Australian Government
Registered Organisations Commission

3 August 2017

Ms Gillian Robertson
Victorian Branch Secretary
Australian Education Union
Gillian.Robertson@aeuvic.asn.au

CC: ian.hinds@bglpartners.com.au

Dear Ms Robertson,

Australian Education Union – Victorian Branch
Financial Report for the year ended 31 December 2016 – [FR2016/428]

I acknowledge receipt of the financial report of the Australian Education Union-Victorian Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 20 June 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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

Please note that the financial report for the year ending 31 December 2017 may be subject to an advanced compliance review.

Reporting Requirements

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

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained at http://www.roc.gov.au/running-a-registered-organisation/financial-reporting.

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

Yours faithfully

David Vale
Principal Adviser, Financial Reporting
Registered Organisations Commission

GPO Box 2983, Melbourne VIC 3001
Telephone: 1300 341 665 | Email: regorgs@roc.gov.au
Website: www.roc.gov.au

From:	Jeff Monks
To:	ROC - Registered Org Commission
Cc:	Gillian Robertson
Subject:	2016 Annual Financial Report
Date:	Tuesday, 20 June 2017 1:37:23 PM
Attachments:	image001.png 2016 Annual Financial Report FINAL.pdf

Dear Sir/Madam,

Please find attached the AEU Victoria 2016 financial report.

Regards,

Jeff Monks

Finance Manager

AEU Victoria

126 Trenerry Crescent, Abbotsford 3067

p: +61 3 9418 4876

jeff.monks@aeuvic.asn.au | aeuvic.asn.au

I acknowledge the Traditional Owners of the land and pay my respects to their Elders, both past and present

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AUSTRALIAN EDUCATION UNION

VICTORIAN BRANCH

AND CONTROLLED ENTITY

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2016

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2016

CONTENTS

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

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

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 December 2016

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 for the Australian Education Union Victorian Branch for the period ended 31 December 2016 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on the 17 May 2017; and
- that the full report was presented to a meeting of the committee of management being the AEU Victorian Branch Council of the Australian Education Victorian Branch on 16 June 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009.*

Signature of prescribed designated officer:

Name of prescribed designated officer: Gillian Robertson

Title of prescribed designated officer: Branch Secretary

Dated: 20 June, 2017

OPERATING REPORT

Review of principal activities and results of operations

The AEU is a professional and industrial organisation, registered under the Fair Work (Registered Organisations) Act 2009, representing teachers and other education workers in public early childhood education centres, schools, TAFE institutes, AMES and disability centres across Victoria. The AEU is a democratic, federated structure with the Victorian branch based in Abbotsford.

The primary objective of the AEU is to represent the professional and industrial interests of its members and to promote and defend Victoria's high quality public education system. We do this by enacting strategies and campaigns which enhance the working conditions, living standards and professional rights of members and the learning environment of students attending public early childhood education centres, schools, TAFE institutes, AMES and disability centres.

The AEU is a democratic, membership-focused organisation, always aiming to act in the best interests of members and the public education system. The union at all levels operates on principles of effective transparent governance and strong leadership, providing an effective voice for the education profession in Victoria.

The principal activities of the AEU Victorian Branch during the 2016 financial year have continued to focus on the achievement of the following strategic objectives:

1. Politically effective and a strong advocate for public education, unionism and a leader in the development of the public education sector.

2. Growing and striving to achieve a membership of 100% of the entire public education industry workforce.

3. Successful in delivering high quality and relevant services to the members.

4. Facilitating an empowered workforce that is engaged in the union and active.

5. Effective and sustainable through sound management, strong processes, appropriate use of technology and with a diverse workforce that is respected, recognised, resourced and with a team focus.

During the year, the AEU Victorian Branch was very pleased to move into fully redeveloped office and meeting accommodation in its building at 126 Trenerry Crescent. The new accommodation provides the delivery of first class meeting, conference and training facilities for AEU members and an excellent work environment for AEU staff.

Throughout 2016, the schools sector of the Branch continued their involvement in the AEU's national 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 overseen by the Turnbull government is unfair and totally ignores issues of need and equity.

The schools sector also continued to drive a campaign to secure a new industrial agreement for all members in schools.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

The early childhood sector had secured a new industrial agreement for all members in early childhood centres for teachers and co-educators late in 2015. As a result of that agreement, the sector focussed much of their work in implementation and ensuring members knew and understood the new clauses of that agreement. Growing membership and building links across the membership, and with potential members, has been another significant part of the sector's work; connecting them through specific networks such as that for the preschool Field Officers and teachers in long day care settings, and most notably, through the Teachers Victoria Facebook group.

The AEU TAFE sector continued to campaign during 2016 to build broad based community support for the public TAFE system and to keep the community aware of the State government's lack of adequate investment in TAFE. Despite this, it was pleasing to see the Andrews State government have made some investments in TAFE but they still remain committed to contestable funding in the VET sector. The ruthless slashing of funding by the previous State government to the public TAFE system continued to see Institutes struggle to remain viable, especially in regional areas, and a dramatic decline in the number of students enrolling in the system continued.

The TAFE sector drove a campaign to secure a new industrial state-wide agreement for all members in TAFE institutes and where possible, in TAFE Divisions within universities.

The Disability sub-sector focused their work on the building of representative networks and developing stakeholder groups with the intention of influencing government policy during the implementation of NDIS. A key area of the work of this sub-sector during 2016 was to prepare and lobby for a multi-employer agreement.

The AMES sub-sector continued to address implementation issues in their industrial agreement for members. Work was also undertaken to ensure the current agreement was fully understood by members and the employer.

Results of activities

Throughout 2016, the AEU Victorian branch's efforts in the Gonski and Put Education 1st campaigns realised an increase in massive public awareness of school funding inequity. The AEU and school communities continued to promote the positive outcomes for students of increased funding. Across Victoria, parents, teachers and principals spoke of the importance of fair and equitable funding for their schools, and of the demonstrated connection between additional resourcing for schools and improved student outcomes. A better and fairer funding formula for schools was high on the issues of voters at the federal election.

The AEU had previously worked with the federal office and all other branches and associated bodies to secure an extension of the national partnership which funds the early childhood 15 hours commitment. Long term commitment beyond 2016 of the federal government to this program has yet to be achieved.

Submissions made by the AEU in 2016

- State Budget Submission 2016/17
- Submission to the Victorian Government Gender Equality Strategy
- Submission to the Victorian Government 30-year infrastructure strategy ("All Things Considered")
- Submission to the Victorian Government review of teacher education ("Working Together to Shape Teacher Education in Victoria")
- Submission to the Victorian Curriculum and Assessment Authority review of the selection of prescribed texts for VCE studies

OPERATING REPORT (Continued)

Significant changes in financial affairs

There were no significant changes in the financial affairs of the Branch.

Right of members to resign

All members have a right to resign in accordance with rule 17 of the Union's Federal Office Registered Rules and section 174(1) of the Fair Work (Registered Organisations) Act 2009.

The policy of the Victorian Branch is detailed below:

1. When a member lodges a resignation from the Union it will take effect from either the date of the letter or date specified in the 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 authorized to vary this policy in exceptional circumstances and upon written request.
4. This policy is highlighted in the first edition of the AEU News each year.

It is imperative that the Union receives formal notification of member resignations.

Officers & employees who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

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

Dean 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:

Antoinette Masiero
Christine Stewart

Both are directors of VicSuper.

OPERATING REPORT (Continued)

Number of members

The number of persons who, at the end of the financial year, were recorded in the register of members and who are taken to be members of the Branch was 47,705.

Number of employees

The numbers of persons who were, at the end of the financial year, employees of the Branch including both full time and part time employees measured on a full time basis was 84.

Branch Council members for 2016 and period positions held during the year

ADAMS, Steve	
ANGUS, Cheryl	
ATKINSON, Anthony	
AUGERINOS, Andrew	
AULICH, Erin	
AULICH, Seona	
BARCLAY, Greg	
BEAUMONT, Diana	
BELL, John	
BORGER, Ruth	
BRYCE, Andy	
BURKE, Matthew	
BURTON, Tanya	
CLANCY, Carolyn	
CLAPP, Roxann	
CLARKE, Brian	
CLIFTON, Peter	
COLLINS, Mary	
CORNELIOUS, Chantal	
DAVIS, Gayle	
DAVIS, Tom	
DELLE-VERGIN, Ty	
DE MORTON, Phillip	
DENT, Dian	
DEWS, Merrilyn	From 21.10.16
DODGSHUN, Andrew	
DOLEMAN, Stacey	

OPERATING REPORT (Continued)

Branch Council members for 2016 and period positions held during the year (Continued)

D'ORTENZIO, Marino	
DUNCAN, Briley	
EDWARDS, Krystyna	From 3.5.16
ESSEX, Michael	
FARRELLY, Rita	
FECHNER, Lucinda	
FEWKES, Rebekah	From 3.5.16
FISCHER, Debra	
GILLESPIE, Elaine	
GLARE, Dean	
GOVETT, Danielle	
GRADY, Peter	
GREEN, Kerry	Resigned 31.12.16
HADDOW, Sally	
HALDEN, Andrea	
HARRIS, Justin	
HARRISON, Danielle	
HEEREMANS, Megan	
HINES, Anne	
HOLLEY, Seir	
HONAN, Lucy	
HUMPHRIES, Ann	
HUSSEY, Mick	
JACKSON, Ross	
JOHNSTON, Wayne	
JONES, Carol	
JONES, Craig	
KIRBY, Sue	
KOLBER, Jemina	
LACK, Ian	
LAMBIE, Chris	
LANG, Marge	
LEE, Gill	

OPERATING REPORT (Continued)

Branch Council members for 2016 and period positions held during the year (Continued)

LEWIS, Lisa	From 21.10.16 Resigned 2.12.16
LYLAK, Nicole	
MACKENZIE, Rod	
MacPHERSON, Deb	
MALONE, Peter	
MASIERO, Antoinette	
MCINTOSH, Fiona	
MENZ, Martel	
MERKENICH, Mary	
MORTON, Euan	
MOUSTAFA, Manolya	
MULLALY, Justin	
MURRAY, Ann	
MUSTON, Robert	
NIGHTINGALE, Cara	
O'DWYER, Dianne	
O'FLAHERTY, Maureen	Resigned 31.12.16
O'GRADY, Erin	
O'SHEA, Kim	
PACE, Michael	
PARRY, Kerry	
PATA, Alastair	
PATRICK, Sue	
PAULL, Robyn	
PEACE, Meredith	
PERERA, Belinda	
PONTIKIS, Mary-Anne	
PORTER, Bradley	
QUINN, Wendy	
REIDY, Barbara	
RENTON, Jennifer	
ROBERTSON, Gillian	
SANTAERA, Diana	

OPERATING REPORT (Continued)

Branch Council members for 2016 and period positions held during the year (Continued)

SHARP, Kathy	
SHELL, Donna	
SLATTER, Vivien	
SMITH, Phillip	
SMITH, Wayne	
STEANE, Valerie	
STRINGER, Angela	
TARANTO, Aleisha	Resigned 10.6.16
TATE, Sheriden	
TEE, Lee-Ann	From 3.5.16
TENSON, Andrew	
TENSON, Katrina	
VAN LEEST, Barbara	
WALKER, Peter	
WHEATLEY, Annaka	
WILKINSON, Graeme	

Signature of designated officer: ______________________

Name and title of designated officer: Gillian Robertson, Branch Secretary

Dated: 5th May 2017

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 31 December 2016

On the 5th May 2017 the AEU Victorian Branch Council of the Australian Education Union Victorian Branch passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 31 December 2016:

The AEU Victorian Branch Council declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with the reporting guidelines of the General Manager;

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

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

(e) during the financial year to which the GPFR relates and since the end of that year:

(i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

(iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

(v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and

(vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

(f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Branch Council.

Signature of designated officer

Name and title of designated officer: Gillian Robertson, Branch Secretary

Dated: 5th May 2017

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 December 2016

		Consolidated		Parent	
		2016	2015	**2016**	2015
	Notes	**$**	$	**$**	$
Revenue					
Membership subscription		**21,052,142**	20,507,383	**21,052,142**	20,507,383
Capitation fees		**-**	-	**-**	-
Levies	3A	**1,054,987**	1,097,261	**1,054,987**	1,097,261
Interest	3B	**204,888**	323,372	**204,186**	322,734
Rental revenue	3C	**409,685**	652,527	**-**	-
Other revenue		**10,251**	25,385	**10,251**	25,385
Total revenue		**22,731,953**	22,605,928	**22,321,566**	21,952,763
Other Income					
Grants and/or donations	3D	**3,079**	2,834	**3,079**	2,834
Net gains from sale of assets	3E	**-**	200	**-**	200
Total other income		**3,079**	3,034	**3,079**	3,034
Total income		**22,735,032**	22,608,962	**22,324,645**	21,955,797
Expenses					
Employee expenses	4A	**11,939,692**	11,752,528	**11,939,692**	11,752,528
Capitation fees	4B	**2,165,238**	2,176,877	**2,165,238**	2,176,877
Affiliation fees	4C	**212,981**	211,221	**212,981**	211,221
Administration expenses	4D	**5,905,414**	5,556,954	**5,608,778**	5,396,779
Grants or donations	4E	**110,084**	100,334	**110,084**	100,334
Depreciation and amortisation	4F	**400,692**	212,745	**396,120**	209,448
Finance costs	4G	**800,727**	727,522	**800,727**	727,522
Legal costs	4H	**618,967**	1,051,741	**614,878**	1,049,491
Audit fees	14	**35,560**	44,270	**31,250**	40,000
Total expenses		**22,189,355**	21,834,192	**21,879,748**	21,664,200
Profit for the year before tax		**545,677**	774,770	**444,897**	291,597
Income tax expense	4I	**(14,980)**	(128,641)	**-**	-
Profit for the year		**530,697**	646,129	**444,897**	291,597
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**530,697**	646,129	**444,897**	291,597

The above statement should be read in conjunction with the notes.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Notes	Consolidated Group			Parent Entity		
		2016	2015	1 Jan 2015*	2016	2015	1 Jan 2015*
		$	$	$	$	$	$
ASSETS							
Current assets							
Cash and cash equivalents	5A	**7,332,109**	10,216,739	11,000,899	**7,033,850**	9,611,743	10,984,290
Trade and other receivables	5B	**1,233,909**	940,849	774,247	**1,147,281**	940,688	758,031
Other current assets	5C	**342,146**	270,015	460,490	**342,146**	266,986	460,490
Total current assets		**8,908,164**	11,427,603	12,235,636	**8,523,277**	10,819,417	12,202,811
Non-current assets							
Land and buildings	6A	**18,393,831**	34,173,629	33,395,118	**18,393,831**	17,423,629	16,645,118
Plant and equipment	6B	**1,083,369**	701,985	259,158	**1,045,533**	662,217	240,570
Investment property	6C	**24,633,070**	-	-	**7,883,070**	-	-
Intangibles	6D	**1,491,902**	-	-	**1,491,902**	-	-
Other investment	6E	**-**	-	-	**8,000,000**	8,000,000	8,000,000
Others	6F	**1,537**	1,537	1,537	**438,262**	720,697	495,668
Total non-current assets		**45,603,709**	34,877,151	33,655,813	**37,252,598**	26,806,543	25,381,356
Total assets		**54,511,873**	46,304,754	45,891,449	**45,775,875**	37,625,960	37,584,167
LIABILITIES							
Current liabilities							
Trade payables	7A	**622,512**	592,227	50,483	**622,512**	559,661	50,483
Other payables	7B	**894,913**	666,967	1,104,328	**816,930**	621,908	1,033,918
Borrowings	7C	**28,627**	17,629,730	-	**28,627**	17,629,730	-
Employee provisions	8A	**1,071,671**	951,282	1,049,573	**1,071,671**	951,282	1,049,573
Total current liabilities		**2,617,723**	19,840,206	2,204,384	**2,539,740**	19,762,581	2,133,974
Non-current liabilities							
Provisions	8A	**1,644,676**	1,664,797	1,741,000	**1,644,676**	1,664,797	1,741,000
Borrowings	9A	**24,947,980**	-	-	**24,947,980**	-	-
Deferred tax liabilities	9B	**1,232,956**	1,223,190	-	**-**	-	-
Others	9C	**-**	38,720	19,054,353	**-**	-	17,802,208
Total non-current liabilities		**27,825,612**	2,926,707	20,795,353	**26,592,656**	1,664,797	19,543,208
Total liabilities		**30,443,335**	22,766,913	22,999,737	**29,132,396**	21,427,378	21,677,182
Net assets		**24,068,538**	23,537,841	22,891,712	**16,643,479**	16,198,582	15,906,985
MEMBERS' FUND							
Retained profits	10A	**24,068,538**	23,537,841	22,891,712	**16,643,479**	16,198,582	15,906,985
Total members' fund		**24,068,538**	23,537,841	22,891,712	**16,643,479**	16,198,582	15,906,985

The above statement should be read in conjunction with the notes.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2016

Consolidated	General funds	Retained earnings	Total equity
	$	$	$
Balance as at 1 January 2015	-	23,419,326	23,419,326
Adjustment for changes in accounting policies	-	(527,614)	(527,614)
Restated total equity at the beginning of the financial year	-	22,891,712	22,891,712
Profit for the year	-	646,129	646,129
Closing balance at 31 December 2015	-	23,537,841	23,537,841
Profit for the year	-	530,697	530,697
Closing balance at 31 December 2016	-	24,068,538	24,068,538

Parent	General funds	Retained earnings	Total equity
	$	$	$
Balance as at 1 January 2015	-	16,434,599	16,434,599
Adjustment for changes in accounting policies	-	(527,614)	(527,614)
Restated total equity at the beginning of the financial year	-	15,906,985	15,906,985
Profit for the year	-	291,597	291,597
Closing balance at 31 December 2015	-	16,198,582	16,198,582
Profit for the year	-	444,897	444,897
Closing balance at 31 December 2016	-	16,643,479	16,643,479

The above statement should be read in conjunction with the notes.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

CASHFLOW STATEMENT

for the period ended 31 December 2016

	Notes	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
OPERATING ACTIVITIES					
Cash received					
Interest		**183,862**	323,372	**183,160**	322,734
Other		**24,634,615**	24,604,865	**24,142,336**	23,935,203
Cash used					
Employees		**(11,888,260)**	(11,775,082)	**(11,888,260)**	(11,775,082)
Suppliers		**(8,648,989)**	(9,301,421)	**(8,294,763)**	(9,368,919)
Income tax paid		**(121,699)**	(124,934)	**-**	-
Interest paid		**(800,727)**	(727,522)	**(800,727)**	(727,522)
Payment to other reporting units/controlled entity(s)	11B	**(2,424,339)**	(2,176,877)	**(2,424,339)**	(2,176,877)
Net cash from operating activities	11A	**934,463**	822,401	**917,407**	209,537
INVESTING ACTIVITIES					
Cash used					
Purchase of plant and equipment		**(2,273,978)**	(655,572)	**(2,271,338)**	(631,095)
Other – building development		**(8,853,272)**	(778,511)	**(8,853,272)**	(778,511)
Net cash (used by) investing activities		**(11,127,250)**	(1,434,083)	**(11,124,610)**	(1,409,606)
FINANCING ACTIVITIES					
Cash received					
Receipts from other reporting units/controlled entity(s)	11B	**-**	-	**800,000**	-
Other - borrowings		**27,066,740**	-	**27,066,740**	-
Cash used					
Repayment of borrowings		**(19,719,863)**	(172,478)	**(19,719,863)**	(172,478)
Other		**(38,720)**	-	**(517,567)**	-
Net cash from (used by) financing activities		**7,308,157**	(172,478)	**7,629,310**	(172,478)
Net (decrease) in cash held		**(2,884,630)**	(784,160)	**(2,577,893)**	(1,372,547)
Cash & cash equivalents at the beginning of the reporting period		**10,216,739**	11,000,899	**9,611,743**	10,984,290
Cash & cash equivalents at the end of the reporting period	5A	**7,332,109**	10,216,739	**7,033,850**	9,611,743

The above statement should be read in conjunction with the notes.

RECOVERY OF WAGES ACTIVITY

for the period ended 31 December 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash assets in respect of recovered money at beginning of year	-	-	-	-
Receipts				
Amounts recovered from employers in respect of wages etc.	-	-	-	-
Interest received on recovered money	-	-	-	-
Total receipts	-	-	-	-
Payments				
Deductions of amounts due in respect of membership for:				
12 months or less	-	-	-	-
Greater than 12 months	-	-	-	-
Deductions of donations or other contributions to accounts or funds of:				
The reporting unit:				
name of account	-	-	-	-
name of fund	-	-	-	-
Name of other reporting unit of the organisation:				
name of account	-	-	-	-
name of fund	-	-	-	-
Name of other entity:				
name of account	-	-	-	-
name of fund	-	-	-	-
Deductions of fees or reimbursement of expenses	-	-	-	-
Payments to workers in respect of recovered money	-	-	-	-
Total payments	-	-	-	-
Cash asset's in respect of recovered money at end of year	-	-	-	-
Number of workers to which the monies recovered relates	-	-	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed				
Payable balance	-	-	-	-
Number of workers the payable relates to	-	-	-	-
Fund or account operated for recovery of wages				
None	-	-	-	-

Index to the Notes of the Financial Statements

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian Education Union Victorian Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Significant accounting judgements and estimates

There are no accounting assumptions or estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.3 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements
No accounting standard has been adopted earlier than the application date stated in the standard. The accounting policies adopted are consistent with those of the previous financial year.

Future Australian Accounting Standards Requirements

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title of Standard	AASB 9 Financial Instruments
Nature of change	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b. Allows 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 (instead of in profit or loss). 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.

Note 1 Summary of significant accounting policies (Continued)

1.3 New Australian Accounting Standards (Continued)

Future Australian Accounting Standards Requirements (Continued)

Title of Standard	AASB 9 Financial Instruments (Continued)
	c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) • the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. • Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting. When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.
Application date	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The entity does not intend to adopt AASB 9 before its mandatory date.

Note 1 Summary of significant accounting policies (Continued)

1.3 New Australian Accounting Standards (Continued)

Future Australian Accounting Standards Requirements (Continued)

Title of Standard	**AASB 15 Revenue from Contracts with Customers**
Nature of change	AASB 15: • replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016. At this stage, the entity is not able to estimate the effect of the new rules on the entity's financial statements. The entity will make more detailed assessments of the effect over the next twelve months.
Application date	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the entity: 1 January 2018.
Title of Standard	**AASB 16 Leases**
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard will affect primarily the accounting for the entity's operating leases. As at the reporting date, the entity has non-cancellable operating lease commitments of $7,090,000, see note 18. However, the entity has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the entity's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.
Application date	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the entity does not intend to adopt the standard before its effective date.

Note 1 Summary of significant accounting policies (Continued)

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Australian Education Union Victorian Branch and entities (including special purpose entities) controlled by the Australian Education Union Victorian Branch (its subsidiaries). Control is achieved where the Australian Education Union Victorian Branch has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Australian Education Union Victorian Branch and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Australian Education Union Victorian Branch.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Australian Education Union Victorian Branch ownership interests in subsidiaries that do not result in the Australian Education Union Victorian Branch losing control are accounted for as equity transactions. The carrying amounts of the Australian Education Union Victorian Branch interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Australian Education Union Victorian Branch.

When the Australian Education Union Victorian Branch loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Australian Education Union Victorian Branch had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *AASB 139 'Financial Instruments: Recognition and Measurement'* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Note 1 Summary of significant accounting policies (Continued)

1.5 Investment in associates

An associate is an entity over which the Australian Education Union has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations. 'Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate exceeds the interest in that associate, the Australian Education Union Victorian Branch discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

1.6 Business combinations

The acquisition method of accounting is used to account for all business combinations, except for those identified in the *Fair Work Commissions reporting guidelines* under item 12. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the parent entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on acquisition date. On an acquisition-by-acquisition basis, the parent entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the parent entity's share of the net identifiable assets, is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

If it is determined that the combination results in mutual benefit to both the members of the acquirer and the acquiree, the surplus of the fair value of the net identifiable assets acquired over the consideration paid will be recognised in member's funds as a business combination reserve.

Note 1 Summary of significant accounting policies (Continued)

1.6 Business combinations (Continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

No acquisition of assets and liability as part of a business combination has occurred during the financial year.

1.7 Acquisition of assets and or liabilities that do not constitute a business combination

The net book value of assets and or liabilities transferred to Australian Education Union Victorian Branch for no consideration is used to account for an amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*/a restructure of the branches of the Australian Education Union Victorian Branch a determination by the General Manager under subsections 245(1) of the *Fair Work (Registered Organisations) Act 2009*/ a revocation by the General Manager under subsection 249(1) of the *Fair Work (Registered Organisations) Act 2009*.

The assets and liabilities are recognised as at the date of transfer.

1.8 Revenue

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

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

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

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

Note 1 Summary of significant accounting policies (Continued)

1.9 Government grants

Government grants are not recognised until there is reasonable assurance that the Australian Education Union Victorian Branch will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Australian Education Union Victorian Branch recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Australian Education Union Victorian Branch should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Australian Education Union Victorian Branch with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.10 Gains

Sale of assets

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

1.11 Capitation fees and levies

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

1.12 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Provision is made for separation and redundancy benefit payments. Reporting Unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

Note 1 Summary of significant accounting policies (Continued)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.14 Borrowing costs

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

1.15 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

1.16 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets (Continued)

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets (Continued)

Derecognition of financial assets

The Australian Education Union Victorian Branch derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.18 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Note 1 Summary of significant accounting policies (Continued)

1.18 Financial liabilities (Continued)

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.19 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.20 Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—land and buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount. Both buildings were valued on 14th May 2014.

Note 1 Summary of significant accounting policies (Continued)

1.20 Land, buildings, plant and equipment (Continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2016	2015
Land & buildings	40 years	40 years
Plant and equipment	3 years	3 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.21 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.22 Intangibles

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

	2016	2015
Intangibles	20 - 30%	NIL

Note 1 Summary of significant accounting policies (Continued)

1.22 Intangibles (Continued)

Derecognition

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

1.23 Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Australian Education Union Victorian Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Note 1 Summary of significant accounting policies (Continued)

1.25 Taxation

The Australian Education Union Victorian Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). However, the subsidiary company, TFV Property Pty. Ltd derives rental income and its profit is subject to company tax.

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

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.26 Fair value measurement

The Australian Education Union Victorian Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the [reporting unit].The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Note 1 Summary of significant accounting policies (Continued)

1.26 Fair value measurement (Continued)

The Australian Education Union Victorian Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Australian Education Union Victorian Branch] determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Australian Education Union Victorian Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.27 Going Concern

The Australian Education Union Victorian Branch does not receive any financial support to continue on an ongoing basis.

The Australian Education Union Victorian Branch has not provided any financial support to another reporting unit to ensure continuation on an ongoing basis.

1.28 Financial Support from another reporting unit

The Australian Education Union Victorian Branch has not received any financial support from another reporting unit.

Note 1 Summary of significant accounting policies (Continued)

1.29 Change in accounting policy

The financial report has been prepared on the basis of a retrospective application of changes in accounting policy:
(i) Leave provisions
The new accounting policy requires on-costs are included in the leave provisions.
Previously these on-costs were not included in the leave provisions. This change in accounting policy has been applied retrospectively based on available information relating to previous years.

As a result of these changes and as required by accounting standards, prior year financial statements have been restated. The impacts of the changes are shown below. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated Group **Balance Sheet (extract)**	**1 Jan 2015 (Previously stated) $**	**on-costs $**	**1 Jan 2015 (Restated) $**
Current liabilities			
Employee provision	851,130	198,443	1,049,573
Total current liabilities	2,005,941	198,443	2,204,384
Non-current liabilities			
Employee provision	1,411,829	329,171	1,741,000
Total non-current liabilities	20,466,182	329,171	20,795,353
Total liabilities	22,472,123	527,614	22,299,737
Net assets	23,519,326	527,614	22,891,712
MEMBERS' FUND			
Retained profits	23,419,326	(527,614)	22,891,712
Total members' fund	23,419,326	(527,614)	22,891,712

Note 1 Summary of significant accounting policies (Continued)

1.29 Change in accounting policy (Continued)

Consolidated Group **Statement of Comprehensive Income (Extract)**	**2015 (Previously stated) $**	**Profit Increase (Decrease) $**	**2015 (Restated) $**
Employee expenses	11,785,519	(32,991)	11,752,528
Total expenses	21,995,824	(32,991)	21,922,832
Profit before income tax	613,138	32,991	646,129

Parent entity **Balance Sheet (extract)**	**1 Jan 2015 (Previously stated) $**	**on-costs $**	**1 Jan 2015 (Restated) $**
Current liabilities			
Employee provision	851,130	198,443	1,049,573
Total current liabilities	1,935,531	198,443	2,133,974
Non-current liabilities			
Employee provision	1,411,829	329,171	1,741,000
Total non-current liabilities	19,214,037	329,171	19,543,208
Total liabilities	21,149,568	527,614	21,677,182
Net assets	16,434,599	527,614	15,906,985
MEMBERS' FUND			
Retained profits	16,434,599	(527,614)	15,906,985
Total members' fund	16,434,599	(527,614)	15,906,985

Parent entity **Statement of Comprehensive Income (Extract)**	**2015 (Previously stated) $**	**Profit Increase (Decrease) $**	**2015 (Restated) $**
Employee expenses	11,785,519	(32,991)	11,752,528
Total expenses	21,697,191	(32,991)	21,664,200
Profit before income tax	258,606	32,991	291,597

Note 2 Events after the reporting period

There were no events that occurred after 31st December 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Australian Education Union Victorian Branch.

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 3 Income				
Note 3A: Levies				
Public Education campaign Levy	**1,054,987**	1,097,261	**1,054,987**	1,097,261
The purpose of the levy is to provide separate funding for public education campaign purposes. The levy is set at $25 for members employed 0.6 and above and $12.50 for members employed 0.5 or below.				
Total levies	**1,054,987**	1,097,261	**1,054,987**	1,097,261
Note 3B: Interest				
Deposits	**204,888**	323,372	**204,186**	322,734
Total interest	**204,888**	323,372	**204,186**	322,734
Note 3C: Rental revenue				
Properties	**409,685**	652,527	**-**	-
Total rental revenue	**409,685**	652,257	**-**	-
Note 3D: Grants or donations				
Grants	**-**	-	**-**	-
Donations	**3,079**	2,834	**3,079**	2,834
Total grants or donations	**3,079**	2,834	**3,079**	2,834
Note 3E: Net gains from sale of assets				
Plant and equipment	**-**	200	**-**	200
Total net gain from sale of assets	**-**	200	**-**	200

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$

Note 4 Expenses

Note 4A: Employee expenses

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Holders of office:				
Wages and salaries	**1,284,583**	1,343,799	**1,284,583**	1,343,799
Superannuation	**202,844**	285,985	**202,844**	285,985
Leave and other entitlements	**19,564**	472,334	**19,564**	472,334
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**126,450**	132,002	**126,450**	132,002
Subtotal employee expenses holders of office	**1,633,441**	2,234,120	**1,633,441**	2,234,120
Employees other than office holders:				
Wages and salaries	**8,051,467**	6,161,893	**8,051,467**	6,161,893
Superannuation	**1,283,820**	1,146,898	**1,283,820**	1,146,898
Leave and other entitlements	**80,704**	1,088,277	**80,704**	1,088,277
Separation and redundancies	**-**	263,897	**-**	263,897
Other employee expenses	**890,260**	857,443	**890,260**	857,443
Subtotal employee expenses employees other than office holders	**10,306,251**	9,518,408	**10,306,251**	9,518,408
Total employee expenses	**11,939,692**	11,752,528	**11,939,692**	11,752,528

Note 4B: Capitation fees & Levies

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
AEU Federal Office				
- Capitation fee	**1,426,736**	1,423,851	**1,426,736**	1,423,851
- Publication Levy – (A) Aust Educator	**158,505**	162,005	**158,505**	162,005
- Publication Levy – (B) TAFE Teacher	**10,021**	11,225	**10,021**	11,225
- Public Education Levy	**191,508**	196,852	**191,508**	196,852
- ACTU Subscriptions	**272,899**	182,580	**272,899**	182,580
- Education International	**105,569**	101,938	**105,569**	101,938
- ACTU Campaign Levy	**-**	98,426	**-**	98,426
Total capitation fees	**2,165,238**	2,176,877	**2,165,238**	2,176,877

Nature of fee & levies

Capitation Fee - Contribution to operating costs

Publication Levy (A) & (B) - Contribution to the cost of union magazine

Public Education Levy - Contribution to general campaigning issues

ACTU Subscriptions - Contribution to operating costs

Education International - Contribution to an affiliated overseas body

ACTU Campaign Levy - Contribution to ACTU campaigns

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 4C: Affiliation fees				
Victorian Trades Hall Council	**184,361**	188,109	**184,361**	188,109
Geelong Trades Hall Council	**6,597**	7,100	**6,597**	7,100
South West Trades Hall Council	**2,813**	1,688	**2,813**	1,688
North East Trades Hall Council	**1,311**	1,311	**1,311**	1,311
Gippsland Trades Hall Council	**6,097**	5,019	**6,097**	5,019
Goulburn Valley Trades Hall Council	**840**	1,560	**840**	1,560
Ballarat Trades Hall Council	**3,080**	3,179	**3,080**	3,179
Sunraysia Trades Hall Council	**762**	718	**762**	718
Bendigo Trades Hall Council	**7,120**	2,537	**7,120**	2,537
Total affiliation fees	**212,981**	211,221	**212,981**	211,221
Note 4D: Administration expenses				
Conference and meeting expenses	**363,040**	346,598	**363,040**	346,598
Consideration to employers for payroll deductions	**-**	-	**-**	-
Contractors/consultants	**31,796**	-	**31,796**	-
Fees/allowances - meeting and conferences	**7,400**	10,511	**7,400**	10,511
Information communications technology	**888,898**	936,071	**888,898**	936,071
Member Services	**403,647**	586,149	**403,647**	586,149
Office expenses	**266,795**	270,501	**266,795**	270,501
Penalties imposed under the RO Act	**-**	-	**-**	-
Property expenses	**1,141,810**	1,146,191	**846,300**	986,237
Publications	**674,129**	671,780	**674,129**	671,780
Other	**1,657,105**	992,453	**1,655,979**	992,232
Subtotal administration expense	**5,434,620**	4,960,254	**5,137,984**	4,800,079
Operating lease rentals:				
Minimum lease payments	**470,794**	596,700	**470,794**	596,700
Total administration expenses	**5,905,414**	5,556,954	**5,608,778**	5,396,779
Note 4E: Grants or donations				
Grants:				
Total paid that were $1,000 or less	**6,297**	-	**6,297**	-
Total paid that exceeded $1,000	**80,000**	90,000	**80,000**	90,000
Donations:				
Total paid that were $1,000 or less	**3,296**	2,784	**3,296**	2,784
Total paid that exceeded $1,000	**20,491**	7,550	**20,491**	7,550
Total grants or donations	**110,084**	100,334	**110,084**	100,334

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH
AND CONTROLLED ENTITY

ABN: 44 673 398 674

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 4F: Depreciation and amortisation				
Depreciation				
Property, plant and equipment	**162,582**	212,745	**158,010**	209,448
Total depreciation	**162,582**	212,745	**158,010**	209,448
Amortisation				
Intangibles	**238,110**	-	**238,110**	-
Total amortisation	**238,110**	-	**238,110**	-
Total depreciation and amortisation	**400,692**	212,745	**396,120**	209,448
Note 4G: Finance costs				
Mortgage Loan	**800,727**	727,522	**800,727**	727,522
Total finance costs	**800,727**	727,522	**800,727**	727,522
Note 4H: Legal costs				
Litigation	**609,278**	1,045,911	**609,278**	1,045,911
Other legal matters	**9,689**	5,830	**5,600**	3,580
Total legal costs	**618,967**	1,051,741	**614,878**	1,049,491
Note 4I: Income Tax expenses				
(a) Income tax expense:				
Current tax	**5,214**	118,875	-	-
Deferred tax	**9,766**	9,766	-	-
	14,980	128,641	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit from continuing operations before income tax expense	**545,677**	774,770	**444,897**	291,597
Tax at the Australian tax rate of 30% (2015 – 30%)	**163,703**	232,431	**133,469**	87,479
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Sundry items	**(15,254)**	(16,311)	-	-
- Tax exempt income	**(133,469)**	(87,479)	**(133,469)**	(87,479)
Income tax expense	**14,980**	128,641	-	-

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 4I: Income Tax expenses (Continued)				
(c) Deferred income tax (revenue) expense included in income tax expense comprises:				
(Decrease) increase in deferred tax liabilities	**9,766**	9,766	**-**	-
	9,766	9,766	**-**	-

Note 5 Current assets

Note 5A: Cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Cash at bank	**883,285**	1,542,791	**585,026**	937,795
Cash on hand	**3,791**	3,212	**3,791**	3,212
Short term deposits	**6,445,033**	8,670,736	**6,445,033**	8,670,736
Total cash and cash equivalents	**7,332,109**	10,216,739	**7,033,850**	9,611,743

Note 5B: Trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Receivables from other reporting unit				
AEU Federal Office	**26,953**	25,650	**26,953**	25,650
Total receivables from other reporting unit	**26,953**	25,650	**26,953**	25,650
Less provision for doubtful debts	**-**	-	**-**	-
Receivable from other reporting unit	**26,953**	25,650	**26,953**	25,650
Other receivables:				
Other trade receivables	**1,120,328**	915,199	**1,120,328**	915,038
Tax refund	**86,628**	-	**-**	-
Total other receivables	**1,206,956**	915,199	**1,120,328**	915,038
Total trade and other receivables (net)	**1,233,909**	940,849	**1,147,281**	940,688

Note 5C: Other current assets

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Prepayments	**342,146**	270,015	**342,146**	266,986
Total other current assets	**342,146**	270,015	**342,146**	266,986

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Note 6 Non-current assets				
Note 6A: Land and buildings				
Land and buildings:				
fair value	-	16,750,000	-	-
cost	**18,393,831**	17,423,629	**18,393,831**	17,423,629
Total land and buildings	**18,393,831**	34,173,629	**18,393,831**	17,423,629

Reconciliation of the opening and closing balances of land and buildings

As at 1 January				
Gross book value	**34,173,629**	33,395,118	**17,423,629**	16,645,118
Accumulated depreciation and impairment	-	-	-	-
Net book value 1 January	**34,173,629**	33,395,118	**17,423,629**	16,645,118
Additions:				
Other movement – building redevelopment	**8,853,272**	778,511	**8,853,272**	778,511
Reclassification to Investment Property (note 6c)	**(24,633,070)**	-	**(7,883,070)**	-
Net book value 31 December	**18,393,831**	34,173,629	**18,393,831**	17,423,629
Net book value at 31 December represented by:				
Gross book value	**18,393,831**	34,173,629	**18,393,831**	17,423,629
Accumulated depreciation and impairment	-	-	-	-
Net book value 31 December	**18,393,831**	34,173,629	**18,393,831**	17,423,629

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2016 $	2015 $
Cost	18,393,831	28,195,679
Accumulated depreciation and impairment	-	-
at carrying amount	18,393,831	28,195,679

The revalued land and buildings consist of 112 Trenerry Crescent, Abbotsford, 3067. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 21st May 2014, the properties' fair values are based on valuations performed by DJ Dunn & Associates, an accredited independent valuer.

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 6B: Plant and equipment				
Plant and equipment:				
at cost	**4,803,864**	4,259,897	**3,549,512**	3,008,186
accumulated depreciation	**(3,720,495)**	(3,557,912)	**(2,503,979)**	(2,345,969)
Total plant and equipment	**1,083,369**	701,985	**1,045,533**	662,217

Reconciliation of the opening and closing balances of plant and equipment

As at 1 January				
Gross book value	**4,259,897**	3,604,326	**3,008,186**	2,377,091
Accumulated depreciation and impairment	**(3,557,912)**	(3,345,168)	**(2,345,969)**	(2,136,521)
Net book value 1 January	**701,985**	259,158	**662,217**	240,570
Additions:				
By purchase	**543,966**	655,572	**541,326**	631,095
Depreciation expense	**(162,582)**	(212,745)	**(158,010)**	(209,448)
Net book value 31 December	**1,083,369**	701,985	**1,045,533**	662,217
Net book value as of 31 December represented by:				
Gross book value	**4,803,864**	4,259,897	**3,549,512**	3,008,186
Accumulated depreciation and impairment	**(3,720,495)**	(3,557,912)	**(2,503,979)**	(2,345,969)
Net book value 31 December	**1,083,369**	701,985	**1,045,533**	662,217

Note 6C: Investment property

Opening balance as at 1 January	-	-	-	-
Transfer from Land and Buildings (note 6A)	**24,633,070**	-	**7,883,070**	-
Closing balance as at 31 December	**24,633,070**	-	**7,883,070**	-

Following the completion of a major redevelopment of 126 Trenerry Crescent in 2016, the Branch relocated its operations from 112 Trenerry Crescent on the 18th June 2016. The Branch occupies 70% of the office space with 30% available for tenancy. 112 Trenerry Crescent remained unoccupied after the move until the 1st December 2016 when a new tenant was acquired. As a result, 30% of the value of 126 Trenerry Crescent (parent company) has been reclassified to Investment property and likewise 100% of 112 Trenerry Crescent (subsidiary company).

Amounts recognised in profit and loss for investment properties				
Rental income	**409,685**	-	**409,685**	-
Direct operating expenses from property that generated rental income	**295,509**	-	**295,509**	-
Direct operating expenses from property that did not generate rental income	-	-	-	-

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 6D: Intangibles				
Membership system				
At cost	**1,730,012**	-	**1,730,012**	-
Accumulated amortisation	**(238,110)**	-	**(238,110)**	-
Total intangibles	**1,491,902**	-	**1,491,902**	-

Reconciliation of the opening and closing balances of intangibles

As at 1 January				
Gross book value	-	-	-	-
Accumulated amortisation and impairment	-	-	-	-
Net book value 1 January	-	-	-	-
Additions	**1,730,012**	-	**1,730,012**	-
Amortisation	**(238,110)**	-	**(238,110)**	-
Net book value 31 December	**1,491,902**	-	**1,491,902**	-
Net book value as of 31 December represented by:				
Gross book value	**1,730,012**	-	**1,730,012**	-
Accumulated amortisation and impairment	**(238,110)**	-	**(238,110)**	-
Net book value 31 December	**1,491,902**	-	**1,491,902**	-

Note 6E: Other investments				
Shares in subsidiary	-	-	**8,000,000**	8,000,000
Total other investments	-	-	**8,000,000**	8,000,000

Note 6F: Other non-current assets				
Other	**1,537**	1,537	**438,262**	720,697
Total other non-financial assets	**1,537**	1,537	**438,262**	720,697

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH
AND CONTROLLED ENTITY

ABN: 44 673 398 674

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 7 Current liabilities				
Note 7A: Trade payables				
Trade creditors and accruals	**622,512**	592,227	**622,512**	559,661
Operating lease rentals	**-**	-	**-**	-
Subtotal trade creditors	**622,512**	592,227	**622,512**	559,651
Payables to other reporting unit	**-**	-	**-**	-
Subtotal payables to other reporting unit	**-**	-	**-**	-
Total trade payables	**622,512**	592,227	**622,512**	559,651
Note 7B: Other payables				
Wages and salaries	**183,061**	132,338	**183,061**	132,338
Superannuation	**30,203**	22,262	**30,203**	22,262
Consideration to employers for payroll deductions	**-**	-	**-**	-
Legal costs	**-**	-	**-**	-
Prepayments received/unearned revenue	**133,052**	137,346	**133,052**	137,346
GST payable	**77,913**	59,084	**77,913**	43,883
Security deposit	**50,000**	-	**-**	-
Other	**420,684**	315,937	**392,701**	286,079
Total other payables	**894,913**	666,967	**816,930**	621,908
Total other payables are expected to be settled in:				
No more than 12 months	**894,913**	666,967	**816,930**	621,908
More than 12 months	**-**	-	**-**	-
Total other payables	**894,913**	666,967	**816,930**	621,908
Note 7C: Borrowings				
Bank mortgage loan	**28,627**	17,629,730	**28,627**	17,629,730
Total other non-financial assets	**28,627**	17,629,730	**28,627**	17,629,730

The existing mortgage loan was paid out on 26 April 2016 and was replaced with a new loan.

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Note 8 Provisions				
Note 8A: Employee provisions				
Office Holders:				
Annual leave	**200,206**	137,713	**200,206**	137,713
Long service leave	**239,205**	217,062	**239,205**	217,062
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions—office holders	**439,411**	354,775	**439,411**	354,775
Employees other than office holders:				
Annual leave	**871,465**	813,505	**871,465**	813,505
Long service leave	**1,405,471**	1,447,799	**1,405,471**	1,447,799
Separations and redundancies	-	-	-	-
Other	-	-	-	-
Subtotal employee provisions—employees other than office holders	**2,276,936**	2,261,304	**2,276,936**	2,261,304
Total employee provisions	**2,716,347**	2,616,079	**2,716,347**	2,616,079
Current	**1,071,671**	951,282	**1,071,671**	951,282
Non-current	**1,644,676**	1,664,797	**1,644,676**	1,664,797
Total employee provisions	**2,716,347**	2,616,079	**2,716,347**	2,616,079
Note 9 Non-current liabilities				
Note 9A: Borrowings				
Bank Mortgage Loan	**24,947,980**	-	**24,947,980**	-
Total Borrowings	**24,947,980**	-	**24,947,980**	-
Note 9B: Deferred tax liabilities				
Deferred Tax Liabilities	**1,232,956**	1,223,190	-	-
Total Deferred tax liabilities	**1,232,956**	1,223,190	-	-
Note 9C: Other non-current liabilities				
Security Deposit	-	38,720	-	-
Total other non-current liabilities	-	38,720	-	-

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$

Note 10 Equity

Note 10A: Retained earnings

Retained earnings at start of year	**23,537,841**	23,419,326	**16,198,582**	16,434,599
Adjustment for changes in accounting policies	**-**	(527,614)	**-**	(527,614)
Restated total equity at the beginning of the financial year	**23,537,841**	22,891,712	**16,198,582**	15,906,985
Profit for the year	**530,697**	646,129	**444,897**	291,597
Retained earnings at end of year	**24,068,538**	23,537,841	**16,643,479**	16,198,582
Total Reserves	**24,068,538**	23,537,841	**16,643,479**	16,198,582

Note 11 Cash flow

Note 11A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:

Cash and cash equivalents as per:				
Cash flow statement	**7,332,109**	10,216,739	**7,033,850**	9,611,743
Balance sheet	**7,332,109**	10,216,739	**7,033,850**	9,611,743
Difference	**-**	-	**-**	-

Reconciliation of profit to net cash from operating activities:				
Profit for the year	**530,697**	646,129	**444,897**	291,597
Adjustments for non-cash items				
Depreciation/amortisation	**400,692**	212,745	**396,120**	209,448
Changes in assets/liabilities				
(Increase)/decrease in net receivables	**(206,432)**	(394,476)	**(206,593)**	(407,686)
(Increase)/decrease in prepayments	**(72,131)**	193,320	**(75,160)**	193,504
Increase/(decrease) in supplier payables	**62,851**	522,451	**62,851**	509,178
Increase/(decrease) in other payables	**225,237**	(186,981)	**195,023**	(412,010)
Increase/(decrease) in employee provisions	**100,269**	(174,494)	**100,269**	(174,494)
Increase/(decrease) in tax provisions	**(116,486)**	(6,058)	**-**	-
Increase/(decrease) in deferred tax	**9,766**	9,765	**-**	-
Net cash from operating activities	**934,463**	822,401	**917,407**	209,537

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$
Note 11B: Cash flow information				
Cash inflows				
TFV Property Pty. Ltd.	-	-	**800,000**	-
Total cash inflows	-	-	**800,000**	-
Cash outflows				
AEU Federal Office	**2,424,339**	2,176,877	**2,424,339**	2,176,877
Total cash outflows	**2,424,339**	2,176,877	**2,424,339**	2,176,877

Note 12 Contingent liabilities, assets and commitments

Note 12A: Commitments and contingencies

Operating lease commitments—as lessee

4 year lease of photocopiers expiring 25/9/2018; vehicle leases with terms 36 month terms.

Future minimum rentals payable under non-cancellable operating leases as at December 2016 are as follows:

Within one year	**623,541**	519,307	**623,541**	519,307
After one year but not more than five years	**814,484**	352,419	**814,484**	352,419
More than five years	-	-	-	-
	1,438,025	871,726	**1,438,025**	871,726

Operating lease commitments—as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2016 are as follows:

Within one year	**244,424**	598,743	**152,757**	-
After one year but not more than five years	**1,422,770**	-	**1,422,770**	-
After five years	**2,720,361**	-	**2,720,361**	-
	4,387,555	598,743	**4,295,888**	-

Capital commitments

At 31 December 2016 the entity has no significant capital commitments. The commitment for the year ended 31 December 2015 related to the redevelopment of the building situated at 126 Trenerry Crescent. (2015: $8,885,000).

Other contingent assets or liabilities (i.e. legal claims)

None.

Note 13 Related party disclosures

Note 13A: Related party transactions for the reporting period

There are no related party transactions.

The subsidiary company, TFV Property Ltd, owns the property at 112 Trenerry Crescent, Abbotsford, where the parent company conducted its business up to June 2016. The subsidiary company has share capital comprising solely of ordinary shares which are held directly by the Group. The proportion of ownership is 100% held by the Group. The subsidiary company derives rental income from an external tenant.

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Loan to subsidiary				
Balance at 1 January	-	-	**719,160**	494,131
Loan repayments	-	-	**(800,000)**	-
Loan advanced	-	-	**517,566**	225,029
Balance at 31 December	-	-	**436,726**	719,160

Note 13B: Key management personnel remuneration for the reporting period

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Short-term employee benefits				
Salary (including annual leave taken)	**1,112,620**	1,343,779	**1,112,620**	1,343,779
Annual leave accrued	**160,751**	215,542	**160,751**	215,542
Other	**126,450**	132,002	**126,450**	132,002
Total short-term employee benefits	**1,399,821**	1,691,323	**1,399,821**	1,691,323
Post-employment benefits:				
Superannuation	**202,844**	285,985	**202,844**	285,985
Total post-employment benefits	**202,844**	285,985	**202,844**	285,985
Other long-term benefits:				
Long-service leave	**30,776**	16,484	**30,776**	16,484
Total other long-term benefits	**30,776**	16,484	**30,776**	16,484
Termination benefits	-	181,108	-	181,108
Total	**1,633,441**	2,174,900	**1,633,441**	2,174,900

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$

Note 13 Related party disclosures (Continued)

Note 13C: Transactions with key management personnel and their close family members

Loans to/from key management personnel	-	-	-	-
Other transactions with key management personnel	-	-	-	-

Note 14 Remuneration of auditors

	Consolidated 2016 $	2015 $	Parent 2016 $	2015 $
Value of the services provided				
Current auditor				
Financial statement audit services	**35,680**	3,650	**32,000**	-
Other services	**630**	620	-	-
Ex auditor				
Financial statement audit services	**(750)**	40,000	**(750)**	40,000
Total remuneration of auditors	**35,560**	44,270	**31,250**	40,000

Note 15 Financial instruments

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk.

Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

Note 15 Financial instruments (Continued)

Note 15A: Categories of financial instruments

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Financial assets				
Cash and cash equivalents	**7,332,109**	10,216,739	**7,033,850**	9,611,743
Trade and other receivables	**1,233,909**	940,849	**1,147,281**	940,688
Total	**8,566,018**	11,157,588	**8,181,131**	10,552,431
Available-for-sale assets:				
Investment in subsidiary	-	-	**8,000,000**	8,000,000
Total	-	-	**8,000,000**	8,000,000
Loans and receivables:				
Loan to subsidiary	-	-	**436,726**	719,160
Total	-	-	**436,726**	719,160
Carrying amount of financial assets	**8,566,018**	11,157,588	**16,617,857**	19,271,591
Financial liabilities				
Trade and other payables	**1,517,425**	1,259,194	**1,439,442**	1,181,569
Borrowings	**24,976,607**	17,629,730	**24,976,607**	17,629,730
Total	**26,494,032**	18,888,924	**26,416,049**	18,811,299
Carrying amount of financial liabilities	**26,494,032**	18,888,924	**26,416,049**	18,811,299

Note 15C: Credit risk

Credit risk is the risk of financial loss to the Union if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Union's receivables from members and investment securities.

The group has no significant concentration of credit risk with any single courterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5B. There is no collateral held by the group securing trade and other receivables. The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group. The trade receivables balance at 31 December 2016 and 31 December 2015 do not include any oounterparties with external credit ratings.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved Union policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Pool's rating of at least AA-.

Note 15 Financial instruments (Continued)

Note 15E: 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 by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. The group does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect the Committee of 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.

Contractual maturities for financial liabilities 2016 - Consolidated

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	**1,517,425**	**-**	**-**	**-**	**-**	**1,517,425**
Borrowings	**-**	**28,627**	**-**	**-**	**24,947,980**	**24,976,607**
Total	**1,517,425**	**28,627**	**-**	**-**	**24,947,980**	**26,494,032**

Maturities for financial liabilities 2015 - Consolidated

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	1,259,194	-	-	-	-	1,259,194
Borrowings	-	17,629,730	-	-	-	17,629,730
Total	1,259,194	17,629,730	-	-	-	18,888,924

Contractual maturities for financial liabilities 2016 - Parent

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Borrowings	-	**28,627**	**-**	**-**	**24,947,980**	**24,976,607**
Trade & Other Payables	-	**1,439,442**	-	-	-	**1,439,442**
Total	-	**1,468,069**	-	-	**24,947,980**	**26,416,049**

Maturities for financial liabilities 2015 - Parent

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Bank Mortgage Loan	-	-	-	17,629,730	-	17,629,730
Trade & Other Payables	-	1,181,569	-	-	-	1,181,569
Total	-	**1,181,569**	-	**17,629,730**	-	**18,811,299**

	Consolidated		Parent	
	2016	2015	**2016**	2015
	$	$	**$**	$

Note 15 Financial instruments (Continued)

Note 15F: Market risk

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 cashflows or the fair value of fixed rate financial instruments. The financial instruments that expose the Group to interest rate risk are limited to borrowings, cash and cash equivalents.

Sensitivity analysis of the risk that the entity is exposed to for 2016

	Change in risk variable	Effect on	
		Profit & loss	Equity
	%	$	$
Financial Assets			
Interest rate risk	+2	+143,909	+143,909
Interest rate risk	-2	-143,909	-143,909
Financial Liabilities			
Interest rate risk	+2	-249,766	-249,766
Interest rate risk	-2	+249,766	+249,766

Sensitivity analysis of the risk that the entity is exposed to for 2015

	Change in risk variable	Effect on	
		Profit & loss	Equity
Financial Assets	%	$	$
Interest rate risk	+2	+191,194	+191,194
Interest rate risk	-2	-191,194	-191,194

Note 15G: Asset pledged/or held as collateral

	Consolidated 2016 $	Consolidated 2015 $	Parent 2016 $	Parent 2015 $
Assets pledged as collateral				
Financial assets pledged as collateral:				
Freehold Land & Buildings	**43,026,901**	34,173,629	**26,276,901**	17,423,629
Total assets pledged as collateral	**43,026,901**	34,173,629	**26,276,901**	17,423,629

The bank loan is secured by a first registered mortgage over freehold properties owned by the controlled entity and the parent entity. Covenants imposed by the bank require that debt not to exceed 70% of the valuation of the properties.

Note 16 Fair value measurement

Note 16A: Financial assets and liabilities

Management of the reporting unit assessed that cash, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value measurement of non-financial assets has been determined on the highest and best use of that asset. The management of the reporting unit have assessed that as the reporting unit currently uses the non-financial assets in their highest and best use, the fair value of those non-financial assets would approximate their carrying amounts.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2016 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2016 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Note 16 Fair value measurement (Continued)

Note 16A: Financial assets and liabilities (Continued)

The following table contains the carrying amounts and related fair values for the Branch financial assets and liabilities:

	Carrying amount 2016 $	**Fair value 2016 $**	Carrying amount 2015 $	Fair value 2015 $
Consolidated				
Financial Assets				
Cash & cash equivalents	**7,332,109**	**7,332,109**	10,216,739	10,216,739
Trade & other receivables	**1,233,909**	**1,233,909**	940,849	940,849
Total	**8,566,018**	**8,566,018**	11,157,588	11,157,588
Non-financial Assets				
Land & Buildings	**43,026,901**	**43,026,901**	34,173,629	34,173,629
Plant & Equipment	**1,083,369**	**1,083,369**	701,985	701,985
Other Non-current Assets	**1,493,439**	**1,493,439**	1,537	1,537
Total	**45,603,709**	**45,603,709**	34,877,151	34,877,151
Financial Liabilities				
Trade & other payables	**1,517,425**	**1,517,425**	1,259,194	1,259,194
Bank Mortgage Loan	**24,976,607**	**24,976,607**	17,629,730	17,629,730
Total	**26,494,032**	**26,494,032**	18,888,924	18,888,924
Parent				
Financial Assets				
Cash & cash equivalents	**7,033,850**	**7,033,850**	9,611,743	9,611,743
Trade & other receivables	**1,147,281**	**1,147,281**	940,688	940,688
Other Investments	**8,000,000**	**8,000,000**	8,000,000	8,000,000
Loan to subsidiary	**436,726**	**436,726**	719,160	719,160
Total	**16,617,857**	**16,617,857**	19,271,591	19,271,591
Non-financial Assets				
Land & Buildings	**26,276,901**	**26,276,901**	17,423,629	17,423,629
Plant & Equipment	**1,045,533**	**1,045,533**	662,217	662,217
Other Non-current assets	**1,493,439**	**1,493,439**	1,537	1,537
Total	**28,815,873**	**28,815,873**	18,087,383	18,087,383
Financial Liabilities				
Trade & other payables	**1,439,442**	**1,439,442**	1,181,569	1,181,569
Bank Mortgage Loan	**24,976,607**	**24,976,607**	17,629,730	17,629,730
Total	**26,416,049**	**26,416,049**	18,811,299	18,811,299

Note 16 Fair value measurement (Continued)

Note 16B: Fair value hierarchy

The following tables provide an analysis of financial and non financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy - Consolidated 31 December 2016

		Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		7,332,109	-	-
Trade & other receivables		1,233,909	-	-
Total		**8,566,018**	**-**	**-**
Non-financial Assets				
Land & Buildings	**21/5/2014**	-	18,393,831	-
Investment Property		-	24,633,070	-
Plant & Equipment		-	1,083,369	-
Other Non-current assets		-	1,493,439	-
Total		**-**	**45,603,709**	**-**
Liabilities measured at fair value				
Trade & other payables		1,517,425	-	-
Bank Mortgage Loan		24,976,607	-	-
Total		**26,494,032**	**-**	**-**

Fair value hierarchy - Consolidated 31 December 2015

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		10,216,739	-	-
Trade & other receivables		940,849	-	-
Total		**11,157,588**	**-**	**-**
Non-financial Assets measured at fair value				
Land & Buildings	**21/5/2014**	-	34,173,629	-
Plant & Equipment		-	701,985	-
Other Non-current assets		-	1,537	-
Total		**-**	**38,877,151**	**-**
Liabilities measured at fair value				
Trade & other payables		1,259,194	-	-
Bank Mortgage Loan		17,629,730	-	-
Total		**18,888,924**	**-**	**-**

Note 16 Fair value measurement (Continued)

Note 16B: Fair value hierarchy (Continued)

Fair value hierarchy – Parent 31 December 2016	**Date of valuation**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		7,033,850	-	-
Trade & other receivables		1,147,281	-	-
Other Investments		-	8,000,000	-
Loan to subsidiary		436,726	-	-
Total		**8,617,857**	**8,000,000**	**-**
Non-financial assets measured at fair value				
Land & Buildings	**21/5/2014**	-	18,393,831	-
Investment property		-	7,883,070	-
Plant & Equipment		-	1,045,533	-
Other non-current assets		-	1,493,439	-
Total		**-**	**28,815,873**	**-**
Liabilities measured at fair value				
Trade & other payables		1,439,442	-	-
Bank Mortgage Loan		24,976,607	-	-
Total		**26,416,049**	**-**	**-**

Fair value hierarchy – Parent 31 December 2015	**Date of valuation**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		9,611,743	-	-
Trade & other receivables		940,688	-	-
Other Investments		-	8,000,000	-
Other Non-current assets		719,160	-	-
Total		**11,271,591**	**8,000,000**	**-**
Non-current assets measured at fair value				
Land & Buildings	**21/5/2014**	-	17,423,629	-
Plant & Equipment		-	662,217	-
Other non-current assets			1,537	
Total		**-**	18,087,383	**-**
Liabilities measured at fair value				
Trade & other payables		1,181,569	-	-
Bank Mortgage Loan		17,629,730	-	-
Total		**18,811,299**	**-**	**-**

Note 17 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or General Manager:

(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).

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

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Australian Education Union Victorian Branch (the "Branch") and it subsidiary (the "Group") which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statement including comprising a summary of significant accounting policies and other explanatory information and the Committee of Management Statement.

In our opinion,

(i) the accompanying financial report of the Group:

a) presents fairly, in all material respects, the financial position of the Group as at 31 December 2016 and the results of its operations, its changes in equity and cash flows for the year then ended; and

b) complying the Australian Accounting Standards; and

c) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009.*

(ii) the Committee of Management's use of the going concern basis of accounting in the preparation of the Group's financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the Group in accordance with auditor independent requirements ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 Code of Ethics for Professional Accountants (the "Code") that are relevant to our audit of the financial report in Australia. We have fulfilled our other ethnical responsibilities in accordance with the Code.

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

Committee of Management 's responsibility for the financial report

The Committee of Management 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* and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor 's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

BGL PARTNERS
CHARTERED ACCOUNTANTS

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

Auditor 's responsibility for the audit of the financial report (Continued)

- Conclude on the appropriateness of the Committee of Management s' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BGL Partners

BGL Partners

I. A. Hinds

I. A. Hinds - C.A. - Partner
Approved auditor
Member of The Institute of Chartered Accountants in Australia
Holder of current Public Practice Certificate
Melbourne

5 May 2017