AUSTRALIAN EDUCATION UNION

VICTORIAN BRANCH

AND CONTROLLED ENTITY

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2019

AEU Victoria
126 Trenerry Crescent, Abbotsford VIC 3067

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

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Financial Report For The Year Ended 31 December 2019

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OPERATING REPORT

Review of principal activities and results of operations

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

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

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

The principal activities of the AEU Victorian Branch during the 2019 financial year have continued to focus on the achievement of the following strategic objectives:

1. Politically effective and a strong advocate for public education, unionism and a leader in the development of the public education sector.
2. Growing and striving to achieve a membership of 100% of the entire public education industry workforce.
3. Successful in delivering high quality and relevant services to the members.
4. Facilitating an empowered workforce that is engaged in the union and active.
5. Effective and sustainable through sound management, strong processes, appropriate use of technology and with a diverse workforce that is respected, recognised, resourced and with a team focus.

The focus for the first part of 2019, was the Branch's continued involvement in the AEU's national public education campaigns in schools, TAFE and early childhood.

The Fair Funding Now! campaign focused on funding in schools, encouraging our members and the broader Victorian community to consider the funding needs of public schools in the lead up to the 18 May Federal election.

The campaign aimed to achieve a fairer, needs based funding model. The changes to the Australian Education Amendment Act (2017) which were passed by the Federal parliament in late 2017, have delivered a funding formula that is unfair and ignores issues of need and equity. Nationally, the legislated changes resulted in a loss of $1.9 billion dollars for public schools in 2018 and 2019, with Victoria's portion of that being in excess of $600 million dollars. In addition, the introduction of a 20% cap on the federal schooling resource standard (SRS) for public schools, means that public schools in Victoria will only reach 90.43% of the SRS by 2023, whilst many private schools have already reached or exceeded the standard. The SRS is recognised as the minimum funding level required to give every child the greatest opportunity to achieve their potential, regardless of their background or circumstances.

The federal government's plan for school funding has simply entrenched disadvantage and ensured that public schools will not receive the funding required to close the education gap for their students.

The Victorian Branch's involvement in the *Fair Funding Now* campaign was to fight against this inequity and to secure the full implementation and full funding of a genuine needs based funding model, including the structure of the original SRS.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

The campaign was launched in 2018 and aimed to get the federal coalition government to commit to:

1. Reversing it's $1.9 billion cut to public schools for 2019 and 2020;
2. Resourcing all schools to 100% or the SRS
3. Establishing a capital fund for public schools to upgrade classrooms and facilities;
4. Providing more support for students with a disability.

Thousands of AEU members and supporters from school communities participated in the campaign during 2019, taking our message to the community to raise awareness and support for public school funding, and to gain commitments from political parties in the lead up to the 2019 federal election in May. The campaign in Victoria was centred in four marginal federal seats, Dunkley, Corangamite, Chisholm and La Trobe, with parents, teachers, support staff and principals the key focus.

The AEU launched a national tour across Australia using FFN branded vans from early February through to the election. The FFN branded van tour included two vans driving through regional Victoria, visiting schools and attending community events, to have conversations about school funding and to raise awareness in school communities. The van tour continued through the marginal seats, where again visits were made to schools and community activities such as markets, before they drove on towards Canberra for an awareness raising activity on the lawns in front of Parliament House.

This activity which Victorian representatives participated in was held in April on the lawns in front of Parliament. A display of cardboard schools was set up on the lawns representing all public schools in Australia. Each cardboard school 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. This activity was supported by an advertising and communication strategy, including billboards, and television, radio and newspaper advertising.

The AEU Victorian Branch was also involved in other national activities during the campaign including a 'tweetathon', the delivery of thousands of leaflets to homes in marginal seats, participation in school and community events utilising the FFN branded vans, mobile and fixed billboards and conversations with parents outside the school gate before and after school, as well as meetings with school councils.

Once the election date was officially announced, the Victorian Branch provided extensive information to members and school communities about the choices they faced at the federal election, with our focus particularly on the four marginal seats. Members volunteered to staff major pre-poll booths and polling booths on election day in marginal seats, handing out leaflets advocating for support for those political parties which supported our FFN Campaign demands and the defeat of the Morrison government.

Given the re-election of the Coalition government, the Branch will continue to participate in the ongoing campaign to ensure all schools receive their full share of fair, needs based funding so that every child has access to a high quality education regardless of their background and circumstances.

The Branch was also involved in campaigns to secure improved funding for both TAFE and early childhood education in the lead up to the federal election.

Funding for TAFE from the federal government has declined, and the unfolding disaster of VET FEE-HELP alongside growing uncertainty and the well reported revelations of private for-profit colleges, resulted in a loss of public support in the VE sector. The key aim of the campaign 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 to highlight the importance of TAFE in developing the skills needed for the future workforce, particularly in areas of skills shortages across numbers of essential industries. These activities included TAFE specific radio ads, campaigning through social media, mobile and fixed billboards, and on the ground activities such as 'Enrol to Vote for TAFE' week and doorknocking and leafletting. As for the schools' campaign, these activities were largely focused in the four marginal seats.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

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 three-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 2020. There was no promise for ongoing funding certainty by the Commonwealth.

Members and supporters campaigned about the importance of preschool education for our children's development and ensuring they are well prepared when they enter the school system. 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 four-year-olds and the commitment to funding for three -year-olds. Again, with the re-election of the Morrison government, these campaigns will continue.

Work continued in the implementation of the Victorian Government Schools Agreement (VGSA 2017). Since the approval of the new Schools Agreement in August 2017 more than 13,500 teachers and education support staff have been translated from contracts to ongoing. The AEU has focused on building our membership and level of engagement and activism at the school level, in accordance with our strategic objectives. This has involved work with sub-branch representatives in targeted areas, to provide training and support to enable them to build their sub-branch's engagement in ensuring entitlements secured in the VGSA 2017 are understood and implemented effectively. This has been ongoing work throughout 2019 and will continue and has delivered positive outcomes both in terms of our total membership, but also building the capacity of members to campaign at the local and regional level for improved working conditions.

The early childhood sector campaigning work has been focused on the negotiation of new agreements. An early childhood workload survey was conducted late in 2019 with results due to be released early in 2020. Work on the implementation of the rollout of three-year-old preschool has started and the campaign to secure ongoing federal funding for four-year-old preschool referred to above continues with the current funding commitment due to finish at the end of 2020.

The AEU TAFE sector secured a new MEA agreement in late 2018, delivering significant pay increases, protection of existing working conditions and reductions in the numbers of casual and contract workers. Work to ensure the implementation of the entitlements contained in this agreement has continued during 2019 and has not been without its challenges with interpretation of some clauses resulting in local disputes. The campaign for changes to the contestable funding model in the vocational education sector continues including the call for at least 70% of government funding for vocational education from both state and federal governments to be allocated to public TAFEs.

The public TAFE system is stabilising in Victoria as the state government continued to reinvest, but more work is required. The Victorian government's introduction of free TAFE courses in 2019 has been a welcome investment and has seen significant increases in the numbers of students enrolled at TAFE. Work needs to continue especially in regional areas, to ensure TAFE Institutes continue to stabilise and grow.

Negotiations with employer groups for a new enterprise agreement for disability workers continued through 2019, The AEU, along with other unions in the sector, worked with a number of employer groups and reached agreement in principle on a multi-employer agreement late in 2019. This MEA covers 27 employers and approximately 4,000 disability workers and replaces almost 60 separate agreements.

In October 2019, AMES, which provides educational services to migrants and refugees, had their agreement extended for a further two years, securing four 1.25% pay increases over this time.

OPERATING REPORT (Continued)

Review of principal activities and results of operations (Continued)

AEU Victoria has worked with its members, other AEU 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. In addition, we advocated strongly for changes to the national standardised testing regime, NAPLAN, throughout 2019, which will continue into 2020.

Results of activities

Throughout 2019, the AEU Victorian Branch's efforts in the Fair Funding now! campaign realised a massive increase in public awareness of school funding inequity. While the AEU and school communities have seen some positive outcomes for students due to increased funding from the original school funding agreement, it is disappointing this debate continues as a result of the Morrison Government's funding legislation which delivered cuts to public school funding.

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 AEU Victoria participated in the AEU Federal major review of our campaigning over the past three years. Surveys were conducted with Victorian members, supporters and union organisers as well as consultations with members of the Victorian Branch leadership. *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 both at a national and at state level.

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

The AEU Victorian Branch worked with the AEU federal office and all other AEU branches and associated bodies on the campaign for universal pre-school education for all four-old-year and three-year-old children which 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.

Long term commitment of the federal government to four-year-old preschool beyond 2019 has yet to be achieved however at the state level, the Andrews government committed to the introduction of 15 hours of pre-school for all three-year-olds, over the next ten years in the 2019 State budget. In addition, funding is being provided for new and upgraded facilities and scholarships to attract teachers and educators to the profession.

Our ongoing campaigning in the TAFE sector has seen the Victorian State government continue to invest in TAFE, with the important announcement of fifty free TAFE courses. Whilst we have not seen a shift in the underpinning policy of a contestable funding model, the investment in TAFE continues to result in increased enrolments in public TAFE and a shift in TAFEs 'market share' when compared to private provision.

OPERATING REPORT (Continued)

Results of activities (Continued)

Throughout the financial year the AEU Victorian Branch 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; and submissions to both state and 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. This advocacy saw the welcome 2018 announcement by the Victorian State government to move to a system where admission to a teaching degree requires a minimum ATAR of 70, which came into effect in 2019. In addition, the requirement that entry standards would include both academic standards and personal attributes for teaching, is an important change which contributes to raising the status of the profession, attracting the most capable entrants to teaching courses and ensuring our children get the best education possible.

Our ongoing campaigning against the national standardised test, NAPLAN, resulted in Ministers in Victoria, NSW, Queensland and the ACT announcing a comprehensive review of NAPLAN in June 2019. This was done in the absence of the Federal Education Minister's willingness to undertake such a review. This review will not report until mid-2020.

Submissions made by the AEU in 2019

- Submission to The Royal Commission into Victoria's Mental Health System
- Submission to the Review of the Victorian Institute of Teaching (VIT) Victorian Teaching Profession's Code of Conduct.

Significant changes in financial affairs

There were no significant changes in the financial affairs of the Branch. Subsidiary company sold its investment property.

OPERATING REPORT (Continued)

Right of members to resign

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

The policy of the Victorian Branch is detailed below:

1. A notice of resignation from membership takes effect:-
   (a) where the member ceases to be eligible to become a member of the Union -
      (i) on the day on which the notice is received at the office of the Branch Secretary; or
      (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;

   whichever is later; or

   (b) in any other case -
      (i) at the end of 2 weeks after the notice is received at the office of the Branch Secretary; or
      (ii) on the day specified in the notice;

   whichever is later.
2. Where a member's resignation from the Union is received but not processed at the time, no disadvantage will be applied when the resignation is processed.
3. The Branch Executive is authorised to vary this policy in exceptional circumstances and upon written request.
4. This policy is available on the AEU website.

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

OPERATING REPORT (Continued)

Branch Executive members for 2019 and period positions held during the year

NAME	
AMES Lily	
AULICH Erin	
BURTON Tanya	
CLIFTON Peter	Resigned 21 October 2019
D'ORTENZIO Marino	
DUNCAN Briley	
FEWKES Rebekah	
FISCHER Debra	
GILLESPIE Elaine	
HARRIS Justin	
HOLLEY Seir	
HUMPHRIES Ann (Jessie)	
JOHNSTON Wayne	
KOLBER Jemina	
MASIERO Antoinette	
MENZ Martel	
MULLALY Justin	
NIGHTINGALE Cara	
PEACE Meredith	
PONTIKIS Mary-Anne	
RATJE Heidi	
SLATTER Vivien	
SMITH Wayne	
SMITH Phillip	
TENSON Katrina	

OPERATING REPORT (Continued)

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

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

Dean Glare
Angela Stringer

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

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

Antoinette Masiero
Christine Stewart

Both are directors of VicSuper.

Number of members

The number of persons who, at the end of the financial year, were recorded in the register of members and who are taken to be members of the Branch was 47,797 (financial and unfinancial).

Number of employees

The numbers of persons who were, at the end of the financial year, employees of the Branch including both full time and part time employees measured on a full time basis was 85.1.

Signature of designated officer

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

Dated: 18/5/20

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

COMMITTEE OF MANAGEMENT STATEMENT

for the period ended 31 December 2019

On 18 May 2020 the AEU Victorian Branch Executive of the Australian Education Union Victorian Branch passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 31 December 2019:

The AEU Victorian Branch Executive declares that in its opinion:

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

(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);

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

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

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

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

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

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

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

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

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

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

Signature of designated officer E Aulich

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

Dated: 18/5/20

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 December 2019

		Consolidated		Parent	
		2019	2018	**2019**	2018
	Notes	**$**	$	**$**	$
Revenue					
Membership subscription		**23,415,360**	22,650,840	**23,415,360**	22,650,840
Capitation fees		**-**	-	**-**	-
Levies	3A	**1,076,763**	1,105,920	**1,076,763**	1,105,920
Interest	3B	**215,988**	164,446	**157,016**	164,083
Rental revenue	3C	**552,316**	908,558	**429,729**	410,884
Other revenue	3D	**173,694**	15,110	**158,567**	15,110
Total revenue		**25,434,121**	24,844,874	**25,237,435**	24,346,837
Other Income					
Grants and/or donations	3E	**2,525**	3,407	**2,525**	3,407
Net gains from sale of assets	3F	**-**	1,818	**-**	1,818
Revaluation of property		**-**	4,060,000	**-**	-
Total other income		**2,525**	4,065,225	**2,525**	5,225
Total income		**25,436,646**	28,910,099	**25,239,960**	24,352,062
Expenses					
Employee expenses	4A	**13,426,856**	13,591,985	**13,426,856**	13,591,985
Capitation fees	4B	**2,369,092**	2,342,063	**2,369,092**	2,342,063
Affiliation fees	4C	**242,929**	242,457	**242,929**	242,457
Administration expenses	4D	**5,137,208**	6,393,538	**4,668,872**	5,714,004
Grants or donations	4E	**211,475**	109,249	**211,475**	109,249
Depreciation and amortisation	4F	**1,141,563**	685,251	**1,141,563**	680,433
Finance costs	4G	**486,324**	871,124	**486,324**	871,124
Legal costs	4H	**1,449,630**	1,117,112	**1,447,920**	1,114,117
Audit fees	14	**49,910**	49,596	**44,690**	44,815
Total expenses		**24,514,987**	25,402,375	**24,039,721**	24,710,247
Profit (Loss) for the year before tax		**921,659**	3,507,724	**1,200,239**	(358,185)
Income tax revenue (expense)	4I	**47,120**	(1,136,051)	**-**	-
Profit (Loss) for the year		**968,779**	2,371,673	**1,200,239**	(358,185)
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**968,779**	2,371,673	**1,200,239**	(358,185)

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Notes	Consolidated		Parent	
		2019	**2018**	**2019**	**2018**
ASSETS		**$**	**$**	**$**	**$**
Current assets					
Cash and cash equivalents	5A	**10,023,306**	6,386,889	**6,490,016**	6,386,147
Trade and other receivables	5B	**1,996,341**	1,824,472	**1,929,535**	1,821,762
Other current assets	5C	**432,160**	347,187	**432,160**	345,576
Non-current assets held for sale	5D	**-**	20,838,202	**-**	-
Total current assets		**12,451,807**	29,396,750	**8,851,711**	8,553,485
Non-current assets					
Land and buildings	6A	**18,676,640**	18,676,640	**18,676,640**	18,676,640
Plant and equipment	6B	**554,625**	678,436	**554,625**	678,436
Right-of-use assets	6C	**1,095,964**	-	**1,095,964**	-
Investment property	6D	**8,004,274**	8,004,274	**8,004,274**	8,004,274
Intangibles	6E	**896,108**	1,429,472	**896,108**	1,429,472
Other investment	6F	**-**	-	**8,000,000**	8,000,000
Others	6G	**1,537**	1,537	**1,537**	582,341
Total non-current assets		**29,229,148**	28,790,359	**37,229,148**	37,371,163
Total assets		**41,680,955**	58,187,109	**46,080,859**	45,924,648
LIABILITIES					
Current liabilities					
Trade payables	7A	**773,546**	747,916	**773,546**	747,916
Other payables	7B	**429,866**	1,124,734	**403,643**	1,085,592
Borrowings	7C	**1,500,000**	17,000,000	**17,870,866**	17,000,000
Income tax liabilities		**2,226,962**	-	**-**	-
Lease liabilities	7D	**543,929**	-	**543,929**	-
Employee provisions	8A	**922,945**	1,272,810	**922,945**	1,272,810
Total current liabilities		**6,397,248**	20,145,460	**20,514,929**	20,106,318
Non-current liabilities					
Employee provisions	8A	**1,682,608**	1,504,096	**1,682,608**	1,504,096
Borrowings	9A	**5,724,355**	7,919,825	**5,724,355**	7,919,825
Lease liabilities	7D	**575,166**	-	**575,166**	-
Deferred tax liabilities	9B	**-**	2,274,082	**-**	-
Total non-current liabilities		**7,982,129**	11,698,003	**7,982,129**	9,423,921
Total liabilities		**14,379,377**	31,843,463	**28,467,058**	29,530,239
Net assets		**27,301,578**	26,343,646	**17,583,801**	16,394,409
MEMBERS' FUND					
Retained profits	10A	**27,301,578**	26,343,646	**17,583,801**	16,394,409
Total members' fund		**27,301,578**	26,343,646	**17,583,801**	16,394,409

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

STATEMENT OF CHANGES IN EQUITY

for the period ended 31 December 2019

Consolidated	**General funds**	**Retained earnings**	**Total equity**
	$	$	$
Balance as at 1 January 2018	-	23,971,973	23,971,973
Profit for the year	-	2,371,673	2,371,673
Closing balance at 31 December 2018	-	26,343,646	26,343,646
Adoption of AASB16		**(10,847)**	**(10,847)**
Profit for the year	-	**968,779**	**968,779**
Closing balance at 31 December 2019	-	**27,301,578**	**27,301,578**

Parent	**General funds**	**Retained earnings**	**Total equity**
	$	$	$
Balance as at 1 January 2018	-	16,752,594	16,752,594
(Loss) for the year	-	(358,185)	(358,185)
Closing balance at 31 December 2018	-	16,394,409	16,394,409
Adoption of AASB16		**(10,847)**	**(10,847)**
Profit for the year	-	**1,200,239**	**1,200,239**
Closing balance at 31 December 2019	-	**17,583,801**	**17,583,801**

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

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITY

ABN: 44 673 398 674

CASHFLOW STATEMENT

for the period ended 31 December 2019

	Notes	Consolidated **2019** **$**	Consolidated 2018 $	Parent **2019** **$**	Parent 2018 $
OPERATING ACTIVITIES					
Cash received					
Interest		**164,574**	165,900	**162,456**	165,537
Membership receipts		**26,817,232**	26,031,827	**26,817,232**	26,031,827
Rental receipts		**538,089**	678,826	**424,382**	145,250
Other		**206,615**	6,359	**191,488**	6,359
Cash used					
Employees		**(13,544,409)**	(13,349,202)	**(13,544,409)**	(13,349,202)
Suppliers		**(9,298,274)**	(9,940,256)	**(8,891,644)**	(9,213,747)
Income tax refund		**2,710**	52,864	**-**	-
Interest paid		**(486,324)**	(871,123)	**(486,324)**	(871,123)
Payment to other reporting units/controlled entity(s)	11B	**(3,353,409)**	(2,415,374)	**(3,353,409)**	(2,415,374)
Net cash from operating activities	11A	**1,046,804**	359,821	**1,319,772**	499,527
INVESTING ACTIVITIES					
Cash used					
Proceed from sale of property		**20,757,186**	-	**-**	-
Purchase of plant and equipment		**-**	(440,525)	**-**	(440,525)
Building development		**-**	(40,458)	**-**	(40,458)
Net cash from (used by) investing activities		**20,757,186**	(480,983)	**-**	(480,983)
FINANCING ACTIVITIES					
Cash received					
Receipts from other reporting units/controlled entity(s)	11B	**-**	-	**17,541,552**	766,000
Cash used					
Repayment of bank loan		**(17,695,470)**	(28,877)	**(17,695,470)**	(28,877)
Repayment of lease liabilities		**(472,103)**	-	**(472,103)**	
Repayment of borrowings		**-**	-	**(589,882)**	(751,692)
Net cash from (used by) financing activities		**(18,167,573)**	(28,877)	**(1,215,903)**	(14,569)
Net increase (decrease) in cash held		**3,636,417**	(150,039)	**103,869**	3,975
Cash & cash equivalents at the beginning of the reporting period		**6,386,889**	6,536,928	**6,386,147**	6,382,172
Cash & cash equivalents at the end of the reporting period	5A	**10,023,306**	6,386,889	**6,490,016**	6,386,147

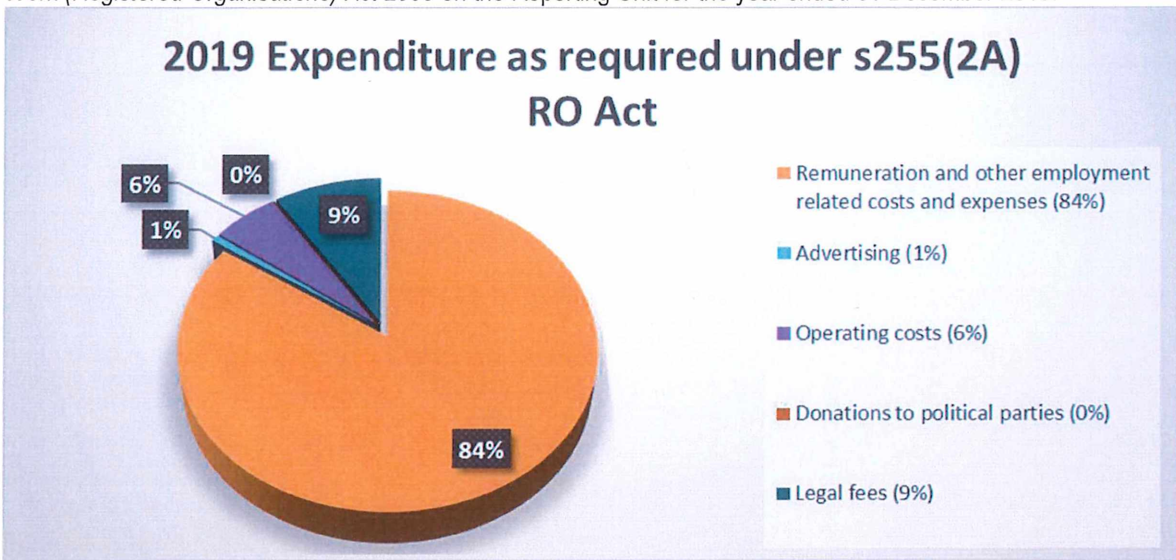
The above statement should be read in conjunction with the notes.

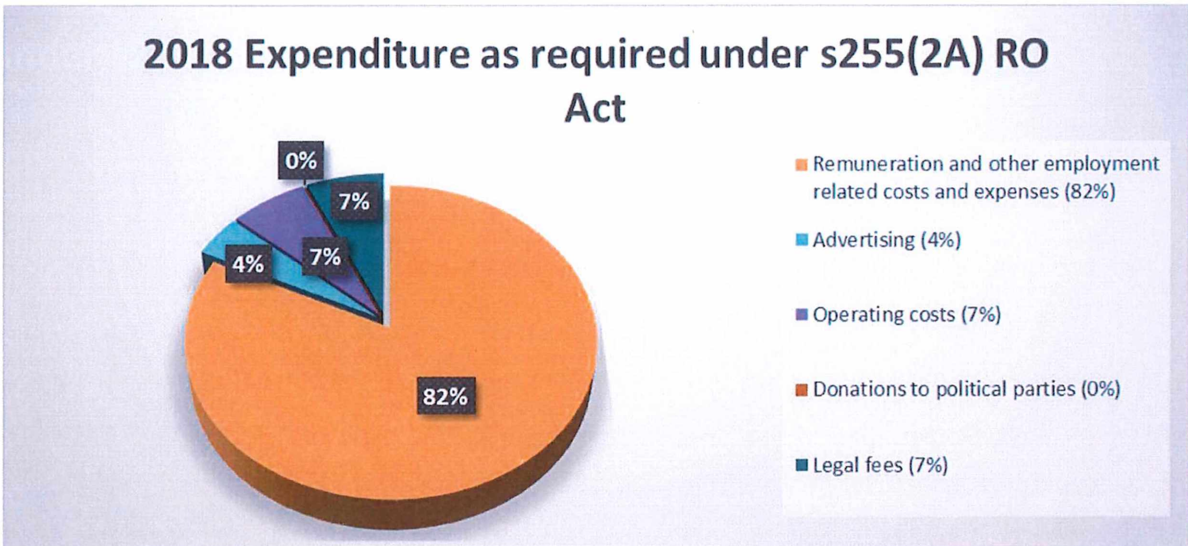
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH
AND CONTROLLED ENTITY

ABN: 44 673 398 674

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

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

Dated: 18/5/20

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

Index to the Notes of the Financial Statements

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

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

1.2 Significant accounting judgements and estimates

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

1.3 New Australian Accounting Standards

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

Future Australian Accounting Standards Requirements

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 group. The group’s assessment of the impact of these new standards and interpretations is set out below.

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

Note 1 Summary of significant accounting policies (Continued)

1.4 Basis of consolidation

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

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

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

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

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

Note 1 Summary of significant accounting policies (Continued)

1.5 Investment in associates and joint arrangements

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

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

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

Note 1 Summary of significant accounting policies (Continued)

1.6 Business combinations

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

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

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

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

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

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

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

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

Note 1 Summary of significant accounting policies (Continued)

1.8 Revenue

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

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

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

Donation income is recognised when it is received.

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

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

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

1.9 Government grants

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

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

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

1.10 Gains

Sale of assets

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

1.11 Capitation fees and levies

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

Note 1 Summary of significant accounting policies (Continued)

1.12 Employee benefits

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

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

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Branch in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Branch recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.13 Leases

As explained in note 1.28 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.

Note 1 Summary of significant accounting policies (Continued)

1.14 Borrowing costs

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

1.15 Cash

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

1.16 Financial instruments

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

1.17 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 Australian Education Union Victorian Branch's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Australian Education Union Victorian Branch 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 Australian Education Union Victorian Branch*'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 Branch commits to purchase or sell the asset.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

The Branch 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 Branch's financial assets at amortised cost includes trade receivables and loans to related parties.

Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the Branch can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Branch benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Branch elected to classify irrevocably its listed and non-listed equity investments under this category.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets (Continued)

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Branch 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 Branch has transferred substantially all the risks and rewards of the asset, or
  b) the Branch has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Branch 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 Branch 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.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Branch 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 Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch 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 Branch 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 Branch expects to receive, discounted at an approximation of the original effective interest rate.

Note 1 Summary of significant accounting policies (Continued)

1.17 Financial assets (Continued)

Impairment

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

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 Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch 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.

1.18 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 Branch’s financial liabilities include trade and other payables.

Subsequent measurement

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.

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.

Note 1 Summary of significant accounting policies (Continued)

1.19 Contingent liabilities and contingent assets

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

1.20 Land, buildings, plant and equipment

Asset recognition threshold

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

Revaluations—land and buildings

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

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

Depreciation

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

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

	2019	2018
Land & buildings	40 years	40 years
Plant and equipment	3 years	3 years

Note 1 Summary of significant accounting policies (Continued)

1.20 Land, buildings, plant and equipment (Continued)

Derecognition

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

1.21 Investment property

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

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

1.22 Intangibles

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

	2019	2018
Intangibles	20 - 30%	20-30%

Derecognition

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

Note 1 Summary of significant accounting policies (Continued)

1.23 Impairment for non-financial assets

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

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

1.24 Non-current assets held for sale

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

1.25 Taxation

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

Revenues, expenses and assets are recognised net of GST except:
- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

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

1.26 Going Concern

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

The Australian Education Union Victorian Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 1 Summary of significant accounting policies (Continued)

1.27 Fair value measurement

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

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

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

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

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

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

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

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

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

Note 1 Summary of significant accounting policies (Continued)

1.28 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:

Standard	*Effective for annual reporting periods beginning on or after*
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 1.13.

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 3.85%.

(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*.

Note 1 Summary of significant accounting policies (Continued)

1.28 New accounting standards and interpretations (Continued)

(ii) Measurement of lease liabilities

	2019 $
Operating lease commitments disclosed as at 31 December 2018	973,157
Discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Add/(less): contracts reassessed as lease contracts	353,814
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	-
Lease liability recognised as at 1 January 2019	1,326,971
Of which are:	
Current lease liabilities	417,393
Non-current lease liabilities	909,578
	1,326,971

(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 $1,780,529
- lease liabilities – increase by $1,326,971.

The net impact on retained earnings on 1 January 2019 was a decrease of $10,847.

Note 2 Events after the reporting period

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected economic activity and greatly contributed to significant deterioration and instability in financial markets.

As a result of this uncertainty created by the global COVID-19 pandemic:

- Whilst the investments and land and building held by the union at the date of the financial report are recorded in the financial statements based on valuations as at that date, current values could be significantly less than these values.
- Future membership number, and therefore membership income, may decrease due to the uncertainty created in the labour market caused by lockdown of businesses and the future viability of businesses which employ members.

Although the union cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the results of future operations, financial position and liquidity.

No other 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 Group, the results of those activities or the state of affairs of the Group in the ensuing or any subsequent financial year.

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 3 Income

Note 3A: Levies

Public Education campaign Levy	**1,076,763**	1,105,920	**1,076,763**	1,105,920
Total levies	**1,076,763**	1,105,920	**1,076,763**	1,105,920

The purpose of the levy is to provide separate funding for public education campaign purposes. The levy is set at $25 for members employed 0.6 and above and $12.50 for members employed 0.5 or below.

Note 3B: Interest

Bank Deposits	**215,988**	164,446	**157,016**	164,083
Total interest	**215,988**	164,446	**157,016**	164,083

Note 3C: Rental revenue

Properties	**552,316**	908,558	**429,729**	410,884
Total rental revenue	**552,316**	908,558	**429,729**	410,884

Note 3D: Other revenue

Other revenue from another reporting unit	**89,081**	-	**89,081**	-
Revenue from undertaking recovery of wages activity	**-**	-	**-**	-
Financial support from another reporting unit	**-**	-	**-**	-
Other	**84,613**	15,110	**69,486**	15,110
Total other revenue	**173,694**	15,110	**158,567**	15,110

Note 3E: Grants or donations

Grants	**-**	-	**-**	-
Donations	**2,525**	3,407	**2,525**	3,407
Total grants or donations	**2,525**	3,407	**2,525**	3,407

Note 3 Income (Continued)

Note 3F: Net gains from sale of assets

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Plant and equipment	**-**	1,818	**-**	1,818
Total net gain from sale of assets	**-**	1,818	**-**	1,818

Note 4 Expenses

Note 4A: Employee expenses

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Holders of office:				
Wages and salaries	**1,392,613**	1,440,984	**1,392,613**	1,440,984
Superannuation	**226,284**	224,196	**226,284**	224,196
Leave and other entitlements	**(21,780)**	(96,397)	**(21,780)**	(96,397)
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**142,520**	165,829	**142,520**	165,829
Subtotal employee expenses holders of office	**1,739,637**	1,734,612	**1,739,637**	1,734,612
Employees other than office holders:				
Wages and salaries	**9,358,062**	8,910,958	**9,358,062**	8,910,958
Superannuation	**1,507,656**	1,423,763	**1,507,656**	1,423,763
Leave and other entitlements	**(161,628)**	370,546	**(161,628)**	370,546
Separation and redundancies	**-**	-	**-**	-
Other employee expenses	**983,129**	1,152,106	**983,129**	1,152,106
Subtotal employee expenses employees other than office holders	**11,687,219**	11,857,373	**11,687,219**	11,857,373
Total employee expenses	**13,426,856**	13,591,985	**13,426,856**	13,591,985

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 4B: Capitation fees & Levies

	2019	2018	**2019**	2018
AEU Federal Office				
- Capitation fee	**1,577,458**	1,552,052	**1,577,458**	1,552,052
- Publication Levy – (A) Aust Educator	**167,500**	167,025	**167,500**	167,025
- Publication Levy – (B) TAFE Teacher	**9,710**	9,133	**9,710**	9,133
- Public Education Levy	**193,672**	196,276	**193,672**	196,276
- ACTU Subscriptions	**298,739**	296,867	**298,739**	296,867
- Education International	**122,013**	120,710	**122,013**	120,710
Total capitation fees	**2,369,092**	2,342,063	**2,369,092**	2,342,063

Nature of fee & levies

Capitation Fee - Contribution to operating costs

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

Public Education Levy - Contribution to general campaigning issues

ACTU Subscriptions - Contribution to operating costs

Education International - Contribution to an affiliated overseas body

Note 4C: Affiliation fees

	2019	2018	**2019**	2018
AAWL	**2,000**	-	**2,000**	-
Ballarat Trades Hall Council	**3,080**	3,080	**3,080**	3,080
Bendigo Trades Hall Council	**7,120**	7,120	**7,120**	7,120
Geelong Trades Hall Council	**6,930**	8,487	**6,930**	8,487
Gippsland Trades Hall Council	**6,234**	6,261	**6,234**	6,261
Goulburn Valley Trades Hall Council	**2,280**	1,920	**2,280**	1,920
North East Trades Hall Council	**2,884**	2,884	**2,884**	2,884
South West Trades Hall Council	**563**	2,813	**563**	2,813
Sunraysia Trades Hall Council	**709**	709	**709**	709
Victorian Trades Hall Council	**211,129**	209,183	**211,129**	209,183
Total affiliation fees	**242,929**	242,457	**242,929**	242,457

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 4D: Administration expenses				
Conference and meeting expenses	**398,743**	403,689	**398,743**	403,689
Consideration to employers for payroll deductions	**-**	-	**-**	-
Contractors/consultants	**11,381**	9,356	**11,381**	9,356
Fees/allowances - meeting and conferences	**-**	500	**-**	500
Information communications technology	**1,038,393**	1,079,878	**1,038,393**	1,079,878
Member Services	**310,418**	265,951	**310,418**	265,951
Member Services – campaigns	**456,210**	1,127,201	**456,210**	1,127,201
Office expenses	**241,086**	256,653	**241,086**	256,652
Penalties imposed under the RO Act	**-**	-	**-**	-
Payments of any other expenses to another reporting unit	**-**	-	**-**	-
Property expenses	**1,247,460**	1,495,583	**860,402**	843,190
Publications	**811,294**	631,840	**811,294**	631,840
Loss on disposals of assets	**81,016**	-	**-**	-
Other	**491,196**	627,775	**490,934**	600,635
Operating lease associated costs	**50,011**	495,112	**50,011**	495,112
Total administration expenses	**5,137,208**	6,393,538	**4,668,872**	5,714,004

Note 4E: Grants or donations

Grants:				
Total paid that were $1,000 or less	**-**	1,500	**-**	1,500
Total paid that exceeded $1,000	**85,500**	80,000	**85,500**	80,000
Donations:				
Total paid that were $1,000 or less	**5,468**	4,094	**5,468**	4,094
Total paid that exceeded $1,000	**120,507**	23,655	**120,507**	23,655
Total grants or donations	**211,475**	109,249	**211,475**	109,249

Note 4F: Depreciation and amortisation

Depreciation				
Property, plant and equipment	**608,199**	180,801	**608,199**	175,984
Total depreciation	**608,199**	180,801	**608,199**	175,984
Amortisation				
Intangibles	**533,364**	504,450	**533,364**	504,450
Total amortisation	**533,364**	504,450	**533,364**	504,450
Total depreciation and amortisation	**1,141,563**	685,251	**1,141,563**	680,434

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 4G: Finance costs				
Mortgage Loan	**437,832**	871,124	**437,832**	871,124
Lease interest – right-of-use assets	**43,778**	-	**43,778**	-
ATO interest	**4,714**	-	**4,714**	-
Total finance costs	**486,324**	871,124	**486,324**	871,124
Note 4H: Legal costs				
Litigation	**1,431,143**	1,083,481	**1,431,143**	1,083,481
Other legal matters	**18,487**	33,631	**16,777**	30,636
Total legal costs	**1,449,630**	1,117,112	**1,447,920**	1,114,117
Note 4I: Income Tax expenses				
(a) Income tax expense:				
Current tax	**2,226,962**	-	**-**	-
Deferred tax	**(2,274,082)**	1,136,051	**-**	-
	(47,120)	1,136,051	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable:				
(Loss) Profit from continuing operations before income tax expense	**921,659**	3,507,724	**1,200,239**	(358,185)
Tax at the Australian tax rate of 30% (2018 – 30%)	**276,498**	1,052,317	**360,072**	(107,456)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Sundry items	**36,454**	(23,722)	**-**	-
- Tax exempt portion	**(360,072)**	107,456	**(360,072)**	107,456
Income tax expense	**(47,120)**	1,136,051	**-**	-
(c) Deferred income tax (revenue) expense included in income tax expense comprises:				
(Decrease) increase in deferred tax liabilities	**(2,274,082)**	1,136,051	**-**	-
	(2,274,082)	1,136,051	**-**	-

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 5 Current assets

Note 5A: Cash and cash equivalents

Cash at bank	**248,443**	257,199	**215,153**	256,457
Cash on hand	**5,754**	1,527	**5,754**	1,527
Short term deposits	**9,769,109**	6,128,163	**6,269,109**	6,128,163
Total cash and cash equivalents	**10,023,306**	6,386,889	**6,490,016**	6,386,147

Note 5B: Trade and other receivables

Receivables from other reporting unit				
AEU Federal Office	**-**	27,940	**-**	27,940
Total receivables from other reporting unit	**-**	27,940		27,940
Less loss allowance	**-**	-	**-**	-
Receivable from other reporting unit	**-**	27,940	**-**	27,940
Other receivables:				
Other trade receivables	**1,996,341**	1,793,822	**1,929,535**	1,793,822
Tax refund	**-**	2,710	**-**	-
Total other receivables	**1,996,341**	1,796,532	**1,929,535**	1,793,822
Total trade and other receivables (net)	**1,996,341**	1,824,472	**1,929,535**	1,821,762

Note 5C: Other current assets

Prepayments	**432,160**	347,187	**432,160**	345,576
Total other current assets	**432,160**	347,187	**432,160**	345,576

Note 5D: Non-current assets held for sale

Carrying value of assets held for sale previously classified as non-current under property, plant, equipment and investment property

Investment property (see note 6D)	**-**	20,810,000	**-**	-
Equipment (see note 6B)	**-**	28,202	**-**	-
Total other current assets	**-**	20,838,202	**-**	-

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 6 Non-current assets

Note 6A: Land and buildings

Land and buildings:				
cost	**18,676,640**	18,676,640	**18,676,640**	18,676,640
Total land and buildings	**18,676,640**	18,676,640	**18,676,640**	18,676,640

Reconciliation of the opening and closing balances of land and buildings

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

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

	2019	**2018**
	$	**$**
Cost	**18,676,640**	18,676,640
Accumulated depreciation and impairment	**-**	-
at carrying amount	**18,676,640**	18,676,640

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 6 Non-current assets (Continued)

Note 6B: Plant and equipment

Plant and equipment:				
at cost	**1,359,181**	1,359,181	**1,359,181**	1,359,181
accumulated depreciation	**(804,556)**	(680,745)	**(804,556)**	(680,745)
Total plant and equipment	**554,625**	678,436	**554,625**	678,436

Reconciliation of the opening and closing balances of plant and equipment

As at 1 January				
Gross book value	**1,359,181**	3,617,202	**1,359,181**	3,579,366
Accumulated depreciation and impairment	**(680,745)**	(2,734,253)	**(680,745)**	(2,729,436)
Net book value 1 January	**678,436**	882,949	**678,436**	849,930
Additions:				
By purchase	**-**	4,490	**-**	4,490
Transfer to current assets (Note 5D)	**-**	(28,202)	**-**	-
Depreciation expense	**(123,811)**	(180,801)	**(123,811)**	(175,984)
Net book value 31 December	**554,625**	678,436	**554,625**	678,436

Note 6C: Right-of-use assets

Right-of-use assets:				
at cost	**2,044,757**	-	**2,044,757**	-
accumulated depreciation	**(948,793)**	-	**(948,793)**	-
Total right-of-use assets	**1,095,964**	-	**1,095,964**	-

Reconciliation of the opening and closing balances of right-of-use assets

As at 1 January				
Gross book value	**-**	-	**-**	-
Accumulated depreciation and impairment	**-**	-	**-**	-
Net book value 1 January	**-**	-	**-**	-
Adoption of AASB16	**1,580,352**	-	**1,580,352**	-
Depreciation expense	**(484,388)**	-	**(484,388)**	-
Net book value 31 December	**1,095,964**	-	**1,095,964**	-

Note 6 Non-current assets (Continued)

Note 6C: Right-of-use assets (Continued)

The entity leases equipment, car and offices. Rental contracts are typically made for fixed periods of 3-5 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.

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.

Note 6 Non-current assets (Continued)

Note 6C: Right-of-use assets (Continued)

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.

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Note 6D: Investment property				
Opening balance as at 1 January	**8,004,274**	24,742,137	**8,004,274**	7,992,137
Additions	**-**	12,137	**-**	12,137
Revaluation – 112 Trenerry Crescent	**-**	4,060,000	**-**	-
Transfer to current assets (Note 5D)	**-**	(20,810,000)	**-**	-
Closing balance as at 31 December	**8,004,274**	8,004,274	**8,004,274**	8,004,274

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

The above properties are used as securities in respect of a bank loan of the AEU-Victorian Branch amounting to $7.3 million (2018: $25 million).

Amounts recognised in profit and loss for investment properties				
Rental income	**552,316**	908,558	**429,729**	**369,253**
Direct operating expenses from property that generated rental income	**1,247,460**	1,495,583	**860,402**	**239,112**
Direct operating expenses from property that did not generate rental income	**-**	-	**-**	**-**

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 6 Non-current assets (Continued)

Note 6E: Intangibles

Membership system				
At cost	**2,595,204**	2,595,204	**2,595,204**	2,595,204
Accumulated amortisation	**(1,699,096)**	(1,165,732)	**(1,699,096)**	(1,165,732)
Total intangibles	**896,108**	1,429,472	**896,108**	1,429,472

Reconciliation of the opening and closing balances of intangibles

As at 1 January				
Gross book value	**2,595,204**	2,159,168	**2,595,204**	2,159,168
Accumulated amortisation and impairment	**(1,165,732)**	(661,282)	**(1,165,732)**	(661,282)
Net book value 1 January	**1,429,472**	1,497,886	**1,429,472**	1,497,886
Additions	**-**	436,036	**-**	436,036
Amortisation	**(533,364)**	(504,450)	**(533,364)**	(504,450)
Net book value 31 December	**896,108**	1,429,472	**896,108**	1,429,472

Note 6F: Other investments

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

Note 6G: Other non-current assets

Loan to subsidiary	**-**	-	**-**	580,804
Other	**1,537**	1,537	**1,537**	1,537
Total other non-current assets	**1,537**	1,537	**1,537**	582,341

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 7 Current liabilities

Note 7A: Trade payables

	2019 $	2018 $	**2019 $**	2018 $
Trade creditors and accruals	**710,669**	52,160	**710,669**	52,160
Legal costs - litigation	**56,756**	119,397	**56,756**	119,397
Legal costs – other matters	**-**	-	**-**	-
Subtotal trade creditors	**767,425**	171,557	**767,425**	171,557
Payables to other reporting unit				
- AEU Federal Office	**6,121**	483,409	**6,121**	483,409
- AEU ITF	**-**	92,950	**-**	92,950
Subtotal payables to other reporting unit	**6,121**	576,359	**6,121**	576,359
Total trade payables	**773,546**	747,916	**773,546**	747,916

Note 7B: Other payables

	2019 $	2018 $	**2019 $**	2018 $
Superannuation	**213,868**	230,712	**213,868**	230,712
Consideration to employers for payroll deductions	**-**	-	**-**	-
Prepayments received/unearned revenue	**89,718**	100,948	**89,718**	100,948
GST payable	**32,329**	252,481	**37,863**	252,481
Security deposit	**-**	30,250	**-**	-
Other	**93,951**	510,343	**62,194**	501,451
Total other payables	**429,866**	1,124,734	**403,643**	1,085,592
Total other payables are expected to be settled in:				
No more than 12 months	**429,866**	1,124,734	**403,643**	1,085,592
More than 12 months	**-**	-	**-**	-
Total other payables	**429,866**	1,124,734	**403,643**	1,085,592

Note 7C: Borrowings

	2019 $	2018 $	**2019 $**	2018 $
Bank mortgage loan	**1,500,000**	17,000,000	**1,500,000**	17,000,000
Loan from subsidiary	**-**	-	**16,370,866**	-
Total borrowings	**1,500,000**	17,000,000	**17,870,866**	17,000,000

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 7 Current liabilities (Continued)

Note 7D: Lease liabilities

Current	**543,929**	-	**543,929**	-
Non-current	**575,166**	-	**575,166**	-
Total lease liabilities	**1,119,095**	-	**1,119,095**	-

Note 8 Provisions

Note 8A: Employee provisions

Office Holders:				
Annual leave	**176,275**	221,688	**176,275**	221,688
Long service leave	**180,818**	157,184	**180,818**	157,184
Separations and redundancies	**-**	-	**-**	-
Other	**-**	-	**-**	-
Subtotal employee provisions - office holders	**357,093**	378,872	**357,093**	378,872
Employees other than office holders:				
Annual leave	**746,670**	1,051,122	**746,670**	1,051,122
Long service leave	**1,501,790**	1,346,912	**1,501,790**	1,346,912
Separations and redundancies	**-**	-	**-**	-
Other	**-**	-	**-**	-
Subtotal employee provisions - employees other than office holders	**2,248,460**	2,398,034	**2,248,460**	2,398,034
Total employee provisions	**2,605,553**	2,776,906	**2,605,553**	2,776,906
Current	**922,945**	1,272,810	**922,945**	1,272,810
Non-current	**1,682,608**	1,504,096	**1,682,608**	1,504,096
Total employee provisions	**2,605,553**	2,776,906	**2,605,553**	2,776,906

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 9 Non-current liabilities

Note 9A: Borrowings

Bank Mortgage Loan	**5,724,355**	7,919,825	**5,724,355**	7,919,825
Total Borrowings	**5,724,355**	7,919,825	**5,724,355**	7,919,825

Note 9B: Deferred tax liabilities

Deferred Tax Liabilities	**-**	2,274,082	**-**	-
Total Deferred tax liabilities	**-**	2,274,082	**-**	-
Consists of:				
Property, plant and equipment	**-**	2,470,487	**-**	-
Tax loss	**-**	(196,405)	**-**	-
	-	2,274,082	**-**	-

Note 10 Equity

Note 10A: Retained earnings

Retained earnings at start of year	**26,343,346**	23,971,973	**16,394,409**	16,752,594
Adoption of AASB16	**(10,847)**	-	**(10,847)**	-
Profit (Loss) for the year	**968,779**	2,371,673	**1,200,239**	(358,185)
Retained earnings at end of year	**27,301,578**	26,343,646	**17,583,801**	16,394,409

Apart from those recorded in the financial statements, no specific funds or accounts have been operated as part of the Branch Fund in respect of compulsory levies or voluntary contributions. There no transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity.

Note 11 Cash flow

Note 11A: Cash flow reconciliation

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

Cash and cash equivalents as per:				
Cash flow statement	**10,023,306**	6,386,889	**6,490,016**	6,386,147
Balance sheet	**10,023,306**	6,386,889	**6,490,016**	6,386,147
Difference	**-**	-	**-**	-

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 11 Cash flow (Continued)

Note 11A: Cash flow reconciliation

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Reconciliation of profit (loss) to net cash from operating activities:				
Profit (Loss) for the year	**968,779**	2,371,673	**1,200,239**	(358,185)
Adjustments for non-cash items				
Depreciation/amortisation	**1,141,563**	685,251	**1,141,563**	680,434
Loss on sale of property	**81,016**	-	**-**	-
Revaluation of property	**-**	(4,060,000)	**-**	-
Changes in assets/liabilities				
(Increase) in net receivables	**(180,422)**	(340,293)	**(109,682)**	(381,458)
Decrease (Increase) in prepayments	**(86,584)**	65,599	**(86,584)**	65,599
Increase in supplier payables	**(650,554)**	175,892	**(643,180)**	220,353
Increase/(decrease) in other payables	**(11,230)**	(1,365)	**(11,230)**	(1,365)
Increase/(decrease) in employee provisions	**(171,354)**	274,149	**(171,354)**	274,149
Increase in tax provisions	**2,229,672**	52,864	**-**	-
Increase/(decrease) in deferred tax	**(2,274,082)**	1,136,051	**-**	-
Net cash from operating activities	**1,046,804**	359,821	**1,319,772**	499,527

Note 11B: Cash flow information

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

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Cash inflows				
TFV Property Pty. Ltd.	**-**	-	**17,541,552**	766,000
Total cash inflows	**-**	-	**17,541,552**	766,000
Cash outflows				
*AEU Federal Office***	**3,069,059**	2,216,824	**3,069,059**	2,216,824
AEU Federal Office – International Trust Fund	**284,350**	198,550	**284,350**	198,550
Total cash outflows	**3,353,409**	2,415,374	**3,353,409**	2,415,374

** capitation fee, levy and campaign contribution

Note 12 Contingent liabilities, assets and commitments

Note 12A: Commitments and contingencies

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Operating lease commitments - as lessee				
Within one year	**-**	194,275	**-**	194,275
After one year but not more than five years	**-**	778,882		778,882
More than five years	**-**	-	**-**	-
	-	973,157	**-**	973,157

Leases are for IT equipment, vehicles.
For 2019, refer note 6c

Operating lease commitments - as lessor
Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2019 are as follows:

Within one year	**456,656**	162,250	**456,656**	314,259
After one year but not more than five years	**1,946,576**	1,846,211	**1,946,576**	1,893,518
After five years	**1,110,081**	2,323,176	**1,110,081**	1,619,795
	3,513,313	4,331,637	**3,513,313**	3,827,572

Capital commitments
At 31 December 2019 the entity has no significant capital commitments.

Other contingent assets or liabilities
Funding of Members legal fees

As part of its services provided to members the AEU – Victorian Branch funds certain legal cases on behalf of its members. Funding is approved in advance on a case by case basis. The total amount of funding approved but not yet paid for as at 31 December 2019 is approximately $3.9 mil.

Note 13 Related party disclosures

Note 13A: Related party transactions for the reporting period

The subsidiary company, TFV Property Ltd, owned the property at 112 Trenerry Crescent, Abbotsford, where the company conducted its business up to June 2018. The subsidiary company has share capital comprising solely of ordinary shares which are held directly by the Group. The proportion of ownership is 100% held by the Group. The subsidiary company derives rental income from external tenants.

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Loan to subsidiary				
Balance at 1 January	**-**	-	**580,804**	595,112
Loan repayments	**-**	-	**(17,541,552)**	(766,000)
Loan advanced	**-**	-	**589,882**	751,692
Balance at 31 December	**-**	-	**(16,370,866)**	580,804

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

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Short-term employee benefits				
Salary (including annual leave taken)	**1,187,523**	1,281,882	**1,187,523**	1,281,882
Annual leave accrued	**159,676**	161,223	**159,676**	161,223
Other	**142,520**	165,829	**142,520**	165,829
Total short-term employee benefits	**1,489,719**	1,608,934	**1,489,719**	1,608,934
Post-employment benefits:				
Superannuation	**226,284**	224,196	**226,284**	224,196
Total post-employment benefits	**226,284**	224,196	**226,284**	224,196
Other long-term benefits:				
Long-service leave	**23,634**	(98,518)	**23,634**	(98,518)
Total other long-term benefits	**23,634**	(98,518)	**23,634**	(98,518)
Termination benefits	**-**	-	**-**	-
Total	**1,739,637**	1,734,612	**1,739,637**	1,734,612

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$

Note 13 Related party disclosures (Continued)

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

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

Note 13D: Former related party

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

Note 13E: Financial affairs

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

Note 14 Remuneration of auditors

	Consolidated 2019 $	Consolidated 2018 $	Parent 2019 $	Parent 2018 $
Value of the services provided				
Current auditor				
Financial statement audit services	**48,640**	43,800	**44,690**	**40,000**
Other services	**1,270**	5,796	**-**	**4,815**
Total remuneration of auditors	**49,910**	49,596	**44,690**	**44,815**

Note 15 Financial instruments

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

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

Note 15 Financial instruments (Continued)

Note 15A: Categories of financial instruments

	Consolidated		Parent	
	2019	2018	**2019**	2018
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**10,023,306**	6,386,889	**6,490,016**	6,386,147
Trade and other receivables	**1,996,341**	1,824,472	**1,929,535**	1,821,762
Total	**12,019,647**	8,211,361	**8,419,551**	8,207,909
Financial assets:				
Investment in subsidiary	**-**	-	**8,000,000**	8,000,000
Total	**-**	-	**8,000,000**	8,000,000
Loans and receivables:				
Loan to subsidiary	**-**	-	**-**	580,804
Total	**-**	-	**-**	580,804
Carrying amount of financial assets	**12,019,647**	8,211,361	**16,419,551**	16,788,713
Financial liabilities				
Trade and other payables	**1,203,412**	1,872,650	**1,177,189**	1,833,508
Income tax payable	**2,226,962**	-	**-**	-
Borrowings	**8,343,450**	24,919,825	**24,714,316**	24,919,825
Total	**11,773,824**	26,792,475	**25,891,505**	26,753,333
Carrying amount of financial liabilities	**11,773,824**	26,792,475	**25,891,505**	26,753,333

Note 15 Financial instruments (Continued)

Note 15C: Credit risk

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

The group has no significant concentration of credit risk with any single courter party or group of counter parties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5B. There is no collateral held by the group securing trade and other receivables. The group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the group. The trade receivables balance at 31 December 2019 and 31 December 2018 do not include any counter parties with external credit ratings.

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

Note 15E: Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

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

Cash flows realised from financial assets reflect the Committee of Management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates.

Contractual maturities for financial liabilities 2019 - Consolidated

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	1,203,412	-	-	-	-	1,203,412
Income tax payables	2,226,962	-	-	-	-	2,226,962
Borrowings	-	2,043,929	575,166	-	5,724,355	8,343,450
Total	**3,430,374**	**2,043,929**	**575,166**	**-**	**5,724,355**	**11,773,824**

Maturities for financial liabilities 2018 - Consolidated

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

Note 15 Financial instruments (Continued)

Note 15E: Liquidity risk (Continued)

Contractual maturities for financial liabilities 2019 - Parent

	On Demand	< 1 year $	1– 2 years $	2– 5 years $	>5 years $	Total $
Trade and other payables	**1,177,189**	**-**	**-**	**-**	**-**	**1,177,189**
Borrowings	**-**	**18,414,795**	**575,166**	**-**	**5,724,355**	**24,714,316**
Total	**1,177,189**	**18,414,795**	**575,166**	**-**	**5,724,355**	**25,891,505**

Maturities for financial liabilities 2018 - Parent

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

Note 15F: Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cashflows or the fair value of fixed rate financial instruments. The financial instruments that expose the Group to interest rate risk are limited to borrowings, cash and cash equivalents.

Sensitivity analysis of the risk that the entity is exposed to for 2019

	Change in risk variable %	Effect on Profit & loss $	Effect on Equity $
Financial Assets			
Interest rate risk	+2	+200,351	+200,351
Interest rate risk	-2	200,351	200,351
Financial Liabilities			
Interest rate risk	+1	-84,434	-84,434
Interest rate risk	-1	+84,434	+84,434

Note 15 Financial instruments (Continued)

Note 15F: Market risk (Continued)

Sensitivity analysis of the risk that the entity is exposed to for 2018

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

	Consolidated 2019	Consolidated 2018	Parent 2019	Parent 2018
	$	$	**$**	$
Note 15G: Asset pledged/or held as collateral				
Assets pledged as collateral				
Financial assets pledged as collateral:				
Freehold Land & Buildings	**26,680,914**	47,519,116	**26,680,914**	26,680,914
Total assets pledged as collateral	**26,680,914**	47,519,116	**26,680,914**	26,680,914

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

Note 16 Fair value measurement

Note 16A: Financial assets and liabilities

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

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 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 Branch financial assets and liabilities:

	Carrying amount	**Fair value**	Carrying amount	Fair value
	2019	**2019**	2018	2018
	$	**$**	$	$
Consolidated				
Financial Assets				
Cash & cash equivalents	**10,023,306**	**10,023,306**	6,386,889	6,386,889
Trade & other receivables	**1,996,341**	**1,996,341**	1,824,472	1,824,472
Total	**12,019,647**	**12,019,647**	8,211,361	8,211,361
Non-financial Assets				
Land & Buildings	**26,680,914**	**26,680,914**	47,519,116	47,519,116
Plant & Equipment	**1,650,589**	**1,650,589**	678,436	678,436
Other non-current Assets	**897,645**	**897,645**	1,431,009	1,431,009
Total	**29,229,148**	**29,229,148**	49,628,561	49,628,561
Financial Liabilities				
Trade & other payables	**1,203,412**	**1,203,412**	1,872,650	1,872,650
Lease liabilities	**1,119,095**	**1,119,095**	-	-
Bank Mortgage Loan	**8,427,767**	**8,427,767**	24,919,825	24,919,825
Total	**10,750,274**	**10,750,274**	26,792,475	26,792,475

Note 16 Fair value measurement (Continued)

Note 16A: Financial assets and liabilities (Continued)

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

	Carrying amount 2019 $	**Fair value 2019 $**	Carrying amount 2018 $	Fair value 2018 $
Parent				
Financial Assets				
Cash & cash equivalents	**6,490,016**	**6,490,016**	6,386,147	6,386,147
Trade & other receivables	**1,929,535**	**1,929,535**	1,821,762	1,821,762
Other Investments	**8,000,000**	**8,000,000**	8,000,000	8,000,000
Loan to subsidiary	**-**	**-**	580,804	580,804
Total	**16,419,551**	**16,419,551**	16,788,713	16,788,713
Non-financial Assets				
Land & Buildings	**26,680,914**	**26,680,914**	26,680,914	26,680,914
Plant & Equipment	**1,650,589**	**1,650,589**	678,436	678,436
Other non-current assets	**897,645**	**897,645**	1,431,009	1,431,009
Total	**29,229,148**	**29,229,148**	28,790,359	28,790,359
Financial Liabilities				
Trade & other payables	**1,177,190**	**1,177,190**	1,833,508	1,833,508
Loan from subsidiary	**16,370,866**	**16,370,866**	-	-
Lease liabilities	**1,119,095**	**1,119,095**	-	-
Bank Mortgage Loan	**8,427,767**	**8,427,767**	24,919,825	24,919,825
Total	**27,094,918**	**27,094,918**	26,753,333	26,753,333

Note 16 Fair value measurement (Continued)

Note 16B: Fair value hierarchy

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

Fair value hierarchy - Consolidated 31 December 2019

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		**10,023,306**	**-**	**-**
Trade & other receivables		**1,996,341**	**-**	**-**
Total		**12,019,647**	**-**	**-**
Non-financial Assets				
Land & Buildings	**30/6/2019**	**-**	**18,676,640**	
Investment Property	**30/6/2019**	**-**	**8,004,274**	
Plant & Equipment		**-**	**1,650,589**	
Other non-current assets		**-**	**897,645**	-
Total		**-**	**29,229,148**	**-**
Liabilities measured at fair value				
Trade & other payables		**1,203,412**	**-**	
Lease liabilities		**1,119,095**	**-**	**-**
Bank Mortgage Loan		**8,427,767**	**-**	**-**
Total		**10,750,274**	**-**	**-**

Fair value hierarchy - Consolidated 31 December 2018

	Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		6,386,889	-	-
Trade & other receivables		1,824,472	-	-
Total		8,211,361	-	**-**
Non-financial Assets measured at fair value				
Land & Buildings	**21/5/2014**	-	26,680,914	-
Non-current assets held for sale	**31/12/2018**	-	20,838,202	-
Plant & Equipment		-	678,436	-
Other non-current assets		-	1,429,472	-
Total		-	49,627,024	-
Liabilities measured at fair value		-		**-**
Trade & other payables		1,872,650		
Bank Mortgage Loan		24,919,825	**-**	**-**
Total		26,792,475	**-**	**-**

Note 16 Fair value measurement (Continued)

Note 16B: Fair value hierarchy (Continued)

Fair value hierarchy – Parent 31 December 2019	**Date of valuation**	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value		**$**	**$**	**$**
Cash & cash equivalents		6,490,016	-	-
Trade & other receivables		1,929,535	-	-
Other Investments		-	8,000,000	-
Total		**8,419,551**	**8,000,000**	**-**
Non-financial assets measured at fair value				
Land & Buildings	**30/6/2019**	-	18,676,640	-
Investment property	**30/6/2019**	-	8,004,274	-
Plant & Equipment		-	1,650,589	-
Other non-current assets		-	897,645	-
Total		**-**	**29,229,148**	**-**
				-
Liabilities measured at fair value				
Trade & other payables		**17,548,056**	-	-
Lease liabilities		**1,119,095**	-	-
Bank Mortgage Loan		**8,427,767**	-	**-**
Total		**27,094,918**	**-**	**-**

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

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

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

Information to be provided to members or Commissioner:

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

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

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

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

Report on Audit of the Financial Report

Opinion

We have audited the financial report of the Australian Education Union Victorian Branch (the "Branch") and it subsidiary (the "Group") which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statement including comprising a summary of significant accounting policies and other explanatory information, the Committee of Management Statement and the subsection 255(2A) report

In our opinion,

(i) the accompanying financial report of the Group:

a) presents fairly, in all material respects, the financial position of the Group as at 31 December 2019 and the results of its operations, its changes in equity and cash flows for the year then ended; and

b) complying the Australian Accounting Standards; and

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

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

Basis for Opinion

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

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

Independence

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

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

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

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

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

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

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor 's responsibility for the audit of the financial report

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

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management s' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

BGL Partners

BGL Partners

JHinds

I. A. Hinds - Partner
Registration number (as registered by the RO Commissioner under RO Act): AA2017/87

Melbourne

18 May 2020