

**AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE**  
**ABN 16 006 296 647**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



***Australian Education Union***

***Federal Office***

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This financial report covers the Australian Education Union - Federal Office as an individual entity. The financial report is presented in the Australian currency.

The Australian Education Union - Federal Office is a registered body under the *Fair Work (Registered Organisations) Act 2009* and is domiciled in Australia.

*The principal place of business is:*  
Australian Education Union – Federal Office  
G/F, 120 Clarendon Street  
SOUTH BANK VIC 3006

The financial report was authorised for issue by the Committee of Management on the 20th day of February 2020.

**AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE**  
**ABN 16 006 296 647**

**OPERATING REPORT**

The Federal Executive presents their report on the Australian Education Union - Federal Office (The AEU-Federal Office) for the financial year ended 31 December 2019.

**Members of executive**

The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The name of each person who has been a member of the Federal Executive at any time during or since the end of the financial year is as follows:

<b><i>Name</i></b>	<b><i>Position</i></b>	<b><i>Name</i></b>	<b><i>Position</i></b>
Erin Aulich**	General Division	Kevin Bates **	General Division
Pat Byrne**	General Division	Nicole Calnan (from 10/08/19)	General Division
Carolyn Clancy (resigned 6/06/19)	General Division		
John Dixon **	General Division	Briley Stokes (formerly Duncan) (from 06/06/19)	General Division
Glenn Fowler	General Division	Shane Gorman	Principals Representative
Correna Haythorpe **	Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Martel Menz	Early Childhood Representative
Maurie Mulheron	Deputy Federal President	Justin Mullaly	General Division
Meredith Peace	General Division	Michelle Purdy	Federal TAFE President
Henry Rajendra (from 10/08/19)	General Division	Cresta Richardson (from 22/03/19)	General Division
Helen Richardson	General Division	Michelle Rosicky (resigned 28/06/19)	General Division
Jarvis Ryan **	General Division	Howard Spreadbury	General Division
Jenny Swadling	General Division	Gary Zadkovich (resigned 28/06/19)	General Division
Casandra Brown	Aboriginal & Torres Strait Islander Representative	Roz Madsen**	Deputy Federal Secretary

\*\* members of Finance Committee

## **OPERATING REPORT (Continued)**

### **Significant changes in state of financial affairs**

There have been no significant changes in the state of financial affairs of the AEU-Federal Office that occurred during the financial year.

### **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 and TAFE colleges across Australia. The AEU is a democratic, federated structure, with a Federal Office, based in Melbourne, and branches in every state and territory of Australia.

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

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 Australia and internationally.

The AEU Federal Executive has set the following strategic objectives :

- To achieve equitable, sustainable, recurrent Government funding of public education across early childhood, schools and TAFE.
- To protect and promote quality teaching and learning.
- To protect and promote quality teaching and learning environments.
- To ensure that the AEU is a growing, active campaigning, democratic union.
- To promote, defend and advocate for human rights and social justice.

The principal activities of the AEU-Federal Office during the financial year have focussed on the achievement of these strategic objectives.

The major activities of the AEU during the period were the continuation of the national public education campaigns in schools, early childhood and TAFE.

The Federal Government abandoned needs-based funding for public schools with its changes to the Education Act in 2017. The changes resulted in public schools missing out on \$1.9 billion of promised funding in 2018 and 2019 and across the decade to 2027 projected funding of \$14 billion. Further the government introduced a cap of 20% on the federal Schooling Resource Standard (SRS) contribution to public schools. The impact of these changes is that 99% of public schools will be funded below the Schooling Resource Standard by 2023 while all private schools will be at or above the SRS. The SRS is recognised as the minimum requirement to give every child, regardless of their background, the greatest opportunity to achieve their full potential regardless of their background or circumstances.

Instead of ensuring every school across the country has the resources needed to close the education gap for students, the Federal Government plan continues to entrench disadvantage and inequality between school sectors.

The Federal Government's school funding plan also cut funding for students with disability, impacting on resources for schools to educate children with disability who face challenges that other children do not.

Against this backdrop in 2019 the union escalated the *Fair Funding Now!* Campaign to achieve our objective of securing the full implementation and full funding of a needs based model which maintains the architecture of the SRS.

## **OPERATING REPORT (Continued)**

The Fair Funding Now! Campaign, launched in 2018, built on the achievements of the AEU's I Give a Gonski Campaign.

The AEU Fair Funding Now! Policy blue print calls on the federal coalition government to commit to:

1. Fairer funding now by immediately reversing its \$1.9 billion cut to public schools for 2019 and 2020;
2. Resourcing all schools to 100 per cent of the Schooling Resource Standard (SRS);
3. Establishing a capital fund for public schools to upgrade classrooms and facilities; and
4. Providing more support for students with disability.

2019 saw thousands of AEU members and supporters from school communities throughout Australia participating in the campaign to build strong public awareness and community support for public school funding and political commitments in the lead up to the federal election which was held on 18 May 2019. The campaign focused on parents, teachers, principals and concerned citizens in 18 marginal seats.

The AEU launched a tour across Australia using FFN! branded vans from early February through to the election creating opportunities for conversations and activities designed to engage school communities in target seats in the pre-election period. Members and community supporters doorknocked in their local communities and spoke about their local schools and the importance of fair funding.

In April a display of cardboard schools was set up in front of Parliament representing all public schools in Australia. Each school had displayed the exact additional funding that school would get over the following three years if there was a change of government and the ALP school funding policies were implemented. Further the union committed significant resources in advertising and communication. The media campaign included television, radio and newspaper advertising as well as outdoor and mobile billboards and extensive digital advertising.

Additional activities included a "tweetathon", a Fair Funding Now "Do Your Block" weekend with over 240,000 flyers delivered by volunteers, multiple events at schools utilising the branded vans and mobile billboards, and conversations with parents outside the school gate before and after school.

Following the announcement of the election date extensive effort was made to inform members of the choice they faced at the federal election, particularly in the target seats. Volunteers staffed major pre-poll booths and polling booths on election day handing out leaflets advocating for support for those political parties which supported our FFN! Campaign demands and defeat of the Morrison Government.

With the re-election of the Coalition Government the AEU will continue our campaign to make certain that all schools receive their full share of the fair funding they deserve and every child has access to a high quality education regardless of their background and circumstances.

The *Stop TAFE Cuts* campaign was set against the backdrop of the unfolding disaster of VET FEE-HELP and increasing uncertainty as public revelations about the activities of private for-profit colleges consumed the media. The problems with the VET FEE-HELP scheme cannot be considered in isolation from the other problems which currently exist across the sector. Indeed many of the problems - low quality provision, low student engagement, poor progression, inconsistent assessment and low completion rates, unscrupulous providers and wasted financing are all evident across the whole sector, and are not confined to VET FEE-HELP provision.

The major focus of the *Stop TAFE Cuts* campaign throughout 2019 was to secure broad support for a guarantee from all major political parties of a minimum 70 per cent vocational education funding for TAFE. The campaign engaged members and supporters in a range of campaign activities, both through social media, and on the ground. Strategic lobbying activities focussed the campaign in a number of target seats, where the campaign built on efforts to educate members and activists.

## **OPERATING REPORT (Continued)**

### **Review of principal activities and results of operations (Continued)**

In February an “Enrol to vote for TAFE” week was held with activities on campus and at youth events.

In the lead up to the federal election campaign activities included TAFE specific radio, digital and billboard advertising as well as use of social media. Doorknocks were held in target electorates to get the message about TAFE to voters and a Do Your Block for TAFE in April resulted in over 38,000 flyers being distributed.

On National TAFE Day, Thursday 13 June, union members and supporters were encouraged to celebrate the achievements of TAFE and our members and ask their local politicians to sign the TAFE guarantee for a guaranteed minimum of 70% of vocational education funding for TAFE.

The union continued to campaign for the Federal Government to commit to ongoing funding for universal access to fifteen hours of pre-school delivered by a qualified teacher for every four year old and the introduction of federal funding for preschool education for all 3 year olds.

The Preschool Funding Now campaign was active early in the year in securing a funding commitment from the Morrison government for the National Partnership Agreement for Universal Access to Early Childhood Education for four year olds in the 2019 budget, providing funding to early childhood education for another year, 2020. There was no promise for ongoing funding certainty by the Commonwealth.

Campaign actions over a number of months led to a significant promise from the ALP which aligned with our policy ask for on-going funding for Universal Access for all 4 year-olds and the commitment to funding for three year olds.

The Union has worked with its members, its Branches and employing authorities to improve the professional status of teaching and other education workers in all sectors. It has campaigned for these objectives through advocacy and support for high standards of entry to, and rigorous courses of, Initial Teacher Education, professional standards for school teachers and principals, professional autonomy for teachers, the introduction of professional teaching qualifications for TAFE teachers as well as for further recognition through improved remuneration, enhanced career structures and addressing workload for teachers and education workers generally.

### **Results of activities**

The AEU's *Fair Funding Now!* campaign continued to build on the success of the *I Give A Gonski* campaign. Thanks to this persistent campaigning the Australian Labor Party and the Australian Greens were in no doubt that public education was important to Australians and both parties shifted their education policies in line with Fair Funding Now! demands. Late in 2018 the ALP announced they would invest \$14.1 billion over ten years into our public schools with 3.3 billion invested up front between 2020 and 2022 if elected. They also pledged to remove the 20% cap on Federal funding and work with state and territory governments towards all schools being funded at 100% of the Schooling Resource Standard. This was matched by a comprehensive funding pledge from the Australian Greens.

Post-election the AEU undertook a major review of our campaigning over the past three years. Surveys were conducted of members, supporters and union organisers as well as consultations with Branch leaderships. Public polling consistently shows the public is concerned about fair funding for schools and the issue is high on the issues of voters including union members.

The information gathered as part of the evaluation is very valuable in deciding the future direction of our campaigns.

The campaign for universal pre-school education for all four old year and three year old children has resulted in greater awareness of the funding shortfall for Universal Access and increased engagement of the pre-school community in the campaign. The Federal Government committed to funding Universal Access for four year old children for a further year in 2020. The ALP announced their commitment to on-going funding for a Universal Access program for three and for four year olds, giving access to an affordable age-appropriate play-based early education program for the two years before school.

## **OPERATING REPORT (Continued)**

### **Results of activities (Continued)**

Throughout the financial year the AEU has successfully enhanced and supported the professional status of AEU members in public education through professional development and training and conferences, representation of members on professional bodies and to employers; submissions and appearances before Commonwealth of Australia Parliamentary Committees and various federal inquiries. AEU advocacy for improved entry standards into university initial teacher education courses has resulted in greater public discussion and awareness that we need to attract the top 30% of students into teaching.

The AEU Federal Office has coordinated, researched and informed Branches on industrial matters including support for salaries and conditions which have resulted in increased salaries and improved conditions across the country.

### **Analysis of results for the year:**

The expenditure on campaigning is impacted by the three year federal election cycle and the 2019 financial year was the third year of the cycle. In the lead up to the federal election the focus was to convince voters to support political parties which supported fully funding pre-school, schools and TAFE. Much of the expenditure in 2019 on the campaigns focused on local community campaigning in targeted electorates, to promote and advocate for issues around schools, TAFE and early childhood, and paid media, such as TV and print advertising and social media. This was significant in convincing the electorate of the choices in the election in relation to the achievement of fair schools funding, ongoing funding for early childhood education and a well-funded public TAFE sector.

	<b>General Operations</b>	<b>Public Education Campaign</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	9,113,730	751,220	9,864,950
Expenses	(6,022,736)	(3,617,673)	(9,640,409)
Funds transferred	(1,600,000)	1,600,000	-
Surplus for the year	<b>1,490,994</b>	<b>(1,266,453)</b>	<b>224,541</b>

## **OPERATING REPORT (Continued)**

### **Right of members to resign**

Members may resign from the union in accordance with rule 17, which reads as follows:

"17 - Resignation from membership and termination of eligibility

- (1) Subject to sub-rule 17(1A) a member becomes ineligible for membership of the Union when he/she no longer meets the conditions of eligibility for membership of the Union.
- (1A) The following persons shall after the date referred to in sub-rule 5(12) be eligible to retain membership of the Union notwithstanding the fact that they are no longer eligible for membership within the conditions of eligibility for membership set out in rule 5:
  - (a) members who are eligible for membership pursuant to paragraphs 5(3)(a), (b) or (c) and are -
    - (i) seconded by their employer to non-teaching duties, or
    - (ii) appointed by the Minister for Education to any Board, Committee or statutory authority;
  - (b) members who were formerly eligible for membership pursuant to paragraph 5(4)(a), (b) or (c) and have commenced to be employed elsewhere in the Victorian Education Department or in a technical and further education institution or by the Technical and Further Education Board or are seconded by their employer to perform professional duties requiring teacher qualifications;
  - (c) persons who become members of the Union prior to the date referred to in sub-rule 5(12) pursuant to paragraphs 5(3)(d) or 5(4)(d);provided that persons who are entitled to retain membership pursuant to this sub-rule should not be entitled to retain membership after the expiration of the secondment or appointment.
- (2) A member who becomes ineligible for membership of the Union shall within seven days thereof give written notice of the fact and the reason therefore to the Secretary of the Branch to which he/she is attached.
- (3) A member may resign from membership of the Union by written notice addressed to and delivered to the Secretary of the Branch to which the member is attached.
- (4) A notice of resignation from membership takes effect:-
  - (a) here 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 relevant 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 relevant Branch Secretary; or
    - (ii) on the day specified in the notice;whichever is later.
- (5) Any subscriptions, levies or fines which are due and payable but have not been paid by a former member in relation to a year before the member's resignation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- (6) A notice delivered to the relevant Branch Secretary shall be taken to have been received by the Union when it was delivered.
- (7) A notice of resignation that has been received at the office of the relevant Branch Secretary is not invalid because it was not addressed and delivered in accordance with sub-rule (1).
- (8) A resignation from membership is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.
- (9) A relevant Branch Secretary may accept a resignation from membership which is not effected in accordance with this Rule.
- (10) Where the relevant Branch Secretary accepts a resignation in accordance with the previous sub-rule the relevant Branch Secretary shall inform the member in writing that his/her resignation has been accepted.
- (11) On receipt of a written notice from a member that he/she has become ineligible for membership of the Union or a notice of resignation or on acceptance of a resignation which is not effected in accordance with this Rule, the Branch Secretary shall, as soon as possible notify the Federal Secretary that the member has become ineligible for membership or that the member has resigned."



**OPERATING REPORT (Continued)**

**Membership and employee numbers**

The number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis at 31 December 2019 was 16.1 (2018: 16.91)

The number of members across 8 branches at 31 December 2019 was 190,850 Financial and 3,545 Unfinancial (2018: 191,221).

**Superannuation trustees**

To the best of the Federal Executive's belief and knowledge, no officer or member of the organisation, by virtue of their office or membership of the Australian Education Union is:

- (i) a trustee of a superannuation entity or exempt public sector superannuation scheme: or
- (ii) a director of a company that is a trustee of a superannuation entity or exempt public sector superannuation scheme: and
- (iii) where the criterion for the officer or member being a trustee or director is that the officer or member is an officer or member of a registered organisation.

Signed in accordance with a resolution of the Federal Executive:

Signature of designated officer:  .

Name of designated officer: Susan Hopgood

Title of designated officer: Federal Secretary

Date: 20 / 02 / 2020 .

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>Notes</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>Revenue from continuing operations</b>	4	<b>9,351,249</b>	9,378,264
<b>Other revenue</b>	4	<b>513,701</b>	364,913
<b>Expenses</b>			
Administrative and other expenses	5	(398,642)	(469,822)
Capitation, affiliation fees and levies	6	(1,746,428)	(1,605,737)
Campaign and project expenses	7	(3,619,730)	(1,599,026)
Depreciation and amortisation	8	(18,753)	(7,432)
Employee expenses	9	(2,588,649)	(2,462,100)
ITF allocation		(88,000)	(88,000)
Legal and professional fees	10	(31,500)	(54,234)
Meeting and conference expenses	11	(387,431)	(411,812)
Publications	12	(761,276)	(724,559)
		<u>(9,640,409)</u>	<u>(7,422,722)</u>
<b>Surplus for the year</b>		<b><u>224,541</u></b>	<b><u>2,320,455</u></b>
<b>Surplus attributable to the members</b>		<b>224,541</b>	2,320,455
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year attributable to the members</b>		<b><u>224,541</u></b>	<b><u>2,320,455</u></b>

**AUSTRALIAN EDUCATION UNION - FEDERAL OFFICE**  
**ABN 16 006 296 647**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	17,077,467	16,381,706
Trade and other receivables	14	278,689	749,644
Other assets	15	103,890	135,968
<b>Total current assets</b>		<b>17,460,046</b>	<b>17,267,318</b>
<b>Non-current assets</b>			
Other financial assets	16	4,383,937	4,383,937
Property, plant and equipment	17	59,904	19,691
<b>Total non-current assets</b>		<b>4,443,841</b>	<b>4,403,628</b>
<b>Total assets</b>		<b>21,903,887</b>	<b>21,670,946</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18	138,750	226,869
Borrowings	19	22,953	-
Provisions	20	1,326,705	1,263,901
<b>Total current liabilities</b>		<b>1,488,408</b>	<b>1,490,770</b>
<b>Non-current liabilities</b>			
Borrowings	19	12,613	-
<b>Total non-current liabilities</b>		<b>12,613</b>	<b>-</b>
<b>Total liabilities</b>		<b>1,501,021</b>	<b>1,490,770</b>
<b>Net assets</b>		<b>20,402,866</b>	<b>20,180,176</b>
<b>FUNDS</b>			
Reserves	21	6,863,614	8,080,067
General fund	22	13,539,252	12,100,109
<b>Total funds</b>		<b>20,402,866</b>	<b>20,180,176</b>

The above balance sheet should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>General Fund \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance at 1 January 2018</b>	10,876,289	6,983,432	17,859,721
Total comprehensive income for the year	2,320,455	-	2,320,455
Transfer to (from) general fund	<u>(1,096,635)</u>	<u>1,096,635</u>	<u>-</u>
<b>Balance at 31 December 2018</b>	<u>12,100,109</u>	<u>8,080,067</u>	<u>20,180,176</u>
 <b>Balance at 1 January 2019</b>	 12,100,109	 8,080,067	 20,180,176
Adoption of AASB16	(1,851)	-	(1,851)
Total comprehensive income for the year	224,541	-	224,541
Transfer to (from) general fund	<u>1,216,453</u>	<u>(1,216,453)</u>	<u>-</u>
<b>Balance at 31 December 2019</b>	<u>13,539,252</u>	<u>6,863,614</u>	<u>20,402,866</u>

The above statement of changes in funds should be read in conjunction with the accompanying notes.

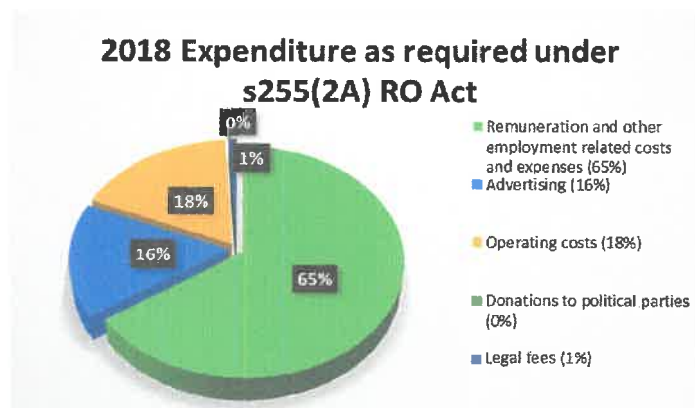
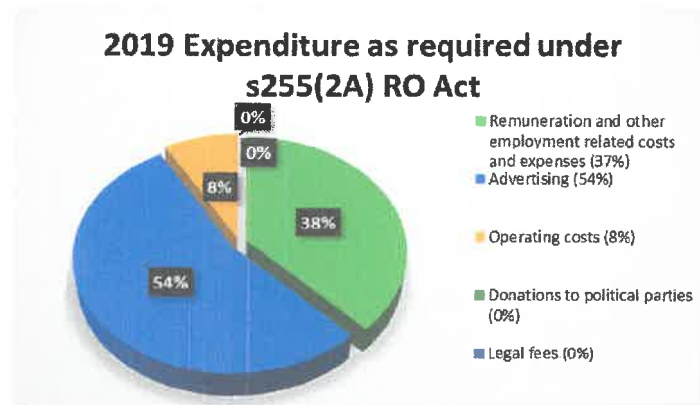
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Notes</b>	<b>2019 \$</b>	<b>2018 \$</b>
<b>Cash flows from operating activities</b>			
Receipts of capitation fees and levies (inclusive of GST)	27(a)	<b>9,809,875</b>	8,485,276
Receipts from controlled entities		-	-
Receipts of campaign contributions from branches (inclusive of GST)	27(b)	<b>826,342</b>	1,091,246
Sundry receipts		<b>497,124</b>	415,806
Payments to suppliers and employees (inclusive of GST)		<b>(10,531,519)</b>	(8,674,444)
Payments to controlled entities		-	-
Payments to another reporting units		-	-
Interest received		<b>70,089</b>	191,997
<b>Net cash inflow from operating activities</b>	27(c)	<b>671,911</b>	1,509,881
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		<b>(13,005)</b>	-
<b>Net cash (outflow) from investing activities</b>		<b>(13,005)</b>	-
<b>Cash flows from financing activities</b>			
Lease repayment		<b>(13,680)</b>	-
Loan repayment (advanced) received		<b>50,535</b>	(116,990)
<b>Net cash inflow (outflow) inflow from financing activities</b>		<b>36,855</b>	(116,990)
<b>Net increase in cash and cash equivalents</b>		<b>695,761</b>	1,392,891
Cash and cash equivalents at beginning of financial year		<b>16,381,706</b>	14,988,815
<b>Cash and cash equivalents at end of financial year</b>	13(a)	<b>17,077,467</b>	16,381,706

The above report should be read in conjunction with the accompanying notes.

REPORT REQUIRED UNDER SUBSECTION 255(2A)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019.



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 of designated officer: Susan Hopgood

Title of designated officer: Federal Secretary

Date: 20 / 02 / 2020

The above report should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

The financial report includes the separate financial statements for the Australian Education Union - Federal Office (The AEU-Federal Office).

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Fair Work (Registered Organisation) Act 2009*. The AEU-Federal Office is a not-for-profit entity for the purpose of preparing the financial statements.

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.

#### *Compliance with Australian Accounting Standards*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the AEU-Federal Office applying not-for-profit specific requirements contained in the Australian Accounting Standards.

#### *Early adoption of standards*

No accounting standard has been adopted earlier than the application date stated in the standard.

#### *New and amended standards adopted by the AEU-Federal Office*

The AEU-Federal Office has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- AASB 16 Leases
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments.

The entity had to change its accounting policies as a result of adopting AASB 16. The entity elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 1(o). The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1: Summary of significant accounting policies (Continued)**

**(b) Taxation**

AEU-Federal Office is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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.

**(c) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

The AEU-Federal Office recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the AEU-Federal Office and specific criteria have been met for each of the AEU-Federal Office's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The AEU-Federal Office bases its estimates on historical results, taking into consideration the type of member, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major operating activities as follows:

**Affiliation and capitation fees and levies**

Affiliation and capitation fees and levies are recognised on an accruals basis when the right to receive the fee or levy has been established.

**Campaign contributions from branches**

Campaign contributions from branches are recognised on an accruals basis when the right to receive the fee or levy has been established.

**Interest income**

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the AEU-Federal Office reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1: Summary of significant accounting policies (Continued)**

**(c) Revenue recognition (Continued)**

*Other revenue*

Other revenue is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of Goods and Services Tax (GST).

**(d) Cash and cash equivalents**

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(e) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the entity commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments at fair value through other comprehensive income (FVOCI)

The entity only has the following financial assets: Financial assets at amortised cost and FVTPL.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1: Summary of significant accounting policies (Continued)**

**(e) Financial assets (Continued)**

***Subsequent measurement (Continued)***

The entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The entity's cash and cash equivalents, term deposits, trade receivables and loans to related parties fall into this category of financial instruments.

**Financial assets at fair value through profit or loss (FVTPL)**

These financial assets are mandatorily measured at FVTPL as they are debt instruments that do not qualify for measurement at either amortised cost or FVOCI. They are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. This category includes investment funds, hybrids and alternatives that were previously classified as 'available-for-sale' under AASB 139.

**Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the entity has transferred substantially all the risks and rewards of the asset, or
  - b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the entity continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1: Summary of significant accounting policies (Continued)**

**(e) Financial assets (continued)**

**Impairment**

**(i) Trade receivables**

For trade receivables that do not have a significant financing component, the entity applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**(ii) Debt instruments other than trade receivables**

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the entity recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The entity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(f) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs. The entity's financial liabilities include trade and other payables and borrowing.

**Financial liabilities at amortised cost**

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**1: Summary of significant accounting policies (Continued)**

**(f) Financial liabilities (Continued)**

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

**(g) Fair value estimation**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

**(h) Property, plant and equipment**

Each class of property, plant and equipment is carried at historical cost less any accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

*Depreciation*

The depreciable amount of all fixed assets including buildings are depreciated over their estimated useful lives to the AEU-Federal Office commencing from the time the asset is held ready for use.

<b>Class of fixed asset</b>	<b>Depreciation rate</b>	<b>Depreciation basis</b>
Office and computer equipment	20 -33%	diminishing value
Furniture and fittings	10%	straight line

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1: Summary of significant accounting policies (Continued)**

**(i) Employee benefits**

*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

*(ii) Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

*(iii) Termination benefits*

Termination benefits are payable when employment is terminated by the entity before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**(j) Functional and presentation currency**

Items included in the financial report are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is the AEU-Federal Office's functional and presentation currency.

**(k) Comparative figures**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1: Summary of significant accounting policies (Continued)**

**(l) Impairment of assets**

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(m) Leases**

As explained in note 1(o) below, the entity has changed its accounting policy for leases where the entity is the lessee.

Until 31 December 2018, leases of property, plant and equipment where the entity, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the entity will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the entity as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the entity is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The entity did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

**(n) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the entity. The entity's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**1: Summary of significant accounting policies (Continued)**

**(o) New accounting standards and interpretations**

In the current year, the entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the accounting period that begins on or after 1 January 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the entity include:

<i>Standard</i>	<i>Effective for annual reporting periods beginning on or after</i>
AASB 16 Leases	1 January 2019

As indicated above, the entity has adopted AASB 16 *Leases* retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 1(m).

On adoption of AASB 16, the entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3%.

*(i) Practical expedients applied*

In applying AASB 16 for the first time, the entity has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The entity has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the entity relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

1: Summary of significant accounting policies (Continued)

(o) New accounting standards and interpretations (Continued)

(ii) *Measurement of lease liabilities*

	2019 \$
Operating lease commitments disclosed as at 31 December 2018	51,300
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(3,488)
Add/(less): contracts reassessed as lease contracts	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	-
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	-
<b>Lease liability recognised as at 1 January 2019</b>	<b>47,812</b>
Of which are:	
Current lease liabilities	12,246
Non-current lease liabilities	35,566
	<b>47,812</b>

(iii) *Measurement of right-of-use assets*

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

(iv) *Adjustments recognised in the balance sheet on 1 January 2019*

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by \$45,961
- lease liabilities – increase by \$47,812.

The net impact on retained earnings on 1 January 2019 was a decrease of \$1,851.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2: Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the AEU-Federal Office and that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The AEU-Federal Office makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. None of the estimates and assumptions are expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *Fair value of financial instruments*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### (b) Critical judgments in applying the AEU-Federal 's accounting policies

The following are the critical judgements that management has made in the process of applying the AEU-Federal Office's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### *Employee entitlements*

Management judgements are applied in determining the following key assumptions in the calculation of long service leave at balance date:

- future increase in wages and salaries;
- future on-costs rates; and
- experience of employees departures and year of service.

## 3: 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 subsection (1) to (3) of sections 272, which read 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).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

4: Revenue

	Notes	2019 \$	2018 \$
<b>From continuing operations</b>			
Affiliation fees & other levies	a	1,632,025	1,594,553
Campaign contributions from branches	b	751,220	1,016,296
Capitation fees	c	6,118,687	5,926,640
Periodic or membership subscriptions		-	-
Library income		80,363	92,313
Publication income	d	81,587	75,789
Publication levy	e	687,367	672,673
		<u>9,351,249</u>	<u>9,378,264</u>
<b>Other revenue</b>			
Distribution received		108,766	-
Donations		-	-
Financial support from another reporting unit		-	-
Revenue from undertaking recovery of wages activity		-	-
Other revenue from another reporting unit		-	-
Grants		-	-
Interest		194,537	132,297
ITF reimbursements		62,593	60,770
Rent		137,216	170,497
Other revenue		10,589	1,349
		<u>513,701</u>	<u>364,913</u>

(a) Affiliation fees & other levies

	2019 \$	2018 \$
ACT Branch	30,598	28,985
NSWTF Branch	515,308	505,800
NT Branch	16,963	14,680
QLD Branch	359,688	344,630
SA Branch	114,760	110,979
TAS Branch	46,352	46,320
VIC Branch	420,752	417,577
SSTUWA for the WA Branch	127,604	125,582
	<u>1,632,025</u>	<u>1,594,553</u>

The affiliation fees income represents the funding received or receivable from the branches for the ACTU and Education International Affiliations.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**4: Revenue (Continued)**

**(b) Campaign contributions from branches**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
ACT Branch	14,084	14,624
NSWTF Branch	237,196	242,744
NT Branch	7,808	7,200
QLD Branch	165,564	416,988
SA Branch	52,824	52,164
TAS Branch	21,336	22,272
VIC Branch	193,672	201,276
SSTUWA for the WA Branch	58,736	59,028
	<u>751,220</u>	<u>1,016,296</u>

These contribution from branches are for the campaigns run by the Federal Office.

**(c) Capitation fees**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
ACT Branch	114,714	107,732
NSWTF Branch	1,931,961	1,879,961
NT Branch	63,596	54,562
QLD Branch	1,348,519	1,280,920
SA Branch	430,252	412,487
TAS Branch	173,782	172,162
VIC Branch	1,577,458	1,552,052
SSTUWA for the WA Branch	478,405	466,764
	<u>6,118,687</u>	<u>5,926,640</u>

**(d) Publication income**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Australian Educator	76,597	68,415
TAFE Teacher	4,990	7,374
	<u>81,587</u>	<u>75,789</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**4: Revenue (Continued)**

**(e) Publication levy**

	2019 \$	2018 \$
ACT Branch	12,887	12,228
NSWTF Branch	217,034	213,375
NT Branch	7,144	6,193
QLD Branch	151,491	145,384
SA Branch	48,334	46,817
TAS Branch	19,522	19,540
VIC Branch	177,210	176,158
SSTUWA for the WA Branch	53,745	52,978
	<u>687,367</u>	<u>672,673</u>

This compulsory levy is for the publication of Australian Educator and TAFE Teacher.

**5: Administration and other expenses**

	2019 \$	2018 \$
Communication	27,131	28,527
Consideration to employers for payroll deductions	-	-
Donations:		
Total paid that were \$1,000 or less	2,984	2,751
Total paid that exceeded \$1,000	58,500	42,800
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Insurance	24,953	32,187
Library	28,602	33,400
Occupancy costs	107,263	163,458
Penalty imposed under the RO Act or the Fair Work Act 2009	-	-
Other expenses to another reporting unit	-	-
Postage, printing and stationary	19,768	35,801
Overseas travel	56,422	30,773
Media support	12,600	50,807
IT support	31,120	22,129
Website	3,893	4,693
Interest – leased assets	1,434	-
Other expenses	23,972	22,496
	<u>398,642</u>	<u>469,822</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**6: Capitation, affiliation fees & levies**

	Note	2019 \$	2018 \$
<i>Capitation fees</i>		-	-
<i>Affiliation fees</i>			
ACOSS		1,018	1,000
ACSA		218	458
Aust Council on Children & Media		254	191
ACTU		1,258,147	1,132,761
APHEDA		7,428	7,212
ATEA		155	155
AFTINET		240	240
Australian Anti-Base campaign		-	382
Australian Institute Employment Right		3,000	3,000
Education International		472,968	458,335
First Nations Workers Alliance		500	500
International Peace Bureau		-	248
Welcome to Australia		2,500	-
The Refugee Council of Australia		-	1,255
		<u>1,746,428</u>	<u>1,605,737</u>
<i>Compulsory levies</i>		-	-
<i>Total capitation, affiliation fees and levies</i>		<u>1,746,428</u>	<u>1,605,737</u>

**7: Campaign and project expenses**

	2019 \$	2018 \$
Public education campaign	3,617,673	829,508
Worker Rights campaign	-	750,000
	<u>3,617,673</u>	<u>1,579,508</u>
Research projects	2,057	19,518
	<u>3,619,730</u>	<u>1,599,026</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**8: Depreciation and amortisation**

	2019 \$	2018 \$
<i>Depreciation of non-current assets</i>		
Office equipment	4,976	5,660
Furniture, fixtures and fittings	1,521	1,772
	<u>6,497</u>	<u>7,432</u>
<i>Depreciation of right-of-use assets</i>	12,256	-
	<u>18,753</u>	<u>7,432</u>

**9: Employee expenses**

	2019 \$	2018 \$
<b>Holders of office:</b>		
Wages and salaries	386,336	749,548
Superannuation	58,730	71,193
Leave and other entitlements	72,056	(352,252)
Separation and redundancies	-	-
Other employee expenses	-	-
	<u>517,122</u>	<u>468,489</u>
<b>Employees other than holders of office:</b>		
Wages and salaries	1,819,379	1,770,666
Salaries reimbursement received (seconded staff)	(246,900)	(244,525)
Casual wages	8,039	9,234
Superannuation	259,449	250,043
Leave and other entitlements	(9,252)	(67,625)
Separation and redundancies	-	-
Other employee expenses **	10,304	27,356
	<u>1,841,019</u>	<u>1,745,149</u>
<b>Other :</b>		
Payroll tax	126,069	144,864
Workcover	19,092	44,971
Staff recruitment	68,327	41,784
Fringe benefit tax	14,682	14,083
Staff training	2,338	2,760
	<u>230,508</u>	<u>248,462</u>
<b>Total employee expenses</b>	<u>2,588,649</u>	<u>2,462,100</u>

\*\* This amount includes the following expenses:  
Legal fees - other legal matters

- 10,450

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10: Legal and professional fees**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Audit of the financial report	<b>31,500</b>	31,500
Legal fees		
- litigation	-	-
- other legal matters	-	22,734
	<u><b>31,500</b></u>	<u>54,234</u>

**11: Meeting and conference expenses**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Allowances - meeting and conferences	<b>120,815</b>	142,264
Meetings - travel and other expenses	<u><b>266,616</b></u>	<u>269,548</u>
	<u><b>387,431</b></u>	<u>411,812</u>

**12: Publications**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Australian Educator	<b>681,330</b>	648,546
TAFE Teacher	<u><b>79,946</b></u>	<u>76,013</u>
	<u><b>761,276</b></u>	<u>724,559</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**13: Current assets – Cash and cash equivalents**

	2019 \$	2018 \$
Cash on hand	4,294	4,131
Cash at bank	10,013,340	9,493,999
Term deposits	7,059,833	6,883,576
	<u>17,077,467</u>	<u>16,381,706</u>

**(a) Reconciliation to cash at the end of the year**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<u>17,077,467</u>	<u>16,381,706</u>
Balances per statement of cash flows	<u>17,077,467</u>	<u>16,381,706</u>

**14: Current assets – Trade and other receivables**

	2019 \$	2018 \$
<i>Receivable from other reporting units</i>		
ACT Branch	638	-
TAS Branch	150	52,718
NSWTF Branch	686	8,063
NT Branch	200	-
QTU	600	34,703
VIC Branch	9,673	483,409
SA Branch	350	515
SSTUWA for the WA Branch	550	5,440
	<u>12,847</u>	<u>584,848</u>
Less provision for impairment of receivables	-	-
	<u>12,847</u>	<u>584,848</u>
<i>Others</i>		
Amount due from ITF	67,732	118,266
Other receivables	198,110	46,530
	<u>278,689</u>	<u>749,644</u>

*Classification as trade and other receivables*

*(i) Trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

*(ii) Other receivables*

These amounts generally arise from transactions during the usual operating activities of the entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

*(iii) Fair values of trade and other receivables*

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**15: Current assets – other assets**

	2019 \$	2018 \$
Prepayments	<u>103,890</u>	<u>135,968</u>

**16: Non-current assets – financial assets**

	2019 \$	2018 \$
Unlisted investments in unit trusts	<u>4,383,937</u>	<u>4,383,937</u>

These financial assets are carried at fair value.

These investments include the following surplus transferred to equity at reporting date:

Opening balance	4,383,937	4,383,937
Distribution capitalised	-	-
Increase in investment revaluation reserve	-	-
Closing balance	<u>4,383,937</u>	<u>4,383,937</u>

(a) The unit trust investment represents a 21.9% investment in the FEU Unit Trust which owns the building partly occupied by the AEU Federal Office and units in ACTU Member Connect Unit Trust.

**17: Non-current assets – Property, plant and equipment**

	2019 \$	2018 \$
<b>Plant and equipment</b>		
Office equipment		
At cost	57,275	46,147
Less accumulated depreciation	<u>(39,707)</u>	<u>(34,730)</u>
	<u>17,568</u>	<u>11,417</u>
 Furniture, fixtures and fittings		
At cost	62,101	60,224
Less accumulated depreciation	<u>(53,470)</u>	<u>(51,950)</u>
	<u>8,631</u>	<u>8,274</u>
 Right-of-use assets		
At cost	61,282	-
Less accumulated depreciation	<u>(27,577)</u>	<u>-</u>
	<u>33,705</u>	<u>-</u>
 <b>Total property, plant and equipment</b>	<u>59,904</u>	<u>19,691</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**17: Non-current assets – Property, plant and equipment (Continued)**

**(a) Movements in carrying amounts**

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

2018	Right-of-use assets \$	Office equipment \$	Furniture, fittings and fixtures \$	Total \$
Opening net book amount	-	17,077	10,046	27,123
Depreciation	-	(5,660)	(1,772)	(7,432)
Closing net book amount	-	11,417	8,274	19,691
2019	Right-of-use assets \$	Office equipment \$	Furniture, fittings and fixtures \$	Total \$
Opening net book amount	-	11,417	8,274	19,691
Adoption of AASB16	45,961	-	-	45,961
Additions	-	11,128	1,877	13,005
Depreciation	(12,256)	(4,976)	(1,521)	(18,753)
Closing net book amount	33,705	17,568	8,631	59,904

**(a) Non-current assets pledged as security**

None of the non-currents assets are pledged as security.

**(c) Right-of-use assets**

The entity leases equipment. Rental contracts are typically made for fixed periods of 5 years. Contracts may contain both lease and non-lease components. The entity allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases for details. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the entity.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the entity under residual value guarantees
- the exercise price of a purchase option if the entity is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising that option.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**17: Non-current assets – Property, plant and equipment (Continued)**

**(c) Right-of-use assets**

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the entity:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by entity, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The entity is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the entity is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**18: Current liabilities – Trade and other payables**

	2019 \$	2018 \$
<i>Unsecured:</i>		
Trade creditors	61,160	65,453
Legal cost		
- other legal matters	-	-
- litigation	-	-
<i>Amount payables to other reporting units</i>		
NSWTF Branch	-	31,920
SA Branch	-	4,607
TAS Branch	-	801
VIC Branch	-	25,337
Payable to an employer for that employer making payroll deductions of membership subscriptions		-
Amount due to ATO	39,914	66,248
Other payables and accruals	37,676	32,503
	<u>138,750</u>	<u>226,869</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

**19: Borrowings**

	2019 \$	2018 \$
<b>Lease liabilities</b> (See note 17(c))		
Current	22,953	-
Non-current	12,613	-
	<u>35,566</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

20: Current liabilities – Provisions

	2019	2018
	\$	\$
<b>Employee benefit obligations</b>		
<i>Holders of office:</i>		
Annual leave	366,997	332,371
Long service leave	346,186	308,755
Separations and redundancies	-	-
Other	-	-
	<u>713,183</u>	<u>641,126</u>
<i>Employees other than holders of office:</i>		
Annual leave	207,558	212,663
Long service leave	339,312	343,460
Separations and redundancies	-	-
Other	-	-
	<u>546,870</u>	<u>556,123</u>
<b>Other provision</b>	<u>66,652</u>	<u>66,652</u>
<b>Total provision</b>	<u>1,326,705</u>	<u>1,263,901</u>

(a) Employee benefits - long service leave

Included in the employee benefits provision is a provision that has been recognised for future employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on an assessment of the individual employee's circumstances. The measurement and recognition criteria for employee benefits have been included in Note 1.

	Employee benefit obligations	Other provisions	Total
	\$	\$	\$
Balance at 1 January 2018	1,617,126	66,652	1,683,778
Charged to income statement	(419,877)	-	(419,877)
Balance at 31 December 2018	<u>1,197,249</u>	<u>66,652</u>	<u>1,263,901</u>
Charged to income statement	62,804	-	62,804
Balance at 31 December 2019	<u>1,260,053</u>	<u>66,652</u>	<u>1,326,705</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**21: Reserves**

		2019 \$	2018 \$
Public education campaign reserve	(a)	3,887,641	5,154,094
Workers' rights campaign reserve	(b)	50,000	-
Revaluation reserve	(c)	2,791,773	2,791,773
Allocated funds reserve	(d)	134,200	134,200
		<u>6,863,614</u>	<u>8,080,067</u>

**(a) Public education campaign reserve**

	2019 \$	2018 \$
Movements during the financial year:		
<i>Opening balance</i>	5,154,094	3,634,107
Funds received	751,220	749,495
Funds allocated from general fund	<u>1,600,000</u>	<u>1,600,000</u>
	7,505,314	5,983,602
Funds spent (note 7)	<u>(3,617,673)</u>	<u>(829,508)</u>
<i>Closing balance</i>	<u>3,887,641</u>	<u>5,154,094</u>

The public education campaign fund reserve records funds set aside from the surplus for the purpose of funding future public education campaigns. Funds raised in a financial year that are not expended in that year are set aside in the reserve to be spent in future years.

**(b) Workers rights campaign reserve**

	2019 \$	2018 \$
Movements during the financial year:		
<i>Opening balance</i>	-	423,352
Funds received	-	250,000
Funds allocated from general fund	<u>50,000</u>	<u>76,648</u>
	50,000	750,000
Funds spent	<u>-</u>	<u>(750,000)</u>
<i>Closing balance</i>	<u>50,000</u>	<u>-</u>

The worker rights campaign reserve records funds set aside from the surplus for the purpose of funding future worker rights campaigns.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**21: Reserves (Continued)**

**(c) Revaluation reserve**

	2019	2018
	\$	\$
<i>Movements during the financial year:</i>		
Opening balance	2,791,773	2,791,773
Revaluation	-	-
Closing balance	<u>2,791,773</u>	<u>2,791,773</u>

Changes in fair value arising on translation of investments such as equities, classified as financial assets, are taken to the revaluation reserve, as described in note 1. Amounts are recognised in the income statement when the associated assets are disposed of or impaired.

**(d) Allocated funds reserve**

	2019	2018
	\$	\$
<i>Movements during the financial year:</i>		
Opening balance	134,200	134,200
Funds allocated	-	-
Funds transferred	-	-
	<u>134,200</u>	<u>134,200</u>
Funds spent	-	-
Funds transferred	-	-
	<u>-</u>	<u>-</u>
Closing balance	<u>134,200</u>	<u>134,200</u>

The allocated funds reserve records funds allocated from the surplus for the purpose of funding future projects.

**22: General funds**

	2019	2018
	\$	\$
<i>Movements in the general funds were as follows:</i>		
Opening balance	12,100,109	10,876,289
Adoption of AASB 16	(1,851)	-
Net surplus for the year	224,541	2,320,455
Transfer from (to) reserves	1,216,453	(1,096,635)
Ending balance	<u>13,539,252</u>	<u>12,100,109</u>

Apart from those recorded in the financial statements, no specific funds or accounts have been operated as part of the Federal Fund in respect of compulsory levies or voluntary contributions.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**23: Contingencies**

There are no other known contingent assets or liabilities at 31 December 2019.

**24: Commitments**

	2019	2018
	\$	\$
<i>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</i>		
Within one year	-	15,048
Later than one year but no later than five years	-	41,382
	<u>-</u>	<u>56,430</u>

*General description of leasing arrangement:*

Leases are for photocopiers.

For 2019, refer note 17c

**25: Events occurring after reporting date**

No matter or circumstance has arisen since the end of the financial year to the date of this report, that has or may significantly affect the activities of the AEU-Federal Office, the results of those activities or the state of affairs of the AEU-Federal Office in the ensuing or any subsequent financial year.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**26: Related party transactions**

**(a) Key management personnel**

**Members of executive**

The Federal Executive is elected for a two-year term commencing on 1 March and ending two years later at the end of February. The name of each person who has been a member of the Federal Executive at any time during or since the end of the financial year is as follows:

<b>Name</b>	<b>Position</b>	<b>Name</b>	<b>Position</b>
Erin Aulich**	General Division	Kevin Bates **	General Division
Pat Byrne**	General Division	Nicole Calnan (from 10/08/19)	General Division
Carolyn Clancy (resigned 6/06/19)	General Division		
John Dixon **	General Division	Briley Stokes (formerly Duncan) (from 06/06/19)	General Division
Glenn Fowler	General Division	Shane Gorman	Principals Representative
Correna Haythorpe **	Federal President	Susan Hopgood **	Federal Secretary
Joan Lemaire	General Division	Martel Menz	Early Childhood Representative
Maurie Mulheron	Deputy Federal President	Justin Mullaly	General Division
Meredith Peace	General Division	Michelle Purdy	Federal TAFE President
Henry Rajendra (from 10/08/19)	General Division	Cresta Richardson (from 22/03/19)	General Division
Helen Richardson	General Division	Michelle Rosicky (resigned 28/06/19)	General Division
Jarvis Ryan **	General Division	Howard Spreadbury	General Division
Jenny Swadling	General Division	Gary Zadkovich (resigned 28/06/19)	General Division
Casandra Brown	Aboriginal & Torres Strait Islander Representative	Roz Madsen**	Deputy Federal Secretary

\*\* members of Finance Committee

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**26: Related party transactions (Continued)**

**(a) Key management personnel (Continued)**

*(ii) Key management personnel remuneration*

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits		
Salary (including annual leave taken)	<b>384,072</b>	521,948
Annual leave	<b>36,890</b>	45,465
Accommodation benefit	<b>25,308</b>	25,307
<b>Total short-term employee benefits</b>	<b>446,270</b>	592,720
<b>Post-employment benefits:</b>		
Superannuation	<b>58,730</b>	71,193
<b>Total post-employment benefits</b>	<b>58,730</b>	71,193
<b>Other long-term benefits:</b>		
Long-service leave	<b>37,430</b>	(170,117)
<b>Total other long-term benefits</b>	<b>37,430</b>	(170,117)
<b>Termination benefits</b>	<b>-</b>	-
	<b>-</b>	-
<b>Total</b>	<b>542,430</b>	493,796

(iii) There were no loans between the key management personnel or the committee of management and the AEU-Federal Office.

(iv) There were no transactions between key management personnel or the committee of management and the AEU-Federal Office other than those relating to their membership of the AEU-Federal Office and reimbursement by the AEU-Federal Office in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which is reasonable to expect would have been adopted by parties at arm's length.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**26: Related party transactions (Continued)**

**(b) Transactions with related parties**

*Sales of goods and services:*

*Capitation fees and levies received*

Some capitation fee and levies are paid by associated entities of the affiliated branches as allowed by rule 11(7).

	2019	2018
	\$	\$
<i>Administration fees received</i>		
From the Australian Education Union International Trust Fund	62,593	60,770
<i>Rent received</i>		
From the Federation of Education Unions Unit trust	137,216	170,497
<i>Purchases of goods and services:</i>		
<i>Outgoings paid</i>		
To the Federation of Education Unions Unit trust	107,263	163,458
<i>Superannuation contributions</i>		
Defined contribution superannuation contributions on behalf of employees	318,179	321,236

**(c) Outstanding balances arising from sales and purchases of goods and services:**

These balances are disclosed in the "Trade receivables" and "Trade payables" notes to the accounts. No provision for impairment has been raised in relation to any of these outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

**(d) Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the entity has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: \$Nil). This assessment is undertaken each financial year examining the financial position of the related party and the market in which the related party operates.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**27: Cash flow information**

**(a) Receipts of affiliation, capitation fees and levies (inclusive of GST)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
ACT Branch	174,018	163,839
NSWTF Branch	2,930,741	2,859,050
NT Branch	96,474	82,978
QLD Branch	2,045,667	1,948,027
SA Branch	652,680	627,311
TAS Branch	316,347	209,106
VIC Branch	2,868,221	1,885,108
SSTUWA for the WA Branch	725,727	709,857
	<u><b>9,809,875</b></u>	<u><b>8,485,276</b></u>

**(b) Receipts of campaign contributions from branches (inclusive of GST)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
ACT Branch	15,492	15,986
NSWTF Branch	260,916	266,518
NT Branch	8,589	7,890
QLD Branch	182,120	433,187
SA Branch	58,106	57,380
TAS Branch	23,470	24,449
VIC Branch	213,039	220,904
SSTUWA for the WA Branch	64,610	64,932
	<u><b>826,342</b></u>	<u><b>1,091,246</b></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**27: Cash flow information (Continued)**

**(c) Reconciliation of cash flow from operations with the surplus for the year**

	2019 \$	2018 \$
Surplus for the year	224,541	2,320,455
<i>Non-cash flows in surplus</i>		
Depreciation	18,753	7,432
Lease interest	1,434	-
<i>Changes in assets and liabilities</i>		
Decrease (Increase) in trade and other receivables	452,499	(490,206)
(Decrease) Increase in payables	(88,120)	92,076
Increase (Decrease) in provisions	62,804	(419,876)
Cash flows from operations	<u>671,911</u>	<u>1,509,881</u>

**(d) Liabilities from Financing Activities**

The AEU-Federal Office does not have any liabilities from financing activities.

**28: Other information**

*(i) Going Concern*

The AEU-Federal Office's ability to continue as a going concern is not reliant on financial support from another reporting unit.

*(ii) Financial Support*

No financial support has been provided to another reporting unit to ensure that it continues as a going concern.

*(iii) Acquisition of assets and liability under specific sections:*

The entity did not acquire any asset or a liability during the financial year as a result of:

- 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;

*(iv) Administration of financial affairs by a third party*

No other entity administers the financial affairs of the reporting unit.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**29: Other Funds**

In addition to the Federal Fund established under Rule 61 and to which these financial statements relate, the following separate funds have been established by the Rules:

1. Branch Funds established by Rule 62  
(each branch prepares and lodges its own financial statements with FWC)
2. International Trust Fund (ITF) established by Rule 67  
(the ITF, being a fund separate from the Federal Fund prepares its own financial statements which are published on the AEU website)

In terms of Rule 67 (3), the objects of the International Trust Fund shall be:-

- a) To promote the exchange of information and understanding between teachers and their organisations in Australia and in other countries;
- b) To promote the development of united and effective teachers' organisations throughout the world and to assist them in times of crisis;
- c) To further the development of education and the professional development of teachers;
- d) To seek the extension of educational opportunities to all children in the world; and
- e) To promote peace, international co-operation and understanding and respect of human rights

A summary of the financial statements of the ITF is presented below:

	<b>Note</b>	<b>2019</b> \$	<b>2018</b> \$
<b>Summarised balance sheet</b>			
Current assets		<b>3,160,117</b>	3,196,112
Non-current assets		-	-
<b>Total assets</b>		<b>3,160,117</b>	3,196,112
<b>Current liabilities</b>		<b>188,486</b>	269,261
<b>Total liabilities</b>		<b>188,486</b>	269,261
<b>Net assets</b>		<b>2,971,631</b>	2,926,851
<b>Summarised income and expenditure statement</b>			
		<b>2019</b> \$	<b>2018</b> \$
<b>REVENUE</b>			
Contributions	29a	<b>751,370</b>	722,835
Investment income		<b>57,311</b>	42,563
Other income		-	27,359
<b>TOTAL REVENUE</b>		<b>808,681</b>	792,757
<b>TOTAL EXPENDITURE</b>		<b>763,901</b>	808,087
<b>EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)</b>		<b>44,780</b>	(15,330)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**29: Other Funds (Continued)**

Summarised cash flows	2019 \$	2018 \$
Net cash inflow from operating activities	83,526	207,652
Net cash inflow (outflow) inflow from financing activities	<u>(113,122)</u>	<u>56,215</u>
Net (decrease) increase in cash and cash equivalents	<u><u>(29,596)</u></u>	<u><u>263,867</u></u>

**(a) Contributions**

	2019 \$	2018 \$
ACT Branch	17,566	15,829
NSWTF Branch	200,000	180,000
Federal Fund	88,000	88,000
NT Branch	8,902	8,344
QLD Branch	100,000	100,000
SA Branch	53,850	53,610
TAS Branch	22,000	22,000
VIC Branch	174,000	169,000
SSTUWA for the WA Branch	<u>87,052</u>	<u>86,052</u>
	<u><u>751,370</u></u>	<u><u>722,835</u></u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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### 30: Financial risk management

The entity'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 entity'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 entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and aging analysis for credit risk. Risk management is carried out by management under policies approved by Committee of Management. The Committee of Management identifies, evaluates and hedges financial risks as part of regular meetings. This identification and analysis includes an analysis of interest rate exposure and the evaluation of strategies in the context of most recent economic conditions.

#### (a) Market risk

##### (i) Foreign exchange risk

The entity is not exposed to foreign exchange risk.

##### (ii) Price risk

The entity is exposed to equity securities price and commodity price risk.

##### (iii) Cash flow and fair value interest rate risk

The AEU-Federal Office has no borrowings and is therefore not exposed to interest rate risk on liabilities. The AEU-Federal Office has investments in a variety of interest-bearing assets and the AEU-Federal Office's income and operating cash flows are exposed to changes in market interest rates for assets.

#### Sensitivity analysis

As at 31 December 2019 the effect on the surplus as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2019	2018
<i>Effect on results:</i>	\$	\$
Increase of interest rates by 2%	341,463	327,551
Decrease of interest rates by 2%	(341,463)	(327,551)

#### (b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The AEU-Federal Office has no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The credit quality of financial assets can be assessed by reference to external credit ratings as follows:

	2019	2018
Cash at bank	\$	\$
AA2 Rating	-	9,290,754
AA- Rating	9,804,791	-
BBB Rating	208,550	203,245
Term deposits		
AA2 Rating	-	4,714,922
BBB	7,059,833	2,168,654



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

30: Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions

*Maturity profile of financial instruments*

The maturity profile of financial assets and liabilities held are detailed below:

2019

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
<b>Financial Assets</b>								
Cash on hand		-	-	-	-	-	4,294	4,294
Cash at banks	0.33	10,013,341	-	-	-	-	-	10,013,341
Deposits at banks	2.36	-	7,059,833	-	-	-	-	7,059,833
Other receivables		-	-	-	-	-	278,689	278,689
Financial assets		-	-	-	-	-	4,383,937	4,383,937
		<u>10,013,341</u>	<u>7,059,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,666,920</u>	<u>21,740,094</u>
<b>Financial Liabilities</b>								
Trade & other payables		-	-	-	-	-	138,750	138,750
Lease liability	3	-	22,953	12,613	-	-	-	35,566
		<u>-</u>	<u>22,953</u>	<u>12,613</u>	<u>-</u>	<u>-</u>	<u>138,750</u>	<u>174,316</u>
<b>Net Financial Assets</b>		<u>10,013,341</u>	<u>7,036,880</u>	<u>(12,613)</u>	<u>-</u>	<u>-</u>	<u>4,528,170</u>	<u>21,565,778</u>

2018

	Weighted Average Interest rate %	Floating Interest rate \$	1 year or less \$	1 to 2 years \$	2 to 5 years \$	Over 5 years \$	Non Interest bearing \$	Total \$
<b>Financial Assets</b>								
Cash on hand		-	-	-	-	-	4,131	4,131
Cash at banks	0.16	9,493,999	-	-	-	-	-	9,493,999
Deposits at banks	1.74	-	6,883,576	-	-	-	-	6,883,576
Other receivables		-	-	-	-	-	749,644	749,644
Available for sale financial assets		-	-	-	-	-	4,383,937	4,383,937
		<u>9,493,999</u>	<u>6,883,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,137,712</u>	<u>21,515,287</u>
<b>Financial Liabilities</b>								
Trade & other payables		-	-	-	-	-	226,869	226,869
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,869</u>	<u>226,869</u>
<b>Net Financial Assets</b>		<u>9,493,999</u>	<u>6,883,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,910,843</u>	<u>21,288,418</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

30: Financial risk management (Continued)

(d) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The AEU-Federal Office does not presently have such arrangement in place.

31: Fair value measurement

(a) 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 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 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the entity 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 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
<b>Financial Assets</b>				
Cash and cash equivalents	17,077,468	17,077,468	16,381,706	16,381,706
Trade and other receivables	278,689	278,689	749,644	749,644
<b>Total</b>	<b>17,356,157</b>	<b>17,356,157</b>	<b>17,131,350</b>	<b>17,131,350</b>
<b>Financial Liabilities</b>				
Trade and other payables	174,316	174,316	226,869	226,869
<b>Total</b>	<b>174,316</b>	<b>174,316</b>	<b>226,869</b>	<b>226,869</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

**31: Fair value measurement (Continued)**

The entity measures and recognises the following assets and liabilities at fair value on a recurring basis:

- other financial assets

The entity has also measured assets and liabilities at fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

**(b) Fair value hierarchy**

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

*(i) Recognised fair value measurements*

The following table presents the entity's assets and liabilities measured and recognised at fair value at 31 December 2019.

	Level 1		Level 2		Level 3		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$		\$		\$		\$	
<b>Assets</b>								
Other financial assets	-	-	4,383,937	4,383,937	-	-	4,383,937	4,383,937
Financial assets through profit and loss	-	-	-	-	-	-	-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>4,383,937</u>	<u>4,383,937</u>	<u>-</u>	<u>-</u>	<u>4,383,937</u>	<u>4,383,937</u>

There were no transfers between Level 1, Level 2 and Level 3 in 2019 or 2018.

The entity also has a number of assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**31: Fair value measurement (Continued)**

**(c) Valuation techniques used to derive level 2 and level 3 fair values**

*(i) Recurring fair value measurements*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

*(ii) Non-recurring fair value measurements*

The entity does not have assets in this category.

## COMMITTEE OF MANAGEMENT STATEMENT

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On 20 Feb 2020, the Committee of Management of the Australian Education Union - Federal Office passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2019:

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with Australian Accounting Standards;
2. 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);
3. 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;
4. 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
5. during the financial year to which the GPFR relates and since the end of that year:
  - a. meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - b. 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
  - c. the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - d. 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 manner consistent with each of the other reporting units of the organisation; and
  - e. 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
  - f. 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 Committee of Management

Designated Officer



Susan Hopgood – Federal Secretary

Dated :

20 / 02 / 2020

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ABN 96 006 935 459

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE

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

### Report on Audit of the Financial Report

#### Opinion

We have audited the financial report of the Australian Education Union – Federal Office which comprises the balance sheet as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statement including 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 Australian Education Union – Federal Office:

- a) presents fairly, in all material respects, the financial position of Australian Education Union – Federal Office as at 31 December 2019 and the results of its operations, its changes in equity and cash flows for the year then ended; and
- b) complies the Australian Accounting Standards; and
- c) complies with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

(ii) the Committee of Management's use of the going concern basis of accounting in the preparation of the entity'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 entity in accordance with auditor independent requirements of 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 ethical responsibilities in accordance with the Code.

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE (Continued)**

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

### **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.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Committee of Management 's responsibility for the financial report**

The Committee of Management 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 entity'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 entity 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.

CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

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ABN 96 006 935 459

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
AUSTRALIAN EDUCATION UNION – FEDERAL OFFICE (Continued)****BGL & Associates Pty Ltd**  
ACN 006 935 459  
Trading as BGL Partners

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 entity'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 entity'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 an entity 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 entities or activities within the entity 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.

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  
Chartered Accountants

I. A. Hinds - C.A. - Partner

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/87

20 February 2020  
Melbourne