

AUSTRALIAN EDUCATION UNION – INTERNATIONAL TRUST FUND
ABN 14 878 356 474

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

AUSTRALIAN EDUCATION UNION - INTERNATIONAL TRUST FUND
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This financial report covers the Australian Education Union - International Trust Fund as an individual entity. The financial report is presented in the Australian currency.

The Australian Education Union - International Trust Fund is operated under the direction of the Trustees for the purpose of providing assistance to teachers and education unions in foreign countries.

The principal place of business is:

Australian Education Union – International Trust Fund
G/F, 120 Clarendon Street
SOUTH BANK VIC 3006

The financial report was authorised for issue by the Trust Fund Committee on the 21st of February 2020.

AUSTRALIAN EDUCATION UNION - INTERNATIONAL TRUST FUND
ABN 14 878 356 474

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
REVENUE			
Contributions		751,370	722,835
Legacies and bequests		-	-
Donations and gifts		-	-
Grants			
- Department of Foreign Affairs and Trades		-	-
- Other Australian		-	-
- Other overseas		-	-
Investment income		57,311	42,563
Other income		-	-
Budgeted programs discontinued		-	27,359
Revenue for international political or religious adherence promotion programs		-	-
TOTAL REVENUE	3	<u>808,681</u>	<u>792,757</u>
EXPENDITURE			
International aid and development programs expenditure			
<i>International programs</i>			
- funds to international programs		695,201	736,112
- program support costs		-	-
<i>Community education</i>		-	-
<i>Fundraising costs</i>			
- public		-	-
- government, multilaterals and private		-	-
<i>Accountability and administration</i>		68,700	71,975
<i>Non-monetary expenditure</i>		-	-
Total International aid and development programs expenditure		<u>763,901</u>	<u>808,087</u>
International political or religious adherence promotion programs expenditure		-	-
Domestic programs expenditure		-	-
TOTAL EXPENDITURE		<u>763,901</u>	<u>808,087</u>
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)		<u>44,780</u>	<u>(15,330)</u>

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

AUSTRALIAN EDUCATION UNION - INTERNATIONAL TRUST FUND
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BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	3,081,122	3,110,718
Trade and other receivables	6	78,995	85,394
Total current assets		<u>3,160,117</u>	<u>3,196,112</u>
Total assets		<u>3,160,117</u>	<u>3,196,112</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	188,486	269,261
Total current liabilities		<u>188,486</u>	<u>269,261</u>
Total liabilities		<u>188,486</u>	<u>269,261</u>
Net assets		<u>2,971,631</u>	<u>2,926,851</u>
TRUST FUND			
Accumulated surplus	8	2,971,631	2,926,851
Total trust fund		<u>2,971,631</u>	<u>2,926,851</u>

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

AUSTRALIAN EDUCATION UNION - INTERNATIONAL TRUST FUND
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	\$
Balance at 1 January 2018	2,942,181
Excess of expenses over revenue	(15,330)
Other amounts transferred (to) from reserves	<u>-</u>
Balance at 31 December 2018	<u>2,926,851</u>
Balance at 1 January 2019	2,926,851
Excess of revenue over expenses	44,780
Other amounts transferred (to) from reserves	<u>-</u>
Balance at 31 December 2019	<u>2,971,631</u>

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

AUSTRALIAN EDUCATION UNION - INTERNATIONAL TRUST FUND
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts of contributions		902,118	807,769
Payments to suppliers and employees		(819,565)	(667,257)
Interest received		973	67,140
Net cash inflow from operating activities	14	83,526	207,652
 Cash flows from financing activities			
Loan received (repaid)		(113,122)	56,215
Net cash (outflow) inflow from financing activities		(113,122)	56,215
 Net (decrease) increase in cash and cash equivalents		(29,596)	263,867
Cash and cash equivalents at beginning of financial year		3,110,718	2,846,851
Cash and cash equivalents at end of financial year	5(a)	3,081,122	3,110,718

The above statement of cash flows should be read in conjunction with the accompanying notes.

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

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Australian Education Union International Trust Fund ("the Fund").

(a) Basis of preparation

(i) Special purpose financial report

In the Trust Fund Committee's opinion, the Fund is not a reporting entity because there are no users dependent on general purpose financial reports.

This special purpose financial report has been prepared for the sole purpose of complying the requirements of the rules of the Fund to prepare and distribute a financial report to the members and must not be used for any other purpose.

The Fund is a not-for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less cost of disposal, and
- retirement benefit obligations – plan assets measured at fair value.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(iv) New and amended standards adopted by the Fund

The Fund has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Fund's financial statements for the annual period beginning 1 January 2019.

None of the amendments have had a significant impact on the Fund.

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

1. Summary of significant accounting policies (Continued)

(b) 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 Fund recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Fund's activities as described below. The amount of revenue is not considered to be reliably measurable until all relating contingencies have been resolved. The Fund 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:

Contributions

Contributions revenue is recognised when the right to receive the contribution 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 Fund 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.

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).

(c) 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.

(d) Unexpended project commitments

Funding committed for projects which have not been expended by the end of the year is carried forward to the following year and is disclosed as "Future project expenditure" in the Current Liabilities note to the Balance Sheet. An assessment is made of all uncompleted projects at the end of each year. The balances of the future funding expenditure for any projects that are discontinued are either expensed to the income statement or included as revenue in the income statement in the year in which this decision is made.

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

1. Summary of significant accounting policies (Continued)

(e) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO as classified as operating cash flow.

Commitments and contingencies are disclosed inclusive of GST.

(f) Comparative figures

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

(g) New accounting standards and interpretations

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

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 Fund and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Fund 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.

(b) Critical judgments in applying the Fund 's accounting policies

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

Future project expenditure

Management judgements is applies in determining the following key assumptions in the calculation of future project expenditure at balance date:

- expected funding requirements; and
- experience with funding organisations.

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

3: Revenue

	2019 \$	2018 \$
From continuing operations		
<i>Service revenue</i>		
Contribution received		
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	87,052	86,052
	<u>751,370</u>	<u>722,835</u>
<i>Other revenue</i>		
Interest	57,311	42,563
Budgeted programs discontinued	-	27,359
	<u>808,681</u>	<u>792,757</u>

4: Auditors remuneration

	2019 \$	2018 \$
During the year the following fees were paid or payable for services provided by the auditor and its related practices:		
Audit of the financial report	<u>3,320</u>	<u>3,320</u>

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

5: Current assets – Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	876,874	2,408,242
Term deposits	2,204,248	702,476
	<u>3,081,122</u>	<u>3,110,718</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	3,081,122	3,110,718
Bank overdrafts	-	-
Balances per statement of cash flows	<u>3,081,122</u>	<u>3,110,718</u>

6: Current assets – Trade and other receivables

	2019 \$	2018 \$
Amount receivable from:		
- other related parties	21,763	84,500
Other receivables	57,232	894
	<u>78,995</u>	<u>85,394</u>

7: Current liabilities – Trade and other payables

	Note	2019 \$	2018 \$
<i>Unsecured:</i>			
Future project expenditure			
- accruals	12	105,691	151,000
Net GST liability		9,063	-
Other creditors		73,732	118,261
		<u>188,486</u>	<u>269,261</u>

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

8: Accumulated surplus

	2019 \$	2018 \$
<i>Movements in the accumulated surplus were as follows:</i>		
Opening balance	2,926,851	2,942,181
Net surplus (deficit) for the year	44,780	(15,330)
Closing balance	<u>2,971,631</u>	<u>2,926,851</u>

9: Contingencies

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

10: Commitments

There are no capital or lease commitments (except as disclose in the notes).

11: Events occurring after the reporting year

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 Fund, the results of those activities or the state of affairs of the Fund in the ensuing or any subsequent financial year.

12: Cash movements – funds raised for designated purposes

	Balance at 1 January 2019 \$	Creditors & Accruals \$	Write back \$	Payments and transfers \$	Balance at 31 December 2019 \$
Education union development, including training courses, capital equipment etc	119,000	-	-	(45,309)	73,691
Development of women in teacher organisations	32,000	-	-	-	32,000
Emergency/Humanitarian Administration	-	-	-	-	-
TOTAL	<u>151,000</u>	<u>-</u>	<u>-</u>	<u>(45,309)</u>	<u>105,691</u>

The balance at the end of the year is reflected under Note 7: Current liabilities - Trades and other payables – future project expenditure.

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

13: Related party transactions

(a) Transactions with related parties

	2019	2018
	\$	\$
Contributions received from various AEU branches and Federal Office		
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	87,052	86,052
	<u>751,370</u>	<u>722,835</u>

Purchases of goods and services:

Administration fee paid

To the Australian Education Union – Federal Office	(62,593)	(60,770)
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(b) Key management personnel

ii) The names of the Trust Fund Committee who have held office during the year are:

Correna Haythorpe	Pay Byrne
Meredith Peace	Susan Hopgood
Roz Madsen	Henry Rajendra
Graham Moloney	

No member of the key management personnel received any remuneration from the fund during the year.

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

14: Cash flow information

	2019 \$	2018 \$
Reconciliation of cash flow from operations with the surplus (deficit) for the year		
Surplus (Deficit) for the year	44,780	(15,330)
Budgeted programs discontinued	-	(27,359)
Non-cash expenses	62,593	60,770
<i>Changes in assets and liabilities</i>		
Decrease in trade and other receivables	12,399	39,021
(Decrease) Increase in payables	(36,246)	150,550
Cash flows from operations	<u>83,526</u>	<u>207,652</u>

AUSTRALIAN EDUCATION UNION - INTERNATIONAL TRUST FUND
ABN 14 878 356 474

STATEMENT BY TRUST FUND COMMITTEE

As stated in Note 1(a) to the financial statements, in the Trust Fund Committee's opinion, the Fund is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet Fund's reporting requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

In the opinion of the members of the Trust Fund Committee:

1. the financial statements and notes, as set out on pages 1 - 13 present fairly the fund's financial position as at 31 December 2019 and of the performance for the year ended on that date of the fund in accordance with the accounting policies outlined in Note 1 to the financial statements; and
2. there are reasonable grounds to believe that the Australian Education Union - International Trust Fund will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the Trust Fund Committee.



Name: *Susan Hopgood*

Position: *Federal Secretary, AEU*

Dated this *21* day of *February* 2020

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ABN 96 006 935 459

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

INDEPENDENT AUDITOR'S REPORT TO THE TRUST FUND COMMITTEE OF AUSTRALIAN EDUCATION UNION – INTERNATIONAL TRUST FUND

Report on Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Australian Education Union – International Trust Fund, being special purpose financial report, which comprises the balance sheet as at 31 December 2019, the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, notes to the financial statement including a summary of significant accounting policies and other explanatory information, and the Statement by the Trust Fund Committee.

In our opinion, the accompanying financial report of Australian Education Union – International Trust Fund:

- a) presents fairly, in all material respects, the financial position of Australian Education Union – International Trust Fund 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

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.

Emphasis of Matter - Basis for Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial report, which described the basis of accounting. The financial report has been prepared to assist Australian Education Union - International Trust Fund to meet the requirements of the Rule. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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BGL & Associates Pty Ltd

ACN 006 935 459

Trading as BGL Partners

INDEPENDENT AUDITOR'S REPORT TO THE TRUST FUND COMMITTEE OF AUSTRALIAN EDUCATION UNION – INTERNATIONAL TRUST FUND (Continued)

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.

Trust Fund Committee 's responsibility for the financial report

The Trust Fund Committee is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Fund's rule and is appropriate to meet the needs of the members. The Trust Fund Committee 's responsibility also includes such internal control as the Trust Fund Committee determine is necessary to enable the preparation of a 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 Trust Fund Committee 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.

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.

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND*Liability limited by a scheme approved under professional standards legislation*

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BGL & Associates Pty Ltd
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Trading as BGL Partners**INDEPENDENT AUDITOR'S REPORT TO THE TRUST FUND COMMITTEE OF
AUSTRALIAN EDUCATION UNION – INTERNATIONAL TRUST FUND (Continued)****Auditor's responsibility for the audit of the financial report (Continued)**

- 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 Trust Fund Committee.
- Conclude on the appropriateness of the Trust Fund Committee'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 entity 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 Trust Fund Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BGL Partners



I. A. Hinds - C.A. – Partner

21 February 2020
Melbourne