575,547	547,274	575,547
(b) Capital Expenditure Commitments					
Capital expenditure commitments contracted for:					
Plant and equipment purchases					
Capital expenditure projects					
		-	-	-	-
Payable:					
— not later than 12 months					
— between 12 months and five years					
— greater than five years					
		-	-	-	-

Note 18 Contingent Liabilities and Contingent Assets

	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
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 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
(a) Reconciliation of cash flow from operations with profit after income tax				
Profit after income tax	(80,319)	522,244	(1,036,437)	232,349
Non-cash flows in profit				
— impairment adjustment	(1,250,727)	-	-	-
— depreciation	1,164,544	1,174,389	1,164,176	1,174,118
— net expenses not actually paid	-	373,624	-	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
— increase/(decrease) in trade and term debtors	(246,488)	(308,795)	(247,397)	(231,161)
— increase/(decrease) in other assets	63,492	109,050	(23,773)	109,050
— increase/(decrease) in payables	78,223	(436,938)	55,630	(440,172)
increase/(decrease) in income taxes payable	(9,431)	2,024	-	-
— increase/(decrease) in deferred taxes payable	384,455	30,692	-	-
— increase/(decrease) in provisions	(65,974)	(18,415)	(65,974)	(18,415)
Net cash provided by operating activities	37,775	1,447,875	(153,775)	825,769

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 2012 was $1,877,441.

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 2012 was $7,255,733.

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	
	2012	2011	2012	2011
	$	$	$	$
Opening Balance	1,809,220	1,060,177	1,809,220	1,060,177
Add funds Collected from Levy	972,500	920,608	972,500	920,608
Add Donation and Interest Income	92,189	62,839	92,189	62,839
	1,064,689	983,447	1,064,689	983,447
Total Funds Available	2,873,909	2,043,624	2,873,909	2,043,624
Less amounts paid for Public Education Campaign purposes	(1,248,376)	(234,404)	(1,248,376)	(234,404)
Funds available for Public Education Campaign purposes as at 31 December 2012	1,625,533	1,809,220	1,625,533	1,809,220
Public Education Bank Account at year end	1,484,485	1,640,867	1,484,485	1,640,867
Add under remitted (over remitted) to Public Education Account by AEU	141,048	168,353	119,705	168,353
	1,625,533	1,809,220	1,604,190	1,809,220
<u>Sources of Funds</u>				
Reduction in Bank Account	156,382	-	156,382	-
Excess of income over campaign spending	-	749,043	-	749,043
Reduction in amount owing by AEU Vic Branch to Public Education	27,305	-	27,305	-
	183,687	749,043	183,687	749,043
<u>Application of Funds</u>				
Excess of Campaign spending over income	183,687	-	183,687	-
Increase in Bank Account	-	641,962	-	641,962
Increase in amount owed by AEUVB	-	107,081	-	107,081
	183,687	749,043	183,687	749,043

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	
	2012	2011	2012	2011
	$	$	$	$
Opening Balance	26,859	26,859	28,485	26,859
Add Donation and Interest Income	1,626	1,626	1,646	1,626
Total Funds available	28,485	28,485	30,131	28,485
Less amounts paid for Certified Agreement Levy purposes	-	-	-	-
Funds available for Certified Agreement Levy purposes as at 31 December	30,131	28,485	30,131	28,485
Certified Agreement Levy Bank Account at year end	30,131	28,485	30,131	28,485
	30,131	28,485	30,131	28,485
Sources of Funds				
Donation and Interest Income	1,646	1,626	1,646	1,626
Application of Funds				
Increase in bank account	1,646	1,626	1,646	1,626

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	
		2012	2011	2012	2011
	Note	$	$	$	$
Financial Assets					
Cash and cash equivalents	7	4,607,060	5,200,637	4,343,280	5,099,601
Loans and receivables	8(c)	891,589	645,101	2,192,714	1,974,123
Total Financial Assets		5,498,649	5,845,738	6,535,994	7,073,724
Financial Liabilities					
Financial liabilities at amortised cost					
— Trade and other payables	13(a)	1,312,481	1,234,258	1,221,093	1,165,463
— Borrowings	14	17,976,855	18,100,396	17,976,855	18,100,396
Total Financial Liabilities		19,289,336	19,334,654	19,197,948	19,265,859

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 and other price risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Group's objectives, policies and processes for managing or measuring the risks from the previous period.

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 the finance committee has otherwise assessed 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.

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 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.

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $	Parent Entity 2012 $	Parent Entity 2011 $
Cash and cash equivalents					
— AA Rated		4,607,060	5,200,637	4,343,280	5,099,601
— A Rated		-	-	-	-
	7	4,607,060	5,200,637	4,343,280	5,099,601

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 analyses 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 table below reflects an undiscounted contractual maturity analysis for non-derivative 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. The Group does not hold any derivative financial liabilities directly.

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

Consolidated Group	Within 1 Year 2012 $	Within 1 Year 2011 $	1 to 5 years 2012 $	1 to 5 years 2011 $	Over 5 years 2012 $	Over 5 years 2011 $	Total 2012 $	Total 2011 $
Financial liabilities due for payment								
Bank overdrafts and loans			17,976,855	18,100,396			17,976,855	18,100,396
Trade and other payables (excl. est. annual leave)	1,273,761	1,195,538					1,273,761	1,195,538
Amounts payable to related parties							-	-
Financial guarantees							-	-
Total contractual outflows	1,273,761	1,195,538	17,976,855	18,100,396	-	-	19,250,616	19,295,934
Less bank overdrafts							-	-
Total expected outflows	1,273,761	1,195,538	17,976,855	18,100,396	-	-	19,250,616	19,295,934

Consolidated Group	Within 1 Year 2012 $	Within 1 Year 2011 $	1 to 5 years 2012 $	1 to 5 years 2011 $	Over 5 years 2012 $	Over 5 years 2011 $	Total 2012 $	Total 2011 $
Financial Assets - cash flows realisable								
Cash and cash equivalents	4,607,060	5,200,637					4,607,060	5,200,637
Trade, term and loan receivables	887,710	642,784	3,879	2,317			891,589	645,101
Total anticipated inflows	5,494,770	5,843,421	3,879	2,317	-	-	5,498,649	5,845,738
Net (outflow) / inflow on financial instruments	4,221,009	4,647,883	(17,972,976)	(18,098,079)	-	-	(13,751,967)	(13,450,196)

Financial liability maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2012	2011	2012	2011	2012	2011	2012	2011
Parent Entity	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans			17,976,855	18,100,396			17,976,855	18,100,396
Trade and other payables (excl. est. annual leave)	1,221,093	1,165,163					1,251,343	1,165,163
Total contractual outflows	1,221,093	1,165,163	17,976,855	18,100,396	-	-	19,228,198	19,265,559
Less bank overdrafts							-	-
Total expected outflows	1,221,093	1,165,163	17,976,855	18,100,396	-	-	19,228,198	19,265,559

	Within 1 Year		1 to 5 years		Over 5 years		Total contractual cash flow	
	2012	2011	2012	2011	2012	2011	2012	2011
Parent Entity	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	4,343,280	5,099,601					4,343,280	5,099,601
Trade, term and loan receivables	885,749	638,352					885,749	638,352
Total anticipated inflows	5,229,029	5,737,953	-	-	-	-	5,229,029	5,737,953
Net (outflow) / inflow on financial instruments	4,007,936	4,572,790	(17,976,855)	(18,100,396)	-	-	(13,999,169)	(13,527,606)

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. The financial instruments that expose the Group to interest rate risk are limited to borrowings, listed shares, cash and cash equivalents.

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 also 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 2012	$	$	$	$
+/- 2% in interest rates	64,763	64,763	64,763	64,763
+/- 2% in listed investments	-	-	-	-

	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	-	-	-	-

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

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 amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value 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 amounts 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 (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

Consolidated Group	Note	2012 Carrying Amount $	2012 Fair Value $	2011 Carrying Amount $	2011 Fair Value $
Financial assets					
Cash and cash equivalents	(i)	4,607,060		5,200,637	
Trade and other receivables	(i)	887,710		620,421	
Loans and advances - related parties	(ii)	-		-	
		5,494,770	-	5,821,058	-
Total financial assets		5,494,770	-	5,821,058	-
Financial liabilities					
Trade and other payables	(i)	1,312,481		1,234,258	
Bank debt	(v)	17,976,855		18,100,396	
Total financial liabilities		19,289,336	-	19,334,654	-

Parent Entity	Footnote	2012 Net Carrying Value $	2012 Net Fair Value $	2011 Net Carrying Value $	2011 Net Fair Value $
Financial assets					
Cash and cash equivalents	(i)	4,343,280		5,099,601	
Trade and other receivables	(i)	885,749		638,352	
Loans and advances - related parties	(ii)	-		-	
		5,229,029	-	5,737,953	-
Total financial assets		5,229,029	-	5,737,953	-
Financial liabilities					
Trade and other payables	(i)	1,221,093		1,165,463	
Bank debt	(v)	17,976,855		18,100,396	
Total financial liabilities		19,197,948	-	19,265,859	-

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 amount 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 amounts 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 amounts.

Note 26 Entity Details

The registered office of the company 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

Note 27 Detailed Income and Expenditure Statement

INCOME	Note	2012 $	2011 $
Rental Income		1,279,925	1,008,613
Certified Agreement Levy	24	1,645	1,626
Interest		148,516	220,498
Membership Subscriptions		19,313,298	18,403,157
Other Income		32,244	41,121
Profit/(Loss) on Sale of Furniture & Equipment		240	2,175
Work Partners Rebates		420	9,864
Public Education Campaign levy	24	1,064,689	983,447
Total Income		21,840,977	20,670,501
EXPENSES			
Affiliation Fees - Australian Education Union		2,124,629	1,975,397
Campaigns			
Certified Agreement Levy	24	-	-
Other Campaigns		1,323,598	185,788
Public Education Campaign Levy	24	1,248,376	234,404
Communications : Telephone, Fax & Internet		230,774	209,770
Conferences			
Annual Conference		(244)	2,624
Other Conferences & Forums		84,192	99,933
Donations		31,745	52,400
Equipment			
Furniture, Computer & Equipment Sundry Items		18,757	35,440
Depreciation		1,164,176	1,174,118
Lease & Rental Costs		65,515	52,238
Maintenance Of Computers & Equipment		150,008	125,727
Functions and Farewells		44,666	7,987
Legal Expenses		1,088,504	1,096,159
Library/Information Services		66,506	30,082
Membership Services		1,177,187	2,158,218
Motor Vehicle Fleet Costs		574,959	626,436
Miscellaneous		2,193	4,608
Office Expenses			
Audit		34,409	25,370
Bad Debts Written Off		84	90
Bank Charges		-	-
Office Requisites & Paper		36,379	38,942
Postage		77,795	91,050
Subscription Collection Costs		179,910	176,292
Publications		675,717	542,851
Regional Offices : Rent, Rates, Telephone, etc		165,254	154,699
Rent and Outgoings : Trenerry Crescent		1,865,316	1,483,915
Salaries			
Annual Leave		(134,235)	40,690
Government Paid Parental Leave		10,811	
Fringe Benefits Tax		45,148	45,798
Insurance		72,190	68,796
Leadership & Others		7,812,153	7,291,211
Long Service Leave		85,776	87,456
Other Salary Costs		195,232	116,849
Payroll Tax		437,751	419,616
Sick Leave		-	-
Staff Benefits Reserve		156	-
Superannuation		1,229,354	1,193,259
Taxes & Charges		200	326
Training		40,944	66,349
Teams		671	6,536
Workcover		100,385	110,743
Structures		475,557	338,603
Travel Expenses		74,916	67,382
Total Expenses		22,877,414	20,438,152
Operating Surplus/(Loss)		(1,036,437)	232,349
Impairment of financial assets		-	-
SURPLUS/(LOSS) FOR THE YEAR		(1,036,437)	232,349

AUSTRALIAN EDUCATION UNION
Victorian Branch 112 Trenerry Crescent Abbotsford 3067
PO Box 363 Abbotsford 3067
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COMMITTEE OF MANAGEMENT STATEMENT

On 3 May 2013 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 2012. 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 Industrial Registrar 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 RAO Schedule and the RAO Regulations; 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 RAO Schedule has been furnished to the member of Registrar; and

(v) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

(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: **Gillian Robertson**
Title of Office held: **Branch Secretary**

Signature: ______________________

Date: 3 /05 /2013

CHARMAN PARTNERS

Accountants & Advisors

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 2012, 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.

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M.P. Barson, FCA
W.C. Goodwin, CA
D.M. Gow, CPA
Consultant
P.A. Tierney, FCA

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.

15/5/2013

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 :

FAIR WORK COMMISSION

18 January 2013

Mr Brian Henderson
Secretary
Australian Education Union-Victorian Branch
Sent by email: melbourne@aeuvic.asn.au

Dear Mr Henderson,

Re: Lodgement of Financial Report - [FR2012/592]

Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Australian Education Union-Victorian Branch (the reporting unit) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

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. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: Financial Reporting Fact Sheets.

The documents can be emailed to orgs@fwc.gov.au . If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to $33,000 for a body corporate and $6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

R.Pf

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

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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 the Fair Work Commission, 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.*