Australian Government
Registered Organisations Commission

22 July 2019

Erin Aulich
Branch Secretary
Australian Education Union-Victorian Branch
Sent via email: Erin.Aulich@aeuvic.asn.au
CC: ian.hinds@bglpartners.com.au

Dear Erin Aulich,

Australian Education Union-Victorian Branch
Financial Report for the year ended 31 December 2018 – (FR2018/379)

I acknowledge receipt of the financial report of the Australian Education Union-Victorian Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 28 June 2019.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2019 may be subject to an advanced compliance review.

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

Nil activities disclosure

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The notes contained nil activity information for all prescribed RG categories except the following:

- Having a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch (RG17(a)); and
- Transferring to or withdrawing from a fund (other than the general fund), account, asset or controlled entity (RG17(b))

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via this link.

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,

Kylie Ngo
Registered Organisations Commission

AUSTRALIAN EDUCATION UNION 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 2018

I, Erin Aulich, 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 2018 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 8 May 2019; and
- that the full report was presented to a meeting of the committee of management being the AEU Victorian Branch Executive of the Australian Education Victorian Branch on 17 June 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009.*

Signature of prescribed designated officer: E Aulich

Name of prescribed designated officer: Erin Aulich

Title of prescribed designated officer: Branch Secretary

Dated: 17 June 2019

AUSTRALIAN EDUCATION UNION

VICTORIAN BRANCH

AND CONTROLLED ENTITY

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2018

AEU Victoria
126 Trenerry Crescent, Abbotsford VIC 3067

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2018

CONTENTS

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 2018 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.

Throughout 2018, the schools sector of the Branch continued their involvement in the AEU's national *Fair Funding Now!* campaign to secure changes to the federal funding model for Australian schools. The campaign aims to achieve a fairer, needs based funding model. The changes to the Australian Education Amendment Act (2017) which were passed by the Federal parliament in late 2017, have delivered a funding formula that is unfair and ignores issues of need and equity. The commitment of the Labor Opposition to restore the funding to the previously legislated amount, is testament to the AEU campaign efforts, and drives the AEU in our efforts to ensure we elect a Federal government that will fund public schools fairly.

Significant work continues in the implementation of the Victorian Government Schools Agreement (VGSA 2017). Since the approval of the new Schools Agreement in August 2017 more than 11,500 teachers and education support staff have been translated to ongoing.

The early childhood sector campaigning work has been successful securing funding for two years of early childhood education. Members were active in signing petitions, writing to relevant Ministers and sharing concerns on social media. The State Labor government made a commitment to fund universal access to preschool for all three and four-year-old children; a very significant win. However, campaigning to secure ongoing federal funding continues with the current funding for four-year-olds due to cease at the end of 2019 and no commitment from the federal Morrison Government to fund three-year-old preschool.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

The AEU TAFE sector secured a new MEA agreement in late 2018, delivering significant pay increases and protection of existing working conditions. Work to ensure the implementation of a smooth transition was underway in the final months of 2018 and will continue in 2019. The campaign for changes to the contestable funding model in the vocational education sector continues including the call for at least 70% of government funding for vocational education from both state and federal governments to be allocated to public TAFES. The public TAFE system is stabilising in Victoria as the state government continued to reinvest, committing to the introduction of fifty free TAFE courses from the start of 2019 and supported the new industrial agreement. Work needs to continue especially in regional areas, to ensure TAFE Institutes continue to stabilise and grow.

Negotiations with employer groups for a new enterprise agreement for disability workers commenced in 2017 and continued through 2018. The AEU, along with other unions in the sector, worked with a number of employer groups and reached agreement in principle on a multi-employer agreement. The framework outlining key issues was presented to government representatives and included the estimated cost of maintaining existing terms and conditions for disability instructors. The AEU along with other unions held discussions during 2018 with the state government about the financial support needed to fund the agreement to ensure disability workers do not have to sacrifice conditions.

AMES, which has provided educational services to migrants and refugees for over 60 years, was unsuccessful in securing the tender to continue to provide that education service in 2017. This resulted in significant jobs cuts in the AMES sector. The AEU worked hard to support members to secure employment with employers that were successful in the tender process.

Results of activities

Throughout 2018, the AEU Victorian Branch's efforts in the Fair Funding now! and Put Education 1st campaigns realised a massive increase in public awareness of school funding inequity. While the AEU and school communities have seen some positive outcomes for students due to increased funding from the original school funding agreement, it is disappointing this debate continues as a result of the Morrison Government's funding legislation which delivered cuts to public school funding. The commitment made during 2018 by the federal Labor opposition to restore the funding amounts cut, should it form government at the next election, was largely due to these campaign efforts and the broader public understanding of the unfair nature of the Morrison government legislation, particularly in light of the additional funding deals made for the non government school sectors. Across Victoria, parents, teachers, principals and support staff understand the importance of fair and equitable needs based funding for their schools, and of the demonstrated connection between additional resourcing for schools and improved student outcomes, particularly for students who are from disadvantaged backgrounds.

The AEU Victorian Branch worked with the AEU federal office and all other AEU branches and associated bodies to secure an extension of the national partnership agreement which funds the early childhood 15 hours commitment along with secure ongoing funding for three-year-old preschool. Long term commitment of the federal government to four-year-old preschool beyond 2019 has yet to be achieved and they have made no mention of funding three-year-old programs. At the state level however, the Andrews government has committed to the introduction of 15 hours of pre school for all three-year-olds, over the next ten years. In addition funding is being provided for new and upgraded facilities and scholarships to attract teachers and educators to the profession.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

Submissions made by the AEU in 2018

- Contributed to the Federal AEU submission to the National Review of Teacher Registration
- Contributed to the Federal AEU submission into the Status of Teaching Profession Inquiry
- Submission to the Victorian Parliament Inquiry into Careers Advice Activities in Victorian Schools
- Submission to VCAA Consultation paper: Reporting on literacy and numeracy attainment in Victorian Senior secondary qualifications.

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. A notice of resignation from membership takes effect:-

   (a) where the member ceases to be eligible to become a member of the Union -

   (i) on the day on which the notice is received at the office of the Branch Secretary; or

   (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

   whichever is later; or

   (b) in any other case -

   (i) at the end of 2 weeks after the notice is received at the office of the Branch Secretary; or

   (ii) on the day specified in the notice;

   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. The Branch Executive is authorised to vary this policy in exceptional circumstances and upon written request.
4. This policy is available on the AEU website.

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

OPERATING REPORT (Continued)

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.

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 47,712.

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 95.

Branch Council members for 2018 and period positions held during the year

NAME	
ADAMS, Steven	
ANGUS, Cheryl	
ATKINSON, Anthony	
AUGERINOS, Andrew	
AULICH, Erin *	
AULICH, Seona	
BARCLAY, Greg *	
BEAUMONT, Diana	
BELL, John	
BORGER, Leonie (Ruth)	
BRYCE, Andrew	
BURKE, Matthew	

OPERATING REPORT (Continued)

Branch Council members for 2018 and period positions held during the year

BURTON, Tanya *	
CLANCY, Carolyn *	
CLAPP, Roxann	
CLARKE, Brian	
CLIFTON, Peter *	
COLLIER, Susan	From 4 May 2019
COLLINS, Mary	
CORNELIOUS, Chantal	
DAVIS, Gayle	
DAVIS, Thomas	
DELLE-VERGIN, Ty	Resigned 9 February 2018
DE MORTON, Phillip	
DENT, Dian	
DEWS, Merrilyn	Resigned 5 March 2018
DODGSHUN, Andrew	
DOLEMAN, Stacey	
D'ORTENZIO, Marino *	
DUNCAN, Briley *	
EDWARDS, Krystyna	
ESSEX, Michael	
FARRELLY, Rita	
FECHNER, Lucinda	
FEWKES, Rebekah *	
FISCHER, Debra *	
GILLESPIE, Elaine *	
GLARE, Dean	
GOVETT, Danielle	
GRADY, Peter	
GUINANE, Christopher	
HADDOW, Sally	

OPERATING REPORT (Continued)

Branch Council members for 2018 and period positions held during the year

HALDEN, Andrea	
HARRINGTON, Patricia	
HARRIS, Justin *	
HARRISON, Danielle	
HAYTER-HOBBS, Tammy	
HEEREMANS, Meagan	
HINES, Anne	
HOLLEY, Seir *	
HONAN, Lucy	
HUMPHRIES, Jessie Ann *	
HUSSEY, Michael	
JACKSON, Ross	
JOHNSTON, Wayne *	
JONES, Carol	
JONES, Craig	
KELLY, Jan	
KIRBY, Susan	
KOLBER, Jemina	
KOLBER, Steven	
LACK, Ian	Resigned 16 March 2018
LAMBIE, Christine	
LANG, Margery	
LEE, Gillian	Resigned 18 June 2018
LOVELOCK, Christopher	
LYLAK, Nicole	
MACKENZIE, Roderick	
MACPHERSON, Debra	
MALONE, Peter	
MARTIN, Keith	
MASIERO, Antoinette *	

OPERATING REPORT (Continued)

Branch Council members for 2018 and period positions held during the year

MCINTOSH, Fiona	
MENZ, Martel *	
MERKENICH, Mary	
MORTON, Euan *	
MOUSTAFA, Manolya	
MULLALY, Justin *	
MURRAY, Ann	
MUSTON, Robert	
NIGHTINGALE, Cara *	
O'DWYER, Dianne *	
O'SHEA, Kim	
PACE, Michael	
PARRY, Kerry	
PATA, Alastair	Resigned 9 February 2018
PATRICK, Susan	
PAULL, Robyn	
PEACE, Meredith *	
PERERA, Belinda	Resigned 9 February 2018
PETERSON, Vicki	
PONTIKIS, Mary-Anne *	
PORTER, Bradley	
QUINN, Wendy *	
REIDY, Barbara	
RENTON, Jennifer	
ROBERTSON, Gillian	Resigned 15 July 2018
SANTAERA, Diana	Resigned 9 February 2018
SHARP, Kathy	
SHELL, Donna	Resigned 13 August 2018
SLATTER, Vivien *	
SMITH, Phillip *	From 16 March 2018

OPERATING REPORT (Continued)

Branch Council members for 2018 and period positions held during the year

STEANE, Valerie	
STRINGER, Angela	
TATE, Sheriden	
TEE, Lee-Ann	
TENSON, Andrew	
TENSON, Katrina *	
TRICKER, Christopher	From 4 May 2018
VAN LEEST, Barbara	Resigned 15 June 2018
WALKER, Sarah	
WALKER, Peter	
WARREN, Athena	
WHEATLEY, Annaka	
WHEELER, Diane	
WILKINSON, Graeme	

NOTE: * Denotes Branch Executive members as at 3 December 2018.

Signature of designated officer: ______________________

Name and title of designated officer: Erin Aulich, Branch Secretary

Dated: 29th April 2019

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 31 December 2018

On the 29th April 2019 the AEU Victorian Branch Executive 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 2018:

The AEU Victorian Branch Executive 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 any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the 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 Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
- (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

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

Signature of designated officer EAulich

Name and title of designated officer: Erin Aulich, Branch Secretary

Dated: 29th April 2019

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 December 2018

		Consolidated		Parent	
		2018	2017	**2018**	2017
	Notes	**$**	$	**$**	$
Revenue					
Membership subscription		**22,650,840**	21,630,386	**22,650,840**	21,630,386
Capitation fees		**-**	-	**-**	-
Levies	3A	**1,105,920**	1,095,556	**1,105,920**	1,095,556
Interest	3B	**164,446**	178,926	**164,083**	178,422
Rental revenue	3C	**908,558**	706,999	**410,884**	369,253
Other revenue	3D	**15,110**	34,218	**15,110**	34,217
Total revenue		**24,844,874**	23,646,085	**24,346,837**	23,307,834
Other Income					
Grants and/or donations	3E	**3,407**	2,828	**3,407**	2,828
Net gains from sale of assets	3F	**1,818**	60	**1,818**	60
Revaluation of property		**4,060,000**	-	**-**	-
Total other income		**4,065,225**	2,888	**5,225**	2,888
Total income		**28,910,099**	23,648,973	**24,352,062**	23,310,722
Expenses					
Employee expenses	4A	**13,591,985**	11,994,191	**13,591,985**	11,994,191
Capitation fees	4B	**2,342,063**	2,206,589	**2,342,063**	2,206,589
Affiliation fees	4C	**242,457**	236,155	**242,457**	236,155
Administration expenses	4D	**6,393,538**	6,475,758	**5,714,003**	5,852,696
Grants or donations	4E	**109,249**	126,264	**109,249**	126,264
Depreciation and amortisation	4F	**685,251**	653,446	**680,433**	648,629
Finance costs	4G	**871,124**	872,095	**871,124**	872,095
Legal costs	4H	**1,117,112**	1,232,138	**1,114,117**	1,225,538
Audit fees	14	**49,596**	43,815	**44,815**	39,450
Total expenses		**25,402,375**	23,840,451	**24,710,247**	23,201,607
(Loss) Profit for the year before tax		**3,507,724**	(191,478)	**(358,185)**	109,115
Income tax expense	4I	**(1,136,051)**	94,913	**-**	-
(Loss) Profit for the year		**2,371,673**	(96,565)	**(358,185)**	109,115
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**2,371,673**	(96,565)	**(358,185)**	109,115

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 2018

	Notes	Consolidated		Parent	
		2018	2017	2018	2017
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	5A	**6,386,889**	6,536,928	**6,386,147**	6,382,172
Trade and other receivables	5B	**1,824,472**	1,511,517	**1,821,762**	1,439,979
Other current assets	5C	**347,187**	437,978	**345,576**	411,175
Non-current assets held for sale	5D	**20,838,202**	-	**-**	-
Total current assets		**29,396,750**	8,486,423	**8,553,485**	8,233,326
Non-current assets					
Land and buildings	6A	**18,676,640**	18,648,319	**18,676,640**	18,648,319
Plant and equipment	6B	**678,436**	882,949	**678,436**	849,930
Investment property	6C	**8,004,274**	24,742,137	**8,004,274**	7,992,137
Intangibles	6D	**1,429,472**	1,497,886	**1,429,472**	1,497,886
Other investment	6E	**-**	-	**8,000,000**	8,000,000
Others	6F	**1,537**	1,537	**582,341**	596,649
Total non-current assets		**28,790,359**	45,772,828	**37,371,163**	37,584,921
Total assets		**58,187,109**	54,259,251	**45,924,648**	45,818,247
LIABILITIES					
Current liabilities					
Trade payables	7A	**747,916**	838,508	**747,916**	838,508
Other payables	7B	**1,124,734**	859,280	**1,085,592**	775,686
Borrowings	7C	**17,000,000**	34,790	**17,000,000**	34,790
Employee provisions	8A	**1,272,810**	891,768	**1,272,810**	891,768
Total current liabilities		**20,145,460**	2,624,346	**20,106,318**	2,540,752
Non-current liabilities					
Employee provisions	8A	**1,504,096**	1,610,989	**1,504,096**	1,610,989
Borrowings	9A	**7,919,825**	24,913,912	**7,919,825**	24,913,912
Deferred tax liabilities	9B	**2,274,082**	1,138,031	**-**	-
Total non-current liabilities		**11,698,003**	27,662,932	**9,423,921**	26,524,901
Total liabilities		**31,843,463** /	30,287,278	**29,530,239**	29,065,653
Net assets		**26,343,646**	23,971,973	**16,394,409**	16,752,594
MEMBERS' FUND					
Retained profits	10A	**26,343,646**	23,971,973	**16,394,409**	16,752,594
Total members' fund		**26,343,646**	23,971,973	**16,394,409**	16,752,594

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

STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2018

Consolidated	General funds	Retained earnings	Total equity
	$	$	$
Balance as at 1 January 2017	-	24,068,538	24,068,538
(Loss) for the year	-	(96,565)	(96,565)
Closing balance at 31 December 2017	-	23,971,973	23,971,973
Profit for the year	-	**2,371,673**	**2,371,673**
Closing balance at 31 December 2018	-	**26,343,646**	**26,343,646**

Parent	General funds	Retained earnings	Total equity
	$	$	$
Balance as at 1 January 2017	-	16,643,479	16,643,479
Profit for the year	-	109,115	109,115
Closing balance at 31 December 2017	-	16,752,594	16,752,594
(Loss) for the year	-	**(358,185)**	**(358,185)**
Closing balance at 31 December 2018	-	**16,394,409**	**16,394,409**

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 2018

	Notes	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
OPERATING ACTIVITIES					
Cash received					
Interest		**165,900**	164,415	**165,537**	163,911
Other		**24,337,278**	25,483,189	**23,803,702**	25,136,605
Cash used					
Employees		**(13,349,202)**	(12,330,325)	**(13,349,202)**	(12,330,325)
Suppliers		**(7,560,522)**	(9,714,284)	**(6,834,013)**	(9,034,263)
Income tax paid		**52,864**	31,043	**-**	-
Interest paid		**(871,123)**	(872,095)	**(871,123)**	(872,095)
Payment to other reporting units/controlled entity(s)	11B	**(2,415,374)**	(2,706,654)	**(2,415,374)**	(2,706,654)
Net cash from operating activities	11A	**359,821**	55,289	**499,527**	357,179
INVESTING ACTIVITIES					
Cash used					
Purchase of plant and equipment		**(440,525)**	(459,010)	**(440,525)**	(459,010)
Building development		**(40,458)**	(363,555)	**(40,458)**	(363,555)
Net cash (used by) investing activities		**(480,983)**	(822,565)	**(480,983)**	(822,565)
FINANCING ACTIVITIES					
Cash received					
Receipts from other reporting units/controlled entity(s)	11B	**-**	-	**766,000**	670,000
Cash used					
Repayment of bank loan		**(28,877)**	(27,905)	**(28,877)**	(27,905)
Repayment of borrowings		**-**	-	**(751,692)**	(828,387)
Net cash from (used by) financing activities		**(28,877)**	(27,905)	**(14,569)**	(186,292)
Net increase (decrease) in cash held		**(150,039)**	(795,181)	**3,975**	(651,678)
Cash & cash equivalents at the beginning of the reporting period		**6,536,928**	7,332,109	**6,382,172**	7,033,850
Cash & cash equivalents at the end of the reporting period	5A	**6,386,889**	6,536,928	**6,386,147**	6,382,172

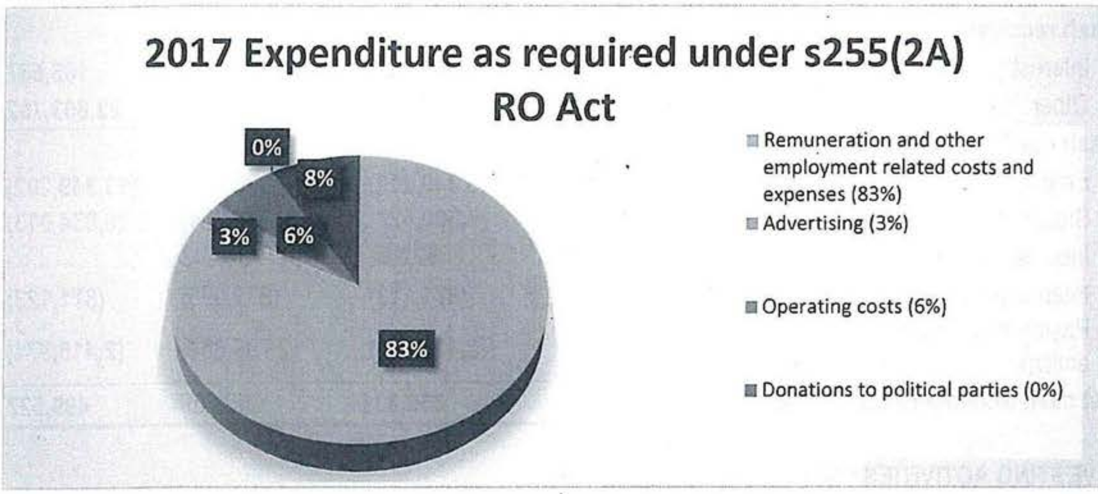
The above statement should be read in conjunction with the notes.

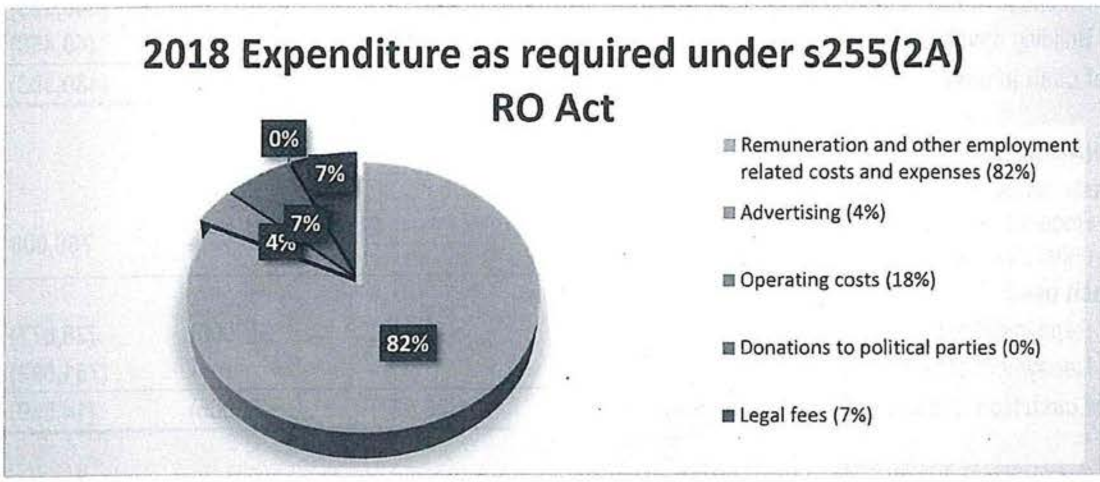
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the period ended 31 December 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Reporting Unit for the year ended 31 December 2018.





Due to the specific requirements under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*, there will likely be some other costs incurred by the reporting unit which do not fall within the above categories. Accordingly the expenditure reported in this report may not represent 100% of the expenditure actually incurred by the reporting unit.

Signature of designated officer

Name and title of designated officer: Erin Aulich, Branch Secretary

Dated: 29th April 2019

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

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.

Note 1 Summary of significant accounting policies (Continued)

1.3 New Australian Accounting Standards (Continued)

Future Australian Accounting Standards Requirements

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 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 16 Leases**
Nature of change	AASB 16 was issued in February 2017. 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 $973,157, see note 12A. 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.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

Note 1 Summary of significant accounting policies (Continued)

1.4 Basis of consolidation (Continued)

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.

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.

Note 1 Summary of significant accounting policies (Continued)

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.

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 Branch did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

Note 1 Summary of significant accounting policies (Continued)

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.

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.

Note 1 Summary of significant accounting policies (Continued)

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.

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.

Note 1 Summary of significant accounting policies (Continued)

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:

	2018	2017
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:

	2018	2017
Intangibles	20 - 30%	20-30%

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. There still is an obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). 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 agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 2 Events after the reporting period

After the year end, the subsidiary sold its property for $21 million excluding GST. There were no other events that occurred after 31st December 2018, 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	
	2018	2017	**2018**	2017
	$	$	**$**	$

Note 3 Income

Note 3A: Levies

Public Education campaign Levy	**1,105,920**	1,095,556	**1,105,920**	1,095,556
Total levies	**1,105,920**	1,095,556	**1,105,920**	1,095,556

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.

Note 3B: Interest

Bank Deposits	**164,446**	178,926	**164,083**	178,926
Total interest	**164,446**	178,926	**164,083**	178,926

Note 3C: Rental revenue

Properties	**908,558**	706,999	**410,884**	369,253
Total rental revenue	**908,558**	706,999	**410,884**	369,253

Note 3D: Other revenue

Other revenue from another reporting unit	**-**	-	**-**	-
Revenue from undertaking recovery of wages activity	**-**	-	**-**	-
Financial support from another reporting unit	**-**	-	**-**	-
Other	**15,110**	34,218	**15,110**	34,217
Total other revenue	**15,110**	34,218	**15,110**	34,217

Note 3E: Grants or donations

Grants	**-**	-	**-**	-
Donations	**3,407**	2,828	**3,407**	2,828
Total grants or donations	**3,407**	2,828	**3,407**	2,828

	Consolidated 2018 $	2017 $	Parent 2018 $	2017 $
Note 3 Income (Continued)				
Note 3F: Net gains from sale of assets				
Plant and equipment	**1,818**	60	**1,818**	60
Total net gain from sale of assets	**1,818**	60	**1,818**	60

Note 4 Expenses

Note 4A: Employee expenses

	Consolidated 2018 $	2017 $	Parent 2018 $	2017 $
Holders of office:				
Wages and salaries	**1,440,984**	1,257,217	**1,440,984**	1,257,217
Superannuation	**224,196**	204,480	**224,196**	204,480
Leave and other entitlements	**(96,397)**	35,857	**(96,397)**	35,857
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**165,829**	110,177	**165,829**	110,177
Subtotal employee expenses holders of office	**1,734,612**	1,607,731	**1,734,612**	1,607,731
Employees other than office holders:				
Wages and salaries	**8,910,958**	8,284,245	**8,910,958**	8,284,245
Superannuation	**1,423,763**	1,299,554	**1,423,763**	1,299,554
Leave and other entitlements	**370,546**	(249,449)	**370,546**	(249,449)
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**1,152,106**	1,052,110	**1,152,106**	1,052,110
Subtotal employee expenses employees other than office holders	**11,857,373**	10,386,460	**11,857,373**	10,386,460
Total employee expenses	**13,591,985**	11,994,191	**13,591,985**	11,994,191

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$

Note 4B: Capitation fees & Levies

AEU Federal Office				
- Capitation fee	**1,552,052**	1,466,601	**1,552,052**	1,466,601
- Publication Levy – (A) Aust Educator	**167,025**	158,942	**167,025**	158,942
- Publication Levy – (B) TAFE Teacher	**9,133**	9,215	**9,133**	9,215
- Public Education Levy	**196,276**	191,088	**196,276**	191,088
- ACTU Subscriptions	**296,867**	280,899	**296,867**	280,899
- Education International	**120,710**	99,844	**120,710**	99,844
Total capitation fees	**2,342,063**	2,206,589	**2,342,063**	2,206,589

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

Note 4C: Affiliation fees

Ballarat Trades Hall Council	**3,080**	3,080	**3,080**	**3,080**
Bendigo Trades Hall Council	**7,120**	7,120	**7,120**	**7,120**
Geelong Trades Hall Council	**8,487**	6,678	**8,487**	**6,678**
Gippsland Trades Hall Council	**6,261**	6,284	**6,261**	**6,284**
Goulburn Valley Trades Hall Council	**1,920**	2,400	**1,920**	**2,400**
North East Trades Hall Council	**2,884**	2,812	**2,884**	**2,812**
South West Trades Hall Council	**2,813**	2,250	**2,813**	**2,250**
Sunraysia Trades Hall Council	**709**	726	**709**	**726**
Victorian Trades Hall Council	**209,183**	204,805	**209,183**	**204,805**
Total affiliation fees	**242,457**	236,155	**242,457**	**236,155**

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
Note 4D: Administration expenses				
Conference and meeting expenses	**403,689**	387,229	**403,689**	387,229
Consideration to employers for payroll deductions	**-**	-	**-**	-
Contractors/consultants	**9,356**	14,019	**9,356**	14,019
Fees/allowances - meeting and conferences	**500**	11,600	**500**	11,600
Information communications technology	**1,079,878**	1,290,974	**1,079,878**	1,290,974
Member Services	**265,951**	433,191	**265,951**	433,191
Office expenses	**256,652**	256,631	**256,652**	256,631
Penalties imposed under the RO Act	**-**	-	**-**	-
Payments of any other expenses to another reporting unit	**-**	-	**-**	-
Property expenses	**1,495,583**	1,419,855	**843,190**	797,041
Publications	**631,840**	739,738	**631,840**	739,738
Other	**1,754,977**	1,349,813	**1,727,836**	1,349,565
Subtotal administration expense	**5,898,426**	5,903,050	**5,218,892**	5,279,988
Operating lease rentals:				
Minimum lease payments	**495,112**	572,708	**495,112**	572,708
Total administration expenses	**6,393,538**	6,475,758	**5,714,004**	5,852,696
Note 4E: Grants or donations				
Grants:				
Total paid that were $1,000 or less	**1,500**	2,485	**1,500**	2,485
Total paid that exceeded $1,000	**80,000**	80,000	**80,000**	80,000
Donations:				
Total paid that were $1,000 or less	**4,094**	5,297	**4,094**	5,297
Total paid that exceeded $1,000	**23,655**	38,482	**23,655**	38,482
Total grants or donations	**109,249**	126,264	**109,249**	126,264
Note 4F: Depreciation and amortisation				
Depreciation				
Property, plant and equipment	**180,801**	230,274	**175,984**	225,457
Total depreciation	**180,801**	230,274	**175,984**	225,457
Amortisation				
Intangibles	**504,450**	423,172	**504,450**	423,172
Total amortisation	**504,450**	423,172	**504,450**	423,172
Total depreciation and amortisation	**685,251**	653,446	**680,434**	648,629

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
Note 4G: Finance costs				
Mortgage Loan	**871,123**	872,095	**871,124**	872,095
Total finance costs	**871,123**	872,095	**871,124**	872,095
Note 4H: Legal costs				
Litigation	**1,083,481**	1,208,644	**1,083,481**	1,208,644
Other legal matters	**33,631**	23,494	**30,636**	16,894
Total legal costs	**1,117,112**	1,232,138	**1,114,117**	1,225,538
Note 4I: Income Tax expenses				
(a) Income tax expense:				
Current tax	**-**	-	**-**	-
Deferred tax	**1,136,051**	(94,913)	**-**	-
	1,136,051	(94,913)	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable:				
(Loss) Profit from continuing operations before income tax expense	**3,507,724**	(191,478)	**(358,185)**	109,115
Tax at the Australian tax rate of 30% (2017 – 30%)	**1,052,317**	(57,443)	**(107,456)**	32,734
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Sundry items	**(23,722)**	(4,736)	**-**	-
- Tax exempt income	**107,456**	(32,734)	**107,456**	(32,734)
Income tax expense	**1,136,051**	(94,913)	**-**	-
(c) Deferred income tax (revenue) expense included in income tax expense comprises:				
(Decrease) increase in deferred tax liabilities	**1,136,051**	(94,913)	**-**	-
	1,136,051	(94,913)	**-**	-

Note 5 Current assets

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Note 5A: Cash and cash equivalents				
Cash at bank	**257,199**	589,007	**256,457**	434,251
Cash on hand	**1,527**	1,188	**1,527**	1,188
Short term deposits	**6,128,163**	5,946,733	**6,128,163**	5,946,733
Total cash and cash equivalents	**6,386,889**	6,536,928	**6,386,147**	6,382,172
Note 5B: Trade and other receivables				
Receivables from other reporting unit				
AEU Federal Office	**27,940**	-	**27,940**	-
Total receivables from other reporting unit	**27,940**	-	**27,940**	-
Less provision for doubtful debts	**-**	-	**-**	-
Receivable from other reporting unit	**27,940**	-	**27,940**	-
Other receivables:				
Other trade receivables	**1,793,822**	1,455,943	**1,793,822**	1,439,979
Tax refund	**2,710**	55,574	**-**	-
Total other receivables	**1,796,532**	1,511,517	**1,793,822**	1,439,979
Total trade and other receivables (net)	**1,824,472**	1,511,517	**1,821,762**	1,439,979
Note 5C: Other current assets				
Prepayments	**347,187**	437,978	**345,576**	411,175
Total other current assets	**347,187**	437,978	**345,576**	411,175
Note 5D: Non-current assets held for sale				
Carrying value of assets held for sale previously classified as non-current under property, plant, equipment and investment property				
Investment property (see note 6C)	**20,810,000**	-	**-**	-
Equipment (see note 6B)	**28,202**	-	**-**	-
Total other current assets	**20,838,202**	-	**-**	-

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Note 6 Non-current assets				
Note 6A: Land and buildings				
Land and buildings:				
cost	**18,676,640**	18,648,319	**18,676,640**	18,648,319
Total land and buildings	**18,676,640**	18,648,319	**18,676,640**	18,648,319

Reconciliation of the opening and closing balances of land and buildings

As at 1 January				
Gross book value	**18,648,319**	18,393,831	**18,648,319**	18,393,831
Accumulated depreciation and impairment	**-**	-	**-**	-
Net book value 1 January	**18,648,319**	18,393,831	**18,648,319**	18,393,831
Additions:				
Other movement – building redevelopment	**28,321**	254,488	**28,321**	254,488
Net book value 31 December	**18,676,640**	18,648,319	**18,676,640**	18,648,319
Net book value at 31 December represented by:				
Gross book value	**18,676,640**	18,648,319	**18,676,640**	18,648,319
Accumulated depreciation and impairment	**-**	-	**-**	-
Net book value 31 December	**18,676,640**	18,648,319	**18,676,640**	18,648,319

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

	2018 $	2017 $
Cost	**18,676,640**	18,648,319
Accumulated depreciation and impairment	**-**	-
at carrying amount	**18,676,640**	18,648,319

Note 6B: Plant and equipment

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Plant and equipment:				
at cost	**1,359,181**	4,833,718	**1,359,181**	3,579,366
accumulated depreciation	**(680,745)**	(3,950,769)	**(680,745)**	(2,729,436)
Total plant and equipment	**678,436**	882,949	**678,436**	849,930

Reconciliation of the opening and closing balances of plant and equipment

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
As at 1 January				
Gross book value	**3,617,202**	4,803,864	**3,579,366**	3,549,512
Accumulated depreciation and impairment	**(2,734,253)**	(3,720,495)	**(2,729,436)**	(2,503,979)
Net book value 1 January	**882,949**	1,083,369	**849,930**	1,045,533
Additions:				
By purchase	**4,490**	29,854	**4,490**	29,854
Transfer to current assets (Note 5D)	**(28,202)**	-	**-**	-
Depreciation expense	**(180,801)**	(230,274)	**(175,984)**	(225,457)
Net book value 31 December	**678,436**	882,949	**678,436**	849,930
Net book value as of 31 December represented by:				
Gross book value	**1,359,181**	3,617,202	**1,359,181**	3,579,366
Accumulated depreciation and impairment	**(680,745)**	(2,734,253)	**(680,745)**	(2,729,436)
Net book value 31 December	**678,436**	882,949	**678,436**	849,930

Note 6C: Investment property

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Opening balance as at 1 January	**24,742,137**	24,633,070	**7,992,137**	7,883,070
Additions	**12,137**	109,067	**12,137**	109,067
Revaluation – 112 Trenerry Crescent	**4,060,000**	-	**-**	-
Transfer to current assets (Note 5D)	**(20,810,000)**	-	**-**	-
Closing balance as at 31 December	**8,004,274**	24,742,137	**8,004,274**	7,992,137

The Branch occupies 70% of the office space at 126 Trenerry Crescent Abbotsford VIC with 30% available for tenancy. As a result, 30% of the value of 126 Trenerry Crescent (parent company) is classified as an Investment property. Property located at 112 Trenerry Crescent Abbotsford VIC was sold after the year end and has therefore ben re-classified as a current asset (Note 5D).

The above properties are used as securities in respect of a bank loan of the AEU-Victorian Branch amounting to $25 million (2017: $25 million).

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
Note 6C: Investment property (Continued)				
Amounts recognised in profit and loss for investment properties				
Rental income	**908,558**	706,999	**410,884**	369,253
Direct operating expenses from property that generated rental income	**1,495,583**	1,419,855	**843,190**	239,112
Direct operating expenses from property that did not generate rental income	**-**	-	**-**	-

Note 6D: Intangibles

Membership system				
At cost	**2,595,204**	2,159,168	**2,595,204**	2,159,168
Accumulated amortisation	**(1,165,732)**	(661,282)	**(1,165,732)**	(661,282)
Total intangibles	**1,429,472**	1,497,886	**1,429,472**	1,497,886

Reconciliation of the opening and closing balances of intangibles

As at 1 January				
Gross book value	**2,159,168**	1,730,012	**2,159,168**	1,730,012
Accumulated amortisation and impairment	**(661,282)**	(238,110)	**(661,282)**	(238,110)
Net book value 1 January	**1,497,886**	1,491,902	**1,497,886**	1,491,902
Additions	**436,036**	429,156	**436,036**	429,156
Amortisation	**(504,450)**	(423,172)	**(504,450)**	(423,172)
Net book value 31 December	**1,429,472**	1,497,886	**1,429,472**	1,497,886
Net book value as of 31 December represented by:				
Gross book value	**2,595,204**	2,159,168	**2,595,204**	2,159,168
Accumulated amortisation and impairment	**(1,165,732)**	(661,282)	**(1,165,732)**	(661,282)
Net book value 31 December	**1,429,472**	1,497,886	**1,429,472**	1,497,886

Note 6E: Other investments

Shares in subsidiary	**-**	-	**8,000,000**	8,000,000
Total other investments	**-**	-	**8,000,000**	8,000,000

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
Note 6F: Other non-current assets				
Loan to subsidiary	**-**	-	**580,804**	595,112
Other	**1,537**	1,537	**1,537**	1,537
Total other non-financial assets	**1,537**	1,537	**582,341**	596,649

Note 7 Current liabilities

Note 7A: Trade payables

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Trade creditors and accruals	**52,160**	583,894	**52,160**	583,894
Legal costs - litigation	**119,397**	144,563	**119,397**	144,563
Legal costs – other matters	**-**	-	**-**	-
Subtotal trade creditors	**171,557**	728,457	**171,557**	728,457
Payables to other reporting unit				
- AEU Federal Office	**483,409**	4,451	**483,409**	4,451
- AEU ITF	**92,950**	105,600	**92,950**	105,600
Subtotal payables to other reporting unit	**576,359**	110,051	**576,359**	110,051
Total trade payables	**747,916**	838,508	**747,916**	838,508

Note 7B: Other payables

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Wages and salaries	**-**	181,716	**-**	181,716
Superannuation	**230,712**	36,104	**230,712**	36,104
Consideration to employers for payroll deductions	**-**	-	**-**	-
Prepayments received/unearned revenue	**100,948**	102,313	**100,948**	102,313
GST payable	**252,481**	286,886	**252,481**	286,886
Security deposit	**30,250**	30,250	**-**	-
Other	**510,343**	222,011	**501,451**	168,667
Total other payables	**1,124,734**	859,280	**1,085,592**	775,686
Total other payables are expected to be settled in:				
No more than 12 months	**1,124,734**	859,280	**1,085,592**	775,686
More than 12 months	**-**	-	**-**	-
Total other payables	**1,124,734**	859,290	**1,085,592**	775,686

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Note 7C: Borrowings				
Bank mortgage loan	**17,000,000**	34,790	**17,000,000**	**34,790**
Total other non-financial assets	**17,000,000**	34,790	**17,000,000**	**34,790**

Note 8 Provisions

Note 8A: Employee provisions

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Office Holders:				
Annual leave	**221,688**	219,567	**221,688**	219,567
Long service leave	**157,184**	255,702	**157,184**	255,702
Separations and redundancies	**-**	-	**-**	-
Other	**-**	-	**-**	-
Subtotal employee provisions - office holders	**378,872**	475,269	**378,872**	475,269
Employees other than office holders:				
Annual leave	**1,051,122**	672,201	**1,051,122**	672,201
Long service leave	**1,346,912**	1,355,287	**1,346,912**	1,355,287
Separations and redundancies	**-**	-	**-**	-
Other	**-**	-	**-**	-
Subtotal employee provisions - employees other than office holders	**2,398,034**	2,027,488	**2,398,034**	2,027,488
Total employee provisions	**2,776,906**	2,502,757	**2,776,906**	2,502,757
Current	**1,272,810**	891,768	**1,272,810**	891,768
Non-current	**1,504,096**	1,610,989	**1,504,096**	1,610,989
Total employee provisions	**2,776,906**	2,502,757	**2,776,906**	2,502,757

Note 9 Non-current liabilities

Note 9A: Borrowings

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Bank Mortgage Loan	**7,919,825**	24,913,912	**7,919,825**	24,913,912
Total Borrowings	**7,919,825**	24,913,912	**7,919,825**	24,913,912

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
Note 9 Non-current liabilities (Continued)				
Note 9B: Deferred tax liabilities				
Deferred Tax Liabilities	**2,274,082**	1,138,031	**-**	-
Total Deferred tax liabilities	**2,274,082**	1,138,031	**-**	-
Consists of:				
Property, plant and equipment	**2,470,487**	1,242,721		
Tax loss	**(196,405)**	(104,690)	**-**	-
	2,274,082	1,138,031	**-**	-

Note 10 Equity

Note 10A: Retained earnings

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Retained earnings at start of year	**23,971,973**	24,068,538	**16,752,594**	16,643,479
Profit (Loss) for the year	**2,371,673**	(96,565)	**(358,185)**	109,115
Retained earnings at end of year	**26,343,646**	23,971,973	**16,394,409**	16,752,594

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:	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Cash flow statement	**6,386,889**	6,536,928	**6,386,147**	6,382,172
Balance sheet	**6,386,889**	6,526,928	**6,386,147**	6,382,172
Difference	**-**	-	**-**	-

Note 11 Cash flow (Continued)

Note 11A: Cash flow reconciliation

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
Reconciliation of profit (loss) to net cash from operating activities:				
Profit (Loss) for the year	**2,371,673**	(96,565)	**(358,185)**	109,115
Adjustments for non-cash items				
Depreciation/amortisation	**685,251**	653,446	**680,434**	648,629
Revaluation of property	**(4,060,000)**	-	**-**	-
Changes in assets/liabilities				
(Increase) in net receivables	**(340,293)**	(308,662)	**(381,458)**	(292,698)
Decrease (Increase) in prepayments	**65,599**	(95,832)	**65,599**	(69,029)
Increase in supplier payables	**175,892**	211,102	**220,353**	205,491
Increase/(decrease) in other payables	**(1,365)**	(30,739)	**(1,365)**	(30,739)
Increase/(decrease) in employee provisions	**274,149**	(213,590)	**274,149**	(213,590)
Increase in tax provisions	**52,864**	31,054	**-**	-
Increase/(decrease) in deferred tax	**1,136,051**	(94,925)	**-**	-
Net cash from operating activities	**359,821**	55,289	**499,527**	357,179

Note 11B: Cash flow information

Cash flows to/from another reporting unit and/or controlled entity

	Consolidated 2018	Consolidated 2017	Parent 2018	Parent 2017
Cash inflows				
TFV Property Pty. Ltd.	**-**	-	**766,000**	670,000
Total cash inflows	**-**	-	**766,000**	670,000
Cash outflows				
AEU Federal Office	**2,415,374**	2,706,654	**2,415,374**	2,706,654
Total cash outflows	**2,415,374**	2,706,654	**2,415,374**	2,706,654

Note 12 Contingent liabilities, assets and commitments

Note 12A: Commitments and contingencies

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Operating lease commitments - as lessee				
Lease of photocopiers expiring 11/2019; IT equipment leases; vehicle leases with terms 36 month terms. Future minimum rentals payable under non-cancellable operating leases as at December 2018 are as follows:				
Within one year	**194,275**	556,889	**194,275**	556,889
After one year but not more than five years	**778,882**	360,721	**778,882**	360,721
More than five years	**-**	-	**-**	-
	973,157	917,610	**973,157**	917,610
Operating lease commitments - as lessor				
Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2018 are as follows:				
Within one year	**405,764**	162,250	**314,259**	66,000
After one year but not more than five years	**1,893,518**	1,846,211	**1,893,518**	1,846,211
After five years	**1,619,795**	2,323,176	**1,619,795**	2,323,176
	3,919,077	4,331,637	**3,827,572**	4,235,387

Capital commitments

At 31 December 2018 the entity has no significant capital commitments.

Other contingent assets or liabilities

Funding of Members legal fees

As part of its services provided to members the AEU – Victorian Branch funds certain legal cases on behalf of its members. Funding is approved in advance on a case by case basis. The total amount of funding approved but not yet paid for as at 31 December 2018 is approximately $2.4M.

Note 13 Related party disclosures

Note 13A: Related party transactions for the reporting period

The subsidiary company, TFV Property Ltd, owns the property at 112 Trenerry Crescent, Abbotsford, where the parent company conducted its business up to June 2017. 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 external tenants.

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Loan to subsidiary				
Balance at 1 January	-	-	**595,112**	436,726
Loan repayments	-	-	**(766,000)**	(670,000)
Loan advanced	-	-	**751,692**	828,386
Balance at 31 December	-	-	**580,804**	595,112

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

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Short-term employee benefits				
Salary (including annual leave taken)	**1,281,882**	1,128,966	**1,281,882**	1,128,966
Annual leave accrued	**161,223**	147,511	**161,223**	147,511
Other	**165,829**	110,277	**165,829**	110,277
Total short-term employee benefits	**1,608,934**	1,386,754	**1,608,934**	1,386,754
Post-employment benefits:				
Superannuation	**224,196**	204,480	**224,196**	204,480
Total post-employment benefits	**224,196**	204,480	**224,196**	204,480
Other long-term benefits:				
Long-service leave	**(98,518)**	16,497	**(98,518)**	16,497
Total other long-term benefits	**(98,518)**	16,497	**(98,518)**	16,497
Termination benefits	-	-	-	-
Total	**1,734,612**	1,607,731	**1,734,612**	1,607,731

	Consolidated		Parent	
	2018	2017	**2018**	2017
	$	$	**$**	$
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 13D: Former related party

There were no payments made to a former related party of the reporting unit.

Note 13E: Financial affairs

There is no another entity administer the financial affairs of the reporting unit

Note 14 Remuneration of auditors

	Consolidated 2018 $	Consolidated 2017 $	Parent 2018 $	Parent 2017 $
Value of the services provided				
Current auditor				
Financial statement audit services	**43,800**	38,725	**40,000**	35,000
Other services	**5,796**	5,090	**4,815**	4,450
Total remuneration of auditors	**49,596**	43,815	**44,815**	39,450

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 ageing 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 2018 $	2017 $	Parent 2018 $	2017 $
Financial assets				
Cash and cash equivalents	**6,386,889**	6,536,928	**6,386,147**	6,382,172
Trade and other receivables	**1,824,472**	1,511,517	**1,821,762**	1,439,979
Total	**8,211,361**	8,048,445	**8,207,909**	7,822,151
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	**-**	-	**580,804**	595,112
Total	**-**	-	**580,804**	595,112
Carrying amount of financial assets	**8,211,361**	8,048,445	**16,788,713**	16,417,263
Financial liabilities				
Trade and other payables	**1,872,650**	1,697,788	**1,833,508**	1,614,194
Borrowings	**24,919,825**	24,948,702	**24,919,825**	24,948,702
Total	**26,792,475**	26,646,490	**26,753,333**	26,562,896
Carrying amount of financial liabilities	**26,792,475**	26,646,490	**26,753,333**	26,562,896

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 courter party or group of counter parties.

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 2018 and 31 December 2017 do not include any counter parties 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 2018 - Consolidated

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	1,872,650	-	-	-	-	1,872,650
Borrowings	-	17,000,000	-	-	7,919,825	24,919,825
Total	1,872,650	17,000,000	-	-	7,919,825	26,792,475

Maturities for financial liabilities 2017 - Consolidated

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	1,697,788	-	-	-	-	1,697,788
Borrowings	-	34,790	-	-	24,913,912	24,948,702
Total	1,697,788	34,790	-	-	24,913,912	26,646,490

Contractual maturities for financial liabilities 2018 - Parent

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Borrowings	-	17,000,000	-	-	7,919,825	24,919,825
Trade and other payables	1,833,508	-	-	-	-	1,833,508
Total	1,833,508	17,000,000	-	-	7,919,825	26,753,333

Maturities for financial liabilities 2017 - Parent

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Borrowings	-	34,790	-	-	24,913,912	24,948,702
Trade and other payables	1,614,194	-	-	-	-	1,614,194
Total	1,614,194	34,790	-	-	24,913,912	26,562,896

	Consolidated		Parent	
	2017	2015	**2017**	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 2018

	Change in risk variable	Effect on	
		Profit & loss	Equity
	%	$	$
Financial Assets			
Interest rate risk	+2	+127,738	+127,738
Interest rate risk	-2	-127,738	-127,738
Financial Liabilities			
Interest rate risk	+1	-249,198	-249,198
Interest rate risk	-1	+249,198	+249,198

Sensitivity analysis of the risk that the entity is exposed to for 2017

	Change in risk variable	Effect on	
		Profit & loss	Equity
Financial Assets	%	$	$
Interest rate risk	+2	+130,187	+130,187
Interest rate risk	-2	-130,187	-130,187
Financial Liabilities			
Interest rate risk	+2	-249,487	-249,487
Interest rate risk	-2	+249,487	+249,487

Note 15G: Asset pledged/or held as collateral

Assets pledged as collateral				
Financial assets pledged as collateral:				
Freehold Land & Buildings	**47,519,116**	43,390,456	**26,680,914**	26,640,456
Total assets pledged as collateral	**47,519,116**	43,390,456	**26,680,914**	26,640,456

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 2018 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 2018 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 2018 $	**Fair value 2018 $**	Carrying amount 2017 $	Fair value 2017 $
Consolidated				
Financial Assets				
Cash & cash equivalents	**6,386,889**	**6,386,889**	6,536,928	6,536,928
Trade & other receivables	**1,824,472**	**1,824,472**	1,511,517	1,511,517
Total	**8,211,361**	**8,211,361**	8,048,445	8,048,445
Non-financial Assets				
Land & Buildings	**47,519,116**	**47,519,116**	43,390,456	43,390,456
Plant & Equipment	**678,436**	**678,436**	882,949	882,949
Other non-current Assets	**1,431,009**	**1,431,009**	1,499,423	1,499,423
Total	**49,628,561**	**49,628,561**	45,772,828	45,772,828
Financial Liabilities				
Trade & other payables	**1,872,650**	**1,872,650**	1,697,788	1,697,788
Bank Mortgage Loan	**24,919,825**	**24,919,825**	24,948,702	24,948,702
Total	**26,792,475**	**26,792,475**	26,646,490	26,646,490
Parent				
Financial Assets				
Cash & cash equivalents	**6,386,147**	**6,386,147**	6,382,172	6,382,172
Trade & other receivables	**1,821,762**	**1,821,762**	1,439,979	1,439,979
Other Investments	**8,000,000**	**8,000,000**	8,000,000	8,000,000
Loan to subsidiary	**580,804**	**580,804**	595,112	595,112
Total	**16,788,713**	**16,788,713**	16,417,263	16,417,263
Non-financial Assets				
Land & Buildings	**26,680,914**	**26,680,914**	26,640,456	26,640,456
Plant & Equipment	**678,436**	**678,436**	849,930	849,930
Other non-current assets	**1,431,009**	**1,431,009**	1,499,423	1,499,423
Total	**28,790,359**	**28,790,359**	28,989,809	28,989,809
Financial Liabilities				
Trade & other payables	**1,833,508**	**1,833,508**	1,614,194	1,614,194
Bank Mortgage Loan	**24,919,825**	**24,919,825**	24,948,702	24,948,702
Total	**26,753,333**	**26,753,333**	26,562,896	26,562,896

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 2018

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		$	$	$
Cash & cash equivalents		6,386,889	-	-
Trade & other receivables		1,824,472	-	-
Total		**8,211,361**	-	-
Non-financial Assets				
Land & Buildings	21/5/2014	-	18,676,640	-
Non-current assets held for sale	31/12/2018	-	20,838,202	-
Investment Property		-	8,004,274	-
Plant & Equipment		-	678,436	-
Other non-current assets		-	1,429,472	-
Total		-	**49,627,024**	-
Liabilities measured at fair value				
Trade & other payables		1,872,650	-	-
Bank Mortgage Loan		24,919,825	-	-
Total		**26,792,475**	-	-

Fair value hierarchy - Consolidated 31 December 2017

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		$	$	$
Cash & cash equivalents		6,536,928	-	-
Trade & other receivables		1,511,517	-	-
Total		**8,048,445**	-	-
Non-financial Assets measured at fair value				
Land & Buildings	21/5/2014	-	18,648,319	-
Investment Property		-	24,742,137	-
Plant & Equipment		-	882,949	-
Other non-current assets		-	1,499,423	-
Total		-	**45,772,828**	-
Liabilities measured at fair value				
Trade & other payables		1,697,788	-	-
Bank Mortgage Loan		24,948,702	-	-
Total		**26,646,490**	-	-

Note 16 Fair value measurement (Continued)

Note 16B: Fair value hierarchy (Continued)

Fair value hierarchy – Parent 31 December 2018	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		$	$	$
Cash & cash equivalents		6,386,147	-	-
Trade & other receivables		1,821,762	-	-
Other Investments		-	8,000,000	-
Loan to subsidiary		580,804	-	-
Total		**8,788,713**	**8,000,000**	**-**
Non-financial assets measured at fair value				
Land & Buildings	**21/5/2014**	-	18,676,640	-
Investment property		-	8,004,274	-
Plant & Equipment		-	678,436	-
Other non-current assets		-	1,431,009	-
Total		**-**	**28,790,359**	**-**
Liabilities measured at fair value				-
Trade & other payables		1,833,508	-	-
Bank Mortgage Loan		24,919,825	-	-
Total		**26,753,333**	**-**	**-**

Fair value hierarchy – Parent 31 December 2017	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		$	$	$
Cash & cash equivalents		6,382,172	-	-
Trade & other receivables		1,439,979	-	-
Other Investments		-	8,000,000	-
Other Non-current assets		595,112	-	-
Total		**8,417,263**	**8,000,000**	**-**
Non-current assets measured at fair value				
Land & Buildings	**21/5/2014**	-	18,648,319	-
Investment Property		-	7,992,137	-
Plant & Equipment		-	849,930	-
Other non-current assets		-	2,094,535	-
Total		**-**	**29,584,921**	**-**
Liabilities measured at fair value				
Trade & other payables		1,614,194	-	-
Bank Mortgage Loan		24,948,702	-	-
Total		**26,562,896**	**-**	**-**

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 Commissioner:

(1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

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

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

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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 2018, 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, the Committee of Management Statement and the subsection 255(2A) report

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 2018 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* (the RO Act).

(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)

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the entity is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor 's 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.

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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)

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.
- 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
CHARTERED ACCOUNTANTS

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240 Bay Street
BRIGHTON VIC 3186

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BGL & Associates Pty Ltd
ACN 006 935 459
Trading as BGL Partners

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

I declare that I am an approved auditor, a member of The Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.

BGL Partners

BGL Partners

JHinds

I. A. Hinds - Partner
Registration number (as registered by the RO Commissioner under RO Act): AA2018/87

Melbourne

29 April 2019

Australian Government
Registered Organisations Commission

17 June 2019

Erin Aulich
Branch Secretary
Australian Education Union-Victorian Branch
Sent via email: Erin.Aulich@aeuvic.asn.au

Dear Erin Aulich,

Lodgement of Financial Report - Reminder to lodge

The Registered Organisations Commission's (the ROC) records disclose that the financial year of the Australian Education Union-Victorian Branch (the reporting unit) ended on the 31 December 2018.

As you would be aware, the *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires that a reporting unit prepare a financial report in accordance with the RO Act, make it available to the members and then must lodge the financial report within 14 days after the general meeting of members, or if the rules of the reporting unit allow, the Committee of Management meeting (s.268).

The maximum period of time allowed under the RO Act for the full financial report to be presented to a general meeting of members or a committee of management meeting is six months after the expiry date of its financial year (s.253, s254, s265, s.266, s.268). The full report must be lodged with the ROC within 14 days of that meeting.

The ROC encourages your reporting unit to lodge its financial report at the earliest opportunity in order to ensure compliance with its obligations. Failure of a reporting unit to lodge its financial report is a breach of a civil penalty provision of the RO Act. This can result in the Commissioner instituting an inquiry or investigation into a reporting unit's non-compliance under Chapter 11, Part 4 of the RO Act. The actions available to the Commissioner following an investigation include issuing Federal Court legal proceedings for breach of a civil penalty provision. The orders available to the Federal Court include imposition of a pecuniary penalty on the organisation or individual officer, whose conduct led to the contravention, of up to $105,000 per contravention on the organisation and up to $21,000 per contravention on an officer whose conduct led to the contravention.

We encourage you to lodge the full financial report directly to regorgs@roc.gov.au. That is the official email address for electronic lodgements of material related to registered organisations matters.

Should you seek any clarification in relation to the above, please contact me on 1300 341 665 or via email at regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

Australian Government
Registered Organisations Commission

21 January 2019

Ms Erin Aulich
Branch Secretary
Australian Education Union-Victorian Branch
By Email: Erin.Aulich@aeuvic.asn.au

Dear Ms Aulich,

Re: Lodgement of Financial Report - [FR2018/379]
***Fair Work (Registered Organisations) Act 2009* (the RO Act)**

The financial year of the Australian Education Union-Victorian Branch (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding $1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

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

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over $1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to $105,000 for each contravention for a body corporate and up to $21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding financial reporting, and fact sheets regarding financial reporting processes and requirements. A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our website.

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A fact sheet is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our website.

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

Australian Government
Registered Organisations Commission

FS 008
(19 July 2018)

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

General Information:

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

STEP 1:
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report **as soon as practicable after the end of the financial year:**

STEP 2:
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report **(1st meeting)**

STEP 3:
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT AT **GENERAL MEETING OF MEMBERS**
(this is the default process in the RO Act)

STEP 4:
Provide ***full report*** to members **at least 21 days before the General Meeting**

STEP 5:
Present ***full report*** to a General Meeting of Members **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

IF **RULES** PROVIDE FOR PRESENTATION OF FULL REPORT **AT COMMITTEE OF MANAGEMENT MEETING**
(Special rules must be in the rulebook to use this process)

STEP 4:
Provide ***full report*** to members **within 5 months of the reporting unit's end of financial year**

STEP 5:
Present ***full report*** to Committee of Management Meeting **within 6 months of the reporting unit's end of financial year (2nd meeting)**

STEP 6:
Prepare and sign the designated officer's certificate then lodge ***full report*** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

Misconceptions

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

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

Australian Government
Registered Organisations Commission

FS 009
(14 December 2018)

Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The Fair Work (Registered Organisations) Act 2009 (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within 90 days of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds $1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

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

Common misconceptions

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

Misconception		Requirement	
✘	Only reporting units must lodge the Statement.	✔	All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✘	Employees can sign the Statement.	✔	The statement must be signed by an elected officer of the relevant branch.
✘	Statements can be lodged with the financial report.	✔	The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

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

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

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

Note 4E: Grants or donations*

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

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

Implications for filing the Financial Report

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

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

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

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

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

Further information

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