

**AUSTRALIAN EDUCATION UNION  
VICTORIAN BRANCH  
AND CONTROLLED ENTITIES**

**ABN: 44 673 398 674**

**Financial Report For The Year Ended  
31 December 2015**

# AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH AND CONTROLLED ENTITIES

ABN: 44 673 398 674

Financial Report For The Year Ended 31 December 2015

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**AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH  
ABN 44 673 398 674  
AND CONTROLLED ENTITIES**

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

We have audited the financial report of the Australian Education Union Victorian Branch, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes, including the Committee of Management Statement, of the consolidated entity comprising the Australian Education Union Victorian Branch and the entities it controlled at the year's end or from time to time during the financial year.

**Committee of Management's and Branch Secretary's Responsibility for the Financial Report**

The committee of management and branch secretary of the Australian Education Union Victorian Branch are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee of management and branch secretary, as well as evaluating the overall presentation of the financial report.

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

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Directors  
D. S. Johnston, CA  
M. R. Dawson, CA  
W. J. Bradburn, CA  
J. M. Gow, CA

We meet the definition of approved auditor in Regulation 4 of the Fair Work (Registered Organisations) Regulation 2009.

As part of the audit of the financial statements, we have concluded that the management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.

**Independence**

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements and the Fair Work (Registered Organisations) Regulations 2009.

**Audit Opinion**

In our opinion, the general purpose financial report of Australian Education Union Victorian Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

Name of Firm: Charman Partners



Partner : Mark Peter Barson  
Registered Company Auditor  
Member of the Institute of Chartered Accountants in Australia holding a  
current Public Practice Certificate

Date : 20th May 2016

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH ABN: 44 673 398 674  
AND CONTROLLED ENTITIES  
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF  
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN EDUCATION UNION VICTORIAN  
BRANCH

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Name of Firm CHARMAN PARTNERS

  
Name of Partner Mark Barton

Date 13th May 2016

Address Suite 4, 10-12 Chapel Street

BLACKBURN VIC 3130

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

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

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

Certificate for the period ended 31 December 2015

I, Gillian Robertson, being the Branch Secretary of the Australian Education Union Victorian Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Education Union Victorian Branch for the period ended 31 December 2015 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on the 23<sup>rd</sup> May 2016; and
- that the full report was presented to a meeting of the committee of management being the AEU Victorian Branch Council of the Australian Education Victorian Branch on 17 June 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: Gillian Robertson

Title of prescribed designated officer: Branch Secretary

Dated: 20 June, 2016

## OPERATING REPORT

### Review of principal activities and results of operations

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

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

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

The principal activities of the AEU Victorian Branch during the 2015 financial year have focused on the achievement of the following strategic objectives:

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

Throughout 2015 the schools sector of the branch continued their involvement in the AEU's national campaign to secure changes to the federal funding formula for Australian schools. The campaign's aim is to achieve a fairer funding formula from the Federal government that recognises that public schools are the primary funding obligation of the Federal government and that the current funding formula overseen by the Turnbull government is unfair and totally ignores issues of need and equity.

The schools sector also continued the Put Education 1<sup>st</sup> campaign, the main objectives being:

1. Reducing class sizes
2. Providing a curriculum that meets students individual needs
3. More support for all kids
4. Building and maintaining classrooms
5. Ongoing professional development for school leaders and staff

The early childhood sector of the union worked on a number of sector specific objectives. The implementation of the Universal Access 15 hour preschool program continued to provide a focus of the work of the sector and the importance of the increased 15 hours commitment in delivering long term educational outcomes for these children.

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

The early childhood sector was also involved in a campaign to secure a new industrial agreement for all members in early childhood centres for teachers and co-educators. That campaign saw an excellent outcome achieved in late December.

Pursuit of early childhood teacher registration was finally achieved in September after a long campaign lobbying successive State governments to allow this. Growing membership and building links across the membership, and with potential members, has been another significant part of the sector's work; connecting them through specific networks such as that for the preschool Field Officers and teachers in long day care settings, and most notably, through the Teachers Victoria Facebook group.

The AEU TAFE sector continued to campaign during 2015 to build broad based community support for the public TAFE system and to keep the community aware of the new State government's lack of adequate investment in TAFE. It was pleasing to see the Andrews State government have invested significantly in the Victorian TAFE system but they still remain committed to contestable funding in the VET sector. The ruthless slashing of funding by the previous State government to the public TAFE system has seen Institutes continue to struggle to remain viable, especially in regional areas, and a dramatic decline in the number of students enrolling in the system.

The TAFE sector also continued to drive a campaign to secure a new industrial state-wide agreement for all members in TAFE Institutes. That campaign delivered an interim roll-over agreement for a 12 month period, delivering a much deserved pay increase to the TAFE teaching workforce.

The Disability sub-sector focused their work on the building of representative networks and developing stakeholder groups with the intention of influencing government policy during the implementation of the NDIS.

The AMES sub-sector continued their work in negotiating a new industrial agreement for members until April when an agreement was reached. Work was also undertaken to ensure the current agreement was fully understood by members and the employer.

The AEU also continued developing and improving internal policies for finance and human resources to ensure we strive to achieve best practice in those, and related, areas. The union has also spent time to ensure we document and correctly articulate the processes for all elections to members and related stakeholders. This is in preparation for all future elections including those in 2015.

### ***Results of activities***

Throughout 2015, the AEU Victorian branch's efforts in the Gonski and Put Education 1<sup>st</sup> campaigns realised an increase in massive public awareness of school funding inequity. The AEU and school communities continued to promote the positive outcomes for students of increased funding. Across Victoria, parents, teachers and principals spoke of the importance of fair and equitable funding for their schools, and of the demonstrated connection between additional resourcing for schools and improved student outcomes. A better and fairer funding formula for schools was high on the issues of voters at the state election.

The AEU had previously worked with the federal office and all other branches and associated bodies to secure an extension of the national partnership which funds the early childhood 15 hours commitment. Long term commitment beyond 2015 of the federal government to this program has yet to be achieved.

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The AEU's TAFE4ALL campaign delivered massive recognition of the dire situation faced by most TAFE institutes in Victoria, as well as the individual impact for students involved in vocational education and training in Victoria. The union's campaigning activities built a strong presence on social media and within the media at large. We have been successful in engaging a broad cross section of the Victorian community in this campaign, including students, other unions, Victorian Trades Halls, community groups, local councils and politicians from various political parties. The impact of the campaign saw the State Labor government commit to a full review of the current VET funding policy and to ensuring that all TAFE institutes remained financially viable so they can continue offering vocational education and training to their communities.

Submissions made by the AEU include the following:

- State Budget submission 2015/16
- Submission to Government Schools Funding Review (Bracks Review)
- Two submissions to the Mackenzie Review of VET funding
- Submission to the Early Childhood Component of the Education State consultation process
- Submission to the Victorian Inquiry into Labour Hire and Insecure Employment
- Submission to the Strengthening DET Regional Services and Support Consultation paper
- Submission to Victoria's Future Industries (International Education) Review
- Submission to Victorian Parliamentary EEJS Committee's Portable Long Service Leave Inquiry
- Submission to the Victorian Local Government – Rates Capping and Variation Framework

### **Significant changes in financial affairs**

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

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

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

The policy of the Victorian Branch is detailed below:

1. When a member lodges a resignation from the Union it will take effect from either the date of the letter or date specified in the letter, whichever is later.
2. Where a member's resignation from the Union is received but not processed at the time, no disadvantage will be applied when the resignation is processed.
3. Branch Executive is authorized to vary this policy in exceptional circumstances and upon written request.
4. This policy is highlighted in the first edition of the AEU News each year.

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

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

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

Dean Glare  
Angela Stringer

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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:

Barbra Norris until 30<sup>th</sup> June 2015

Antoinette Masiero from 1<sup>st</sup> July 2015

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 47,651.

### **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 83.

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**Branch Council members for 2015 and period positions held during the year**

|                     |                 |
|---------------------|-----------------|
| ANGUS, Cheryl       |                 |
| ATKINSON, Anthony   |                 |
| AUGERINOS, Andrew   |                 |
| AULICH, Erin        |                 |
| AULICH, Seona       |                 |
| BARCLAY, Greg       |                 |
| BELL, John          |                 |
| BLACKBURN, Garry    |                 |
| BORGER, Ruth        |                 |
| BOYDEN, Rebecca     |                 |
| BROOKES, Gillian    |                 |
| BROOKES, Jennifer   | From 13.3.15    |
| BURTON, Tanya       |                 |
| BUSKES, Theo        | From 13.3.15    |
| BUTLER, Mick        |                 |
| CLANCY, Carolyn     |                 |
| CORNELIOUS, Chantal |                 |
| CLARKE, Brian       | Resigned 3.2.15 |
| DAVIS, Aaron        |                 |
| DAVIS, Gayle        |                 |
| DE MORTON, Phillip  |                 |
| DENT, Dian          |                 |
| DEW, Daniel         |                 |
| DEWS, Merrilyn      |                 |
| DODGSHUN, Andrew    |                 |
| D'ORTENZIO, Marino  |                 |
| DUNCAN, Briley      |                 |
| ESSEX, Michael      |                 |
| FARQUHAR, Reginald  |                 |
| FARRELLY, Rita      |                 |
| FECHNER, Lucinda    |                 |
| FISCHER, Debra      |                 |
| GANOSIS, Sylvia     |                 |
| GHIOTTI, Beth       |                 |
| GILLESPIE, Elaine   |                 |
| GLARE, Dean         |                 |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

|                     |                   |
|---------------------|-------------------|
| GOULD, Jason        |                   |
| GRADY, Peter        |                   |
| GRAROCK, Max        |                   |
| HADDOW, Sally       |                   |
| HALDEN, Andrea      |                   |
| HARRIS, Justin      |                   |
| HARRISON, Danielle  | Commenced 13.3.15 |
| HARRISON, Sarah     |                   |
| HEEREMANS, Megan    |                   |
| HINES, Anne         |                   |
| HONAN, Lucy         |                   |
| HUMPHRIES, Ann      |                   |
| HUSSEY, Mick        |                   |
| JACKSON, Ross       |                   |
| JENNINGS, Bronwyn   |                   |
| JOHNSTON, Wayne     |                   |
| JONES, Carol        |                   |
| JONES, Craig        |                   |
| KIRBY, Sue          |                   |
| KOLBER, Jemina      |                   |
| LACK, Ian           |                   |
| LAMBIE, Chris       |                   |
| LOVELOCK, Chris     |                   |
| LUCIANO, Sabrina    | Resigned 7.7.15   |
| LYLAK, Nicole       |                   |
| MACARDY, Rae        |                   |
| MACKENZIE, Rod      |                   |
| MacPHERSON, Deb     |                   |
| MASIERO, Antoinette |                   |
| MCINTOSH, Fiona     |                   |
| McPHERSON, Hamish   |                   |
| MENZ, Martel        |                   |
| MERKENICH, Mary     |                   |
| MORTON, Euan        |                   |
| MULLALY, Justin     |                   |
| MURPHY, Brendan     | Resigned 2.8.15   |
| MUSTON, Robert      |                   |

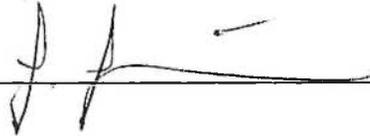
AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

|                     |                  |
|---------------------|------------------|
| NIGHTINGALE, Cara   |                  |
| O'DWYER, Dianne     |                  |
| O'FLAHERTY, Maureen |                  |
| O'GRADY, Erin       |                  |
| PARATHIRA, Vicki    |                  |
| PARR, Sarah         | Resigned 27.4.15 |
| PARRY, Kerry        |                  |
| PATA, Alastair      |                  |
| PATANE, Jessica     |                  |
| PATRICK, Sue        |                  |
| PEACE, Meredith     |                  |
| PERERA, Belinda     |                  |
| PERRY, Pamela       |                  |
| PONTIKIS, Mary-Anne |                  |
| POPE, Kevin         |                  |
| PUGH, Zoe           |                  |
| QUINN, Shayne       |                  |
| QUINN, Wendy        |                  |
| RANKIN, James       |                  |
| REIDY, Barbara      |                  |
| RENTON, Jennifer    |                  |
| ROBERTSON, Gillian  |                  |
| SANTAERA, Diana     |                  |
| SHARP, Kathy        |                  |
| SHELL, Donna        |                  |
| SLATTER, Vivien     |                  |
| SMITH, Phillip      |                  |
| SMITH, Wayne        |                  |
| STEANE, Valerie     |                  |
| STEVENSON, Anne     | Resigned 13.7.15 |
| STRINGER, Angela    |                  |
| TARANTO, Alesia     |                  |
| TATE, Sheriden      |                  |
| TENSON, Katrina     |                  |
| TRICKEY, Helen      |                  |
| VAN LEEEST, Barbara |                  |
| WALKER, Peter       |                  |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

|                   |                  |
|-------------------|------------------|
| WALTERS, Debbie   |                  |
| WARREN, Athena    |                  |
| WHEATLEY, Annaka  |                  |
| WIGHT, Philip     |                  |
| WILKINSON, Graeme |                  |
| WITHERS, Alison   | Resigned 19.6.15 |
|                   |                  |

Signature of designated officer: \_\_\_\_\_



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

Dated: 2nd May 2016

**COMMITTEE OF MANAGEMENT STATEMENT**

*for the period ended 31 December 2015*

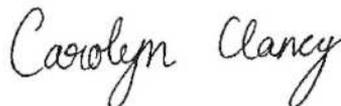
On the 13th May 2016 the AEU Victorian Branch Council of the Australian Education Union Victorian Branch passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 31 December 2015:

The AEU Victorian Branch Council declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Signature of designated officer:



Name and title of designated officer: Carolyn Clancy, Deputy Branch Secretary

Dated 13th May 2016

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**STATEMENT OF COMPREHENSIVE INCOME**

for the period ended 31 December 2015

|  | Notes | Consolidated      |                   | Parent            |                   |
|--|-------|-------------------|-------------------|-------------------|-------------------|
|  |       | 2015              | 2014              | 2015              | 2014              |
|  |       | \$                | \$                | \$                | \$                |
| <b>Revenue</b>   |       |                   |                   |                   |                   |
| Membership subscription*   |       | 20,507,383        | 20,819,391        | 20,507,383        | 20,819,391        |
| Capitation fees  | 3A    | 0                 | 0                 | 0                 | 0                 |
| Levies   | 3B    | 1,097,261         | 1,075,585         | 1,097,261         | 1,075,585         |
| Interest   | 3C    | 323,372           | 253,541           | 322,734           | 253,145           |
| Rental revenue   | 3D    | 652,527           | 1,893,287         | 0                 | 1,258,046         |
| Other revenue  |       | 28,219            | 24,436            | 28,219            | 24,436            |
| <b>Total revenue</b>   |       | <b>22,608,762</b> | <b>24,066,240</b> | <b>21,955,597</b> | <b>23,430,603</b> |
| <b>Other Income</b>  |       |                   |                   |                   |                   |
| Grants and/or donations  | 3E    | -                 | -                 | -                 | -                 |
| Share of net profit from associate                                 | 6E    | -                 | -                 | -                 | -                 |
| Net gains from sale of assets                                      | 3F    | 200               | 1,200             | 200               | 1,200             |
| <b>Total other income</b>  |       | <b>200</b>        | <b>1,200</b>      | <b>200</b>        | <b>1,200</b>      |
| <b>Total income</b>  |       | <b>22,608,962</b> | <b>24,067,440</b> | <b>21,955,797</b> | <b>23,431,803</b> |
| <b>Expenses</b>  |       |                   |                   |                   |                   |
| Employee expenses  | 4A    | 11,785,519        | 10,893,312        | 11,785,519        | 10,893,312        |
| Capitation fees  | 4B    | 2,176,877         | 2,215,480         | 2,176,877         | 2,215,480         |
| Affiliation fees   | 4C    | 211,221           | 211,786           | 211,221           | 211,786           |
| Administration expenses  | 4D    | 5,556,954         | 6,274,563         | 5,396,779         | 6,099,668         |
| Grants or donations  | 4E    | 100,334           | 120,912           | 100,334           | 120,912           |
| Depreciation and amortisation                                      | 4F    | 212,745           | 385,939           | 209,448           | 384,690           |
| Finance costs  | 4G    | 727,522           | 799,615           | 727,522           | 799,615           |
| Legal costs  | 4H    | 1,051,741         | 924,578           | 1,049,491         | 923,498           |
| Audit fees   | 14    | 44,270            | 51,270            | 40,000            | 47,000            |
| Share of net loss from associate                                   | 6E    | -                 | -                 | -                 | -                 |
| Write-down and impairment of assets                                | 4I    | -                 | -                 | -                 | -                 |
| Net losses from sale of assets                                     | 4J    | -                 | -                 | -                 | -                 |
| Other expenses   | 4K    | 128,641           | 552,555           | -                 | -                 |
| <b>Total expenses</b>  |       | <b>21,995,824</b> | <b>22,430,010</b> | <b>21,697,191</b> | <b>21,695,962</b> |
| <b>Profit (loss) for the year</b>                                  |       | <b>613,138</b>    | <b>1,637,430</b>  | <b>258,606</b>    | <b>1,735,841</b>  |
| <b>Other comprehensive income</b>                                  |       |                   |                   |                   |                   |
| Items that will not be subsequently reclassified to profit or loss |       | -                 | -                 | -                 | -                 |
| Gain on revaluation of land & buildings                            |       | -                 | 1,429,560         | -                 | -                 |
| <b>Total comprehensive income for the year</b>                     |       | <b>613,138</b>    | <b>3,066,990</b>  | <b>258,606</b>    | <b>1,735,841</b>  |

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

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2015

|                                      |       | Consolidated      |                   | Parent            |                   |
|--------------------------------------|-------|-------------------|-------------------|-------------------|-------------------|
|                                      |       | 2015              | 2014              | 2015              | 2014              |
|                                      | Notes | \$                | \$                | \$                | \$                |
| <b>ASSETS</b>                        |       |                   |                   |                   |                   |
| <b>Current Assets</b>                |       |                   |                   |                   |                   |
| Cash and cash equivalents            | 5A    | 10,216,739        | 11,000,899        | 9,611,743         | 10,984,290        |
| Trade and other receivables          | 5B    | 940,849           | 774,247           | 940,688           | 758,031           |
| Other current assets                 | 5C    | 270,015           | 460,490           | 266,986           | 460,490           |
| <b>Total current assets</b>          |       | <b>11,427,603</b> | <b>12,235,636</b> | <b>10,819,417</b> | <b>12,202,811</b> |
| <b>Non-Current Assets</b>            |       |                   |                   |                   |                   |
| Land and buildings                   | 6A    | 34,173,629        | 33,395,118        | 17,423,629        | 16,645,118        |
| Plant and equipment                  | 6B    | 701,985           | 259,158           | 662,217           | 240,570           |
| Investment Property                  | 6C    |                   |                   |                   |                   |
| Intangibles                          | 6D    |                   | -                 |                   | -                 |
| Investments in associates            | 6E    |                   | -                 |                   | -                 |
| Other investments                    | 6F    |                   | -                 | 8,000,000         | 8,000,000         |
| Other non-current assets             | 6G    | 1,537             | 1,537             | 720,697           | 495,668           |
| <b>Total non-financial assets</b>    |       | <b>34,877,151</b> | <b>33,655,813</b> | <b>26,806,543</b> | <b>25,381,356</b> |
| <b>Total assets</b>                  |       | <b>46,304,754</b> | <b>45,891,449</b> | <b>37,625,960</b> | <b>37,584,167</b> |
| <b>LIABILITIES</b>                   |       |                   |                   |                   |                   |
| <b>Current Liabilities</b>           |       |                   |                   |                   |                   |
| Trade payables                       | 7A    | 592,227           | 50,483            | 559,661           | 50,483            |
| Other payables                       | 7B    | 666,967           | 1,104,328         | 621,908           | 1,033,918         |
| Employee provisions                  | 8A    | 771,423           | 851,130           | 771,423           | 851,130           |
| Bank Mortgage Loan                   | 8B    | 17,629,730        | -                 | 17,629,730        | -                 |
| <b>Total current liabilities</b>     |       | <b>19,660,347</b> | <b>2,005,941</b>  | <b>19,582,722</b> | <b>1,935,531</b>  |
| <b>Non-Current Liabilities</b>       |       |                   |                   |                   |                   |
| Employee provisions                  | 8A    | 1,350,033         | 1,411,829         | 1,350,033         | 1,411,829         |
| Other non-current liabilities        | 9A    | 1,261,910         | 19,054,353        | -                 | 17,802,208        |
| <b>Total non-current liabilities</b> |       | <b>2,611,943</b>  | <b>20,466,182</b> | <b>1,350,033</b>  | <b>19,214,037</b> |
| <b>Total liabilities</b>             |       | <b>22,272,290</b> | <b>22,472,123</b> | <b>20,932,755</b> | <b>21,149,568</b> |
| <b>Net assets</b>                    |       | <b>24,032,464</b> | <b>23,419,326</b> | <b>16,693,205</b> | <b>16,434,599</b> |
| <b>EQUITY</b>                        |       |                   |                   |                   |                   |
| General funds                        |       | -                 | -                 | -                 | -                 |
| Retained earnings                    | 10A   | 24,032,464        | 23,419,326        | 16,693,205        | 16,434,599        |
| <b>Total equity</b>                  |       | <b>24,032,464</b> | <b>23,419,326</b> | <b>16,693,205</b> | <b>16,434,599</b> |

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

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**STATEMENT OF CHANGES IN EQUITY**

*for the period ended 31 December 2015*

| <b>Consolidated</b>                           | Notes | <b>General funds</b><br>\$ | <b>Retained earnings</b><br>\$ | <b>Total equity</b><br>\$ |
|---|-------|----------------------------|--------------------------------|---------------------------|
| <b>Balance as at 1 January 2014</b>           |       | -                          | 20,352,336                     | 20,352,336                |
| Adjustment for errors                         |       | -                          | -                              | -                         |
| Adjustment for changes in accounting policies |       | -                          | -                              | -                         |
| Profit for the year                           |       | -                          | 3,066,990                      | 3,066,990                 |
| Other comprehensive income for the year       |       | -                          | -                              | -                         |
| Transfer to/from                              | 10A   | -                          | -                              | -                         |
| Transfer from retained earnings               |       | -                          | -                              | -                         |
| <b>Closing balance at 31 December 2014</b>    |       | -                          | 23,419,326                     | 23,419,326                |
| Adjustment for errors                         |       | -                          | -                              | -                         |
| Adjustment for changes in accounting policies |       | -                          | -                              | -                         |
| Profit for the year                           |       | -                          | 613,138                        | 613,138                   |
| Other comprehensive income for the year       |       | -                          | -                              | -                         |
| Transfer to/from                              | 10A   | -                          | -                              | -                         |
| Transfer from retained earnings               |       | -                          | -                              | -                         |
| <b>Closing balance at 31 December 2015</b>    |       | -                          | 24,032,464                     | 24,032,464                |

| <b>Parent</b>                                 | Notes | <b>General funds</b><br>\$ | <b>Retained earnings</b><br>\$ | <b>Total equity</b><br>\$ |
|---|-------|----------------------------|--------------------------------|---------------------------|
| <b>Balance as at 1 January 2014</b>           |       | -                          | 14,698,758                     | 14,698,758                |
| Adjustment for errors                         |       | -                          | -                              | -                         |
| Adjustment for changes in accounting policies |       | -                          | -                              | -                         |
| Profit for the year                           |       | -                          | 1,735,841                      | 1,735,841                 |
| Other comprehensive income for the year       |       | -                          | -                              | -                         |
| Transfer to/from <i>[insert fund name]</i>    | 10A   | -                          | -                              | -                         |
| Transfer from retained earnings               |       | -                          | -                              | -                         |
| <b>Closing balance at 31 December 2014</b>    |       | -                          | 16,434,599                     | 16,434,599                |
| Adjustment for errors                         |       | -                          | -                              | -                         |
| Adjustment for changes in accounting policies |       | -                          | -                              | -                         |
| Profit for the year                           |       | -                          | 258,606                        | 258,606                   |
| Other comprehensive income for the year       |       | -                          | -                              | -                         |
| Transfer to/from <i>[insert fund name]</i>    | 10A   | -                          | -                              | -                         |
| Transfer from retained earnings               |       | -                          | -                              | -                         |
| <b>Closing balance at 31 December 2015</b>    |       | -                          | 16,693,205                     | 16,693,205                |

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

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**CASHFLOW STATEMENT**

for the period ended 31 December 2015

|   | Notes | Consolidated       |                   | Parent             |                   |
|---|-------|--------------------|-------------------|--------------------|-------------------|
|   |       | 2015               | 2014              | 2015               | 2014              |
|   |       | \$                 | \$                | \$                 | \$                |
| <b>OPERATING ACTIVITIES</b>   |       |                    |                   |                    |                   |
| <b>Cash received</b>  |       |                    |                   |                    |                   |
| Receipts from other reporting units/controlled entity(s)              | 11B   | -                  | -                 | 0                  | 1,021,567         |
| Interest  |       | 323,372            | 253,541           | 322,734            | 253,145           |
| Other   |       | 24,604,865         | 25,373,026        | 23,935,203         | 24,700,261        |
| <b>Cash used</b>  |       |                    |                   |                    |                   |
| Employees   |       | (11,775,082)       | (9,831,553)       | (11,775,082)       | (9,831,553)       |
| Suppliers   |       | (10,153,877)       | (11,278,574)      | (10,096,441)       | (10,929,764)      |
| Payment to other reporting units/controlled entity(s)                 | 11B   | (2,176,877)        | (2,215,480)       | (2,176,877)        | (2,717,405)       |
| <b>Net cash from (used by) operating activities</b>                   | 11A   | <b>822,401</b>     | <b>2,300,960</b>  | <b>209,537</b>     | <b>2,496,251</b>  |
| <b>INVESTING ACTIVITIES</b>   |       |                    |                   |                    |                   |
| <b>Cash received</b>  |       |                    |                   |                    |                   |
| Proceeds from sale of plant and equipment                             |       | 0                  | 0                 | 0                  | 0                 |
| Proceeds from sale of land and buildings                              |       | -                  | -                 | -                  | -                 |
| Other   |       | -                  | -                 | -                  | -                 |
| <b>Cash used</b>  |       |                    |                   |                    |                   |
| Purchase of plant and equipment                                       |       | (655,572)          | (111,152)         | (631,095)          | (101,747)         |
| Purchase of land and buildings  |       |                    |                   | -                  | -                 |
| Other – building development  |       | (778,511)          | -                 | (778,511)          | -                 |
| <b>Net cash from (used by) investing activities</b>                   |       | <b>(1,434,083)</b> | <b>(111,152)</b>  | <b>(1,409,606)</b> | <b>(101,747)</b>  |
| <b>FINANCING ACTIVITIES</b>   |       |                    |                   |                    |                   |
| <b>Cash received</b>  |       |                    |                   |                    |                   |
| Contributed equity  |       |                    |                   | -                  | -                 |
| Other   |       |                    |                   | -                  | -                 |
| <b>Cash used</b>  |       |                    |                   |                    |                   |
| Repayment of borrowings   |       | (172,478)          | (100,385)         | (172,478)          | (100,385)         |
| Other   |       |                    |                   | -                  | -                 |
| <b>Net cash from (used by) financing activities</b>                   |       | <b>(172,478)</b>   | <b>(100,385)</b>  | <b>(172,478)</b>   | <b>(100,385)</b>  |
| <b>Net increase (decrease) in cash held</b>                           |       | <b>(784,160)</b>   | <b>2,089,423</b>  | <b>(1,372,547)</b> | <b>2,294,119</b>  |
| Cash & cash equivalents at the beginning of the reporting period      |       | 11,000,899         | 8,911,476         | 10,984,290         | 8,690,171         |
| <b>Cash &amp; cash equivalents at the end of the reporting period</b> | 5A    | <b>10,216,739</b>  | <b>11,000,899</b> | <b>9,611,743</b>   | <b>10,984,290</b> |

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

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

**RECOVERY OF WAGES ACTIVITY\***

for the period ended 31 December 2015

|   | Consolidated |      | Parent |      |
|---|--------------|------|--------|------|
|   | 2015         | 2014 | 2015   | 2014 |
|   | \$           | \$   | \$     | \$   |
| <b>Cash assets in respect of recovered money at beginning of year</b>                         | -            | -    | -      | -    |
| <b>Receipts</b>   |              |      |        |      |
| Amounts recovered from employers in respect of wages etc.                                     | -            | -    | -      | -    |
| Interest received on recovered money  | -            | -    | -      | -    |
| <b>Total receipts</b>   | -            | -    | -      | -    |
| <b>Payments</b>   |              |      |        |      |
| Deductions of amounts due in respect of membership for:                                       |              |      |        |      |
| 12 months or less   | -            | -    | -      | -    |
| Greater than 12 months  | -            | -    | -      | -    |
| Deductions of donations or other contributions to accounts or funds of:                       |              |      |        |      |
| The reporting unit:   |              |      |        |      |
| name of account   | -            | -    | -      | -    |
| name of fund  | -            | -    | -      | -    |
| Name of other reporting unit of the organisation:   |              |      |        |      |
| name of account   | -            | -    | -      | -    |
| name of fund  | -            | -    | -      | -    |
| Name of other entity:   |              |      |        |      |
| name of account   | -            | -    | -      | -    |
| name of fund  | -            | -    | -      | -    |
| Deductions of fees or reimbursement of expenses   | -            | -    | -      | -    |
| Payments to workers in respect of recovered money   | -            | -    | -      | -    |
| <b>Total payments</b>   | -            | -    | -      | -    |
| <b>Cash asset's in respect of recovered money at end of year</b>                              | -            | -    | -      | -    |
| Number of workers to which the monies recovered relates                                       | -            | -    | -      | -    |
| <b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b> |              |      |        |      |
| Payable balance   | -            | -    | -      | -    |
| Number of workers the payable relates to  | -            | -    | -      | -    |
| <b>Fund or account operated for recovery of wages</b>   |              |      |        |      |
| <i>None</i>   | -            | -    | -      | -    |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

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## **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***

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are expected to have a future financial impact on the Australian Education Union Victorian Branch

### **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.

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

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.

### 1.5 Investment in associates

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

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

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

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

### 1.6 Business combinations

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

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

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

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.

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

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

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

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

### 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.

### 1.12 Employee benefits

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

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

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

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

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

### 1.13 Leases

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

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

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

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

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

### 1.14 Borrowing costs

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

### 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 a Australian Education Union Victorian Branch entity becomes a party to the contractual provisions of the instrument.

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

### 1.17 Financial assets

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

#### ***Fair value through profit or loss***

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

A financial asset is classified as held for trading if:

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

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

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

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

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

### ***Held-to-maturity investments***

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

### ***Available-for-sale***

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

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

### ***Loan and receivables***

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

### ***Effective interest method***

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

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

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

### ***Impairment of financial assets***

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

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

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

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

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

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

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

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

### ***Derecognition of financial assets***

The Australian Education Union Victorian Branch derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Notes to the financial statements for the year ended 31 December 2015

The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

**1.18 Financial liabilities**

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

***Fair value through profit or loss***

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

A financial liability is classified as held for trading if:

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

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

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

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

***Other financial liabilities***

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

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

***Derecognition of financial liabilities***

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

**1.19 Contingent liabilities and contingent assets**

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

**1.20 Land, buildings, plant and equipment**

***Asset recognition threshold***

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

***Revaluations—land and buildings***

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

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

***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:

|                     | <b>2015</b> | <b>2014</b> |
|---------------------|-------------|-------------|
| Land & buildings    | 40 years    | 40 years    |
| Plant and equipment | 3 years     | 3 years     |

***Derecognition***

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

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

### 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:

|             |             |             |
|-------------|-------------|-------------|
|             | <b>2015</b> | <b>2014</b> |
| Intangibles | NIL         | NIL         |

#### ***Derecognition***

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

### 1.23 Impairment for non-financial assets

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

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

### 1.24 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

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 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

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

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

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

### 1.26 Fair value measurement

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

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

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

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

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

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.

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

### Notes to the financial statements for the year ended 31 December 2015

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

#### **1.27 Going Concern**

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

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

#### **1.28 Financial Support from another reporting unit**

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

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

**Note 2 Events after the reporting period**

There were no events that occurred after 31st December 2015, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Australian Education Union Victorian Branch.

|  | Consolidated |      | Parent |      |
|--|--------------|------|--------|------|
|  | 2015         | 2014 | 2015   | 2014 |
|  | \$           | \$   | \$     | \$   |

**Note 3 Income**

**Note 3A: Capitation fees\***

|                              |   |   |   |   |
|------------------------------|---|---|---|---|
| None                         | - | - | - | - |
| <b>Total capitation fees</b> | - | - | - | - |

**Note 3B: Levies\***

|                                |           |           |           |           |
|--------------------------------|-----------|-----------|-----------|-----------|
| Public Education campaign Levy | 1,097,261 | 1,075,585 | 1,097,261 | 1,075,585 |
|--------------------------------|-----------|-----------|-----------|-----------|

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.

|                     |           |           |           |           |
|---------------------|-----------|-----------|-----------|-----------|
| <b>Total levies</b> | 1,097,261 | 1,075,585 | 1,097,261 | 1,075,585 |
|---------------------|-----------|-----------|-----------|-----------|

**Note 3C: Interest**

|                       |         |         |         |         |
|-----------------------|---------|---------|---------|---------|
| Deposits              | 323,372 | 253,541 | 322,734 | 253,145 |
| Loans                 |         | -       |         | -       |
| <b>Total interest</b> | 323,372 | 253,541 | 322,734 | 253,145 |

**Note 3D: Rental revenue**

|                             |         |           |  |           |
|-----------------------------|---------|-----------|--|-----------|
| Properties                  | 652,527 | 1,893,287 |  | 1,258,046 |
| Other                       |         | -         |  | -         |
| <b>Total rental revenue</b> | 652,527 | 1,893,287 |  | 1,258,046 |

**Note 3E: Grants or donations\***

|                                  |   |   |   |   |
|----------------------------------|---|---|---|---|
| Grants                           | - | - | - | - |
| Donations                        | - | - | - | - |
| <b>Total grants or donations</b> | - | - | - | - |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated |       | Parent |       |
|---|--------------|-------|--------|-------|
|   | 2015         | 2014  | 2015   | 2014  |
|   | \$           | \$    | \$     | \$    |
| <b>Note 3F: Net gains from sale of assets</b> |              |       |        |       |
| Land and buildings                            | -            | -     | -      | -     |
| Plant and equipment                           | 200          | 1,200 | 200    | 1,200 |
| Intangibles                                   |              | -     |        | -     |
| <b>Total net gain from sale of assets</b>     | 200          | 1,200 | 200    | 1,200 |

**Note 4 Expenses**

**Note 4A: Employee expenses\***

**Holders of office:**

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Wages and salaries                                  | 1,343,799 | 1,348,336 | 1,343,799 | 1,348,336 |
| Superannuation                                      | 285,985   | 257,709   | 285,985   | 257,709   |
| Leave and other entitlements                        | 472,334   | 220,198   | 472,334   | 220,198   |
| Separation and redundancies                         |           | -         |           | -         |
| Other employee expenses                             | 132,002   | 156,117   | 132,002   | 156,117   |
| <b>Subtotal employee expenses holders of office</b> | 2,234,100 | 1,982,360 | 2,234,100 | 1,982,360 |

**Employees other than office holders:**

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Wages and salaries  | 6,161,893  | 5,791,709  | 6,161,893  | 5,791,709  |
| Superannuation  | 1,146,898  | 1,107,758  | 1,146,898  | 1,107,758  |
| Leave and other entitlements  | 1,111,372  | 974,017    | 1,111,372  | 974,017    |
| Separation and redundancies   | 263,397    | 172,477    | 263,397    | 172,477    |
| Other employee expenses   | 867,859    | 864,991    | 857,442    | 864,991    |
| <b>Subtotal employee expenses employees other than office holders</b> | 9,551,419  | 8,910,952  | 9,551,419  | 8,910,952  |
| <b>Total employee expenses</b>  | 11,785,519 | 10,893,312 | 11,785,519 | 10,893,312 |

**Note 4B: Capitation fees\***

|                              |           |           |           |           |
|------------------------------|-----------|-----------|-----------|-----------|
| <i>AEU Federal Branch</i>    | 2,176,877 | 2,215,480 | 2,176,877 | 2,215,480 |
| <b>Total capitation fees</b> | 2,176,877 | 2,215,480 | 2,176,877 | 2,215,480 |

**Note 4C: Affiliation fees\***

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| <i>Victorian Trades Hall Council</i>        | 211,221 | 211,786 | 211,221 | 211,786 |
| <b>Total affiliation fees/subscriptions</b> | 211,221 | 211,786 | 211,221 | 211,786 |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|  | Consolidated     |                  | Parent           |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2015             | 2014             | 2015             | 2014             |
|  | \$               | \$               | \$               | \$               |
| <b>Note 4D: Administration expenses</b>            |                  |                  |                  |                  |
| Consideration to employers for payroll deductions* | -                | -                | -                | -                |
| Compulsory levies*                                 | -                | -                | -                | -                |
| Fees/allowances - meeting and conferences*         | 10,511           | 3,811            | 10,511           | 3,811            |
| Conference and meeting expenses*                   | 346,598          | 335,988          | 346,598          | 335,988          |
| Contractors/consultants                            | -                | -                | -                | -                |
| Property expenses                                  | 1,146,191        | 725,320          | 986,237          | 550,662          |
| Office expenses                                    | 64,821           | 78,954           | 64,821           | 78,954           |
| Information communications technology              | 936,071          | 761,145          | 936,071          | 761,145          |
| Other  | 2,456,062        | 3,762,561        | 2,455,841        | 3,762,324        |
| <b>Subtotal administration expense</b>             | <b>4,960,254</b> | <b>5,667,779</b> | <b>4,800,079</b> | <b>5,492,884</b> |
| Operating lease rentals:                           |                  |                  |                  |                  |
| Minimum lease payments                             | 596,700          | 606,784          | 596,700          | 606,784          |
| <b>Total administration expenses</b>               | <b>5,556,954</b> | <b>6,274,563</b> | <b>5,396,779</b> | <b>6,099,668</b> |
| <b>Note 4E: Grants or donations*</b>               |                  |                  |                  |                  |
| Grants:  |                  |                  |                  |                  |
| Total paid that were \$1,000 or less               | 10,000           | -                | 10,000           | -                |
| Total paid that exceeded \$1,000                   | 80,000           | 80,000           | 80,000           | 80,000           |
| Donations:   |                  |                  |                  |                  |
| Total paid that were \$1,000 or less               | 2,784            | 1,685            | 2,784            | 1,685            |
| Total paid that exceeded \$1,000                   | 7,550            | 39,227           | 7,550            | 39,227           |
| <b>Total grants or donations</b>                   | <b>100,334</b>   | <b>120,912</b>   | <b>100,334</b>   | <b>120,912</b>   |
| <b>Note 4F: Depreciation and amortisation</b>      |                  |                  |                  |                  |
| Depreciation                                       |                  |                  |                  |                  |
| Land & buildings                                   | -                | -                | -                | -                |
| Property, plant and equipment                      | 212,745          | 385,939          | 209,448          | 384,690          |
| <b>Total depreciation</b>                          | <b>212,745</b>   | <b>385,939</b>   | <b>209,448</b>   | <b>384,690</b>   |
| Amortisation                                       |                  |                  |                  |                  |
| Intangibles  | -                | -                | -                | -                |
| <b>Total amortisation</b>                          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Total depreciation and amortisation</b>         | <b>212,745</b>   | <b>385,939</b>   | <b>209,448</b>   | <b>384,690</b>   |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|                               | Consolidated   |                | Parent         |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 2015           | 2014           | 2015           | 2014           |
|                               | \$             | \$             | \$             | \$             |
| <b>Note 4G: Finance costs</b> |                |                |                |                |
| Operating leases              | 727,522        | 799,615        | 727,522        | 799,615        |
| Overdrafts/loans              |                | -              |                | -              |
| Unwinding of discount         |                | -              |                | -              |
| <b>Total finance costs</b>    | <u>727,522</u> | <u>799,615</u> | <u>727,522</u> | <u>799,615</u> |

**Note 4H: Legal costs\***

|                          |                  |                |                  |                |
|--------------------------|------------------|----------------|------------------|----------------|
| Litigation               | 1,045,911        | 922,017        | 1,045,911        | 922,017        |
| Other legal matters      | 5,830            | 2,561          | 3,580            | 1,481          |
| <b>Total legal costs</b> | <u>1,051,741</u> | <u>924,578</u> | <u>1,049,491</u> | <u>923,498</u> |

**Note 4I: Write-down and impairment of assets**

Asset write-downs and impairments of:

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Land and buildings                               | -        | -        | -        | -        |
| Plant and equipment                              | -        | -        | -        | -        |
| Intangible assets                                | -        | -        | -        | -        |
| Other  | -        | -        | -        | -        |
| <b>Total write-down and impairment of assets</b> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

**Note 4J: Net losses from sale of assets**

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Land and buildings                       | -        | -        | -        | -        |
| Plant and equipment                      | -        | -        | -        | -        |
| Intangibles                              | -        | -        | -        | -        |
| <b>Total net losses from asset sales</b> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

**Note 4K: Other expenses**

|                                    |                |                |          |          |
|------------------------------------|----------------|----------------|----------|----------|
| Income Tax Expenses                | 128,641        | 552,555        | -        | -        |
| Penalties imposed under the RO Act |                | -              | -        | -        |
| <b>Total other expenses</b>        | <u>128,641</u> | <u>552,555</u> | <u>-</u> | <u>-</u> |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated      |                   | Parent           |                   |
|---|-------------------|-------------------|------------------|-------------------|
|   | 2015              | 2014              | 2015             | 2014              |
|   | \$                | \$                | \$               | \$                |
| <b>Note 5 Current assets</b>                          |                   |                   |                  |                   |
| <b>Note 5A: Cash and cash equivalents</b>             |                   |                   |                  |                   |
| Cash at bank  | 1,542,791         | 274,844           | 937,795          | 258,235           |
| Cash on hand  | 3,212             | 2,816             | 3,212            | 2,816             |
| Short term deposits                                   | 8,670,736         | 10,723,239        | 8,670,736        | 10,723,239        |
| Other   | -                 | -                 | -                | -                 |
| <b>Total cash and cash equivalents</b>                | <b>10,216,739</b> | <b>11,000,899</b> | <b>9,611,743</b> | <b>10,984,290</b> |
| <b>Note 5B: Trade and other receivables</b>           |                   |                   |                  |                   |
| <b>Receivables from other reporting unit[s]*</b>      |                   |                   |                  |                   |
| ]   | -                 | -                 | -                | -                 |
| <b>Total receivables from other reporting unit[s]</b> | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>          |
| <b>Less provision for doubtful debts*</b>             |                   |                   |                  |                   |
| ]   | -                 | -                 | -                | -                 |
| <b>Total provision for doubtful debts</b>             | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>          |
| <b>Receivable from other reporting unit[s] (net)</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>         | <b>-</b>          |
| <b>Other receivables:</b>                             |                   |                   |                  |                   |
| GST receivable from the Australian Taxation Office    | -                 | -                 | -                | -                 |
| Other trade receivables                               | 940,849           | 774,247           | 940,688          | 758,031           |
| <b>Total other receivables</b>                        | <b>940,849</b>    | <b>774,247</b>    | <b>940,688</b>   | <b>758,031</b>    |
| <b>Total trade and other receivables (net)</b>        | <b>940,849</b>    | <b>774,247</b>    | <b>940,688</b>   | <b>758,031</b>    |
| <b>Note 5C: Other current assets</b>                  |                   |                   |                  |                   |
| Prepayments   | 270,015           | 460,490           | 266,986          | 460,490           |
| <b>Total other current assets</b>                     | <b>270,015</b>    | <b>460,490</b>    | <b>266,986</b>   | <b>460,490</b>    |

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Notes to the financial statements for the year ended 31 December 2015

|                                    | Consolidated      |                   | Parent            |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 2015              | 2014              | 2015              | 2014              |
|                                    | \$                | \$                | \$                | \$                |
| <b>Note 6 Non-current assets</b>   |                   |                   |                   |                   |
| <b>Note 6A: Land and buildings</b> |                   |                   |                   |                   |
| Land and buildings:                |                   |                   |                   |                   |
| fair value                         | 16,750,000        | 16,750,000        |                   |                   |
| cost                               | 17,423,629        | 16,645,118        | 17,423,629        | 16,645,118        |
| <b>Total land and buildings</b>    | <b>34,173,629</b> | <b>33,395,118</b> | <b>17,423,629</b> | <b>16,645,118</b> |

**Reconciliation of the opening and closing balances of land and buildings**

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>As at 1 January</b>                                 |                   |                   |                   |                   |
| Gross book value                                       | 33,395,118        | 31,929,713        | 16,645,118        | 16,645,118        |
| Accumulated depreciation and impairment                |                   | -                 |                   | -                 |
| <b>Net book value 1 January</b>                        | <b>33,395,118</b> | <b>31,929,713</b> | <b>16,645,118</b> | <b>16,645,118</b> |
| Additions:   |                   |                   |                   |                   |
| By purchase  | -                 | -                 | -                 | -                 |
| From acquisition of entities (including restructuring) | -                 | -                 | -                 | -                 |
| Revaluations   |                   | 1,465,405         |                   |                   |
| Impairments  | -                 | -                 | -                 | -                 |
| Depreciation expense                                   | -                 | -                 | -                 | -                 |
| Other movement – building redevelopment                | 778,511           | -                 | 778,511           | -                 |
| Disposals:   |                   |                   |                   |                   |
| From disposal of entities (including restructuring)    | -                 | -                 | -                 | -                 |
| Other  | -                 | -                 | -                 | -                 |
| <b>Net book value 31 December</b>                      | <b>34,173,629</b> | <b>33,395,118</b> | <b>17,423,629</b> | <b>16,645,118</b> |
| <b>Net book value at 31 Dec represented by:</b>        |                   |                   |                   |                   |
| Gross book value                                       | 34,173,629        | 33,395,118        | 17,423,629        | 16,645,118        |
| Accumulated depreciation and impairment                |                   | -                 |                   | -                 |
| <b>Net book value 31 December</b>                      | <b>34,173,629</b> | <b>33,395,118</b> | <b>17,423,629</b> | <b>16,645,118</b> |

*[Fair value disclosures required for land and buildings remeasured to fair value]*

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

|  | 2015       | 2014       |
|--|------------|------------|
|  | \$         | \$         |
| Cost   | 28,195,679 | 27,417,168 |
| Accumulated depreciation and impairment at carrying amount | 28,195,679 | 27,417,168 |

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Notes to the financial statements for the year ended 31 December 2015

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

**Note 6A: Land and buildings (continued)**

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

|                                  | Consolidated   |                | Parent         |                |
|----------------------------------|----------------|----------------|----------------|----------------|
|                                  | 2015           | 2014           | 2015           | 2014           |
|                                  | \$             | \$             | \$             | \$             |
| Plant and equipment:             |                |                |                |                |
| at cost                          | 4,259,897      | 3,604,326      | 3,008,185      | 2,377,091      |
| accumulated depreciation         | (3,557,912)    | (3,345,168)    | (2,345,969)    | (2,136,521)    |
| <b>Total plant and equipment</b> | <b>701,985</b> | <b>259,158</b> | <b>662,217</b> | <b>240,570</b> |

**Note 6B: Plant and equipment**

Plant and equipment:

|                                  |                |                |                |                |
|----------------------------------|----------------|----------------|----------------|----------------|
| at cost                          | 4,259,897      | 3,604,326      | 3,008,185      | 2,377,091      |
| accumulated depreciation         | (3,557,912)    | (3,345,168)    | (2,345,969)    | (2,136,521)    |
| <b>Total plant and equipment</b> | <b>701,985</b> | <b>259,158</b> | <b>662,217</b> | <b>240,570</b> |

**Reconciliation of the opening and closing balances of plant and equipment**

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>As at 1 January</b>                                  |                |                |                |                |
| Gross book value  | 3,604,326      | 3,708,876      | 2,377,091      | 3,697,884      |
| Accumulated depreciation and impairment                 | (3,345,168)    | (3,174,931)    | (2,136,521)    | (3,174,371)    |
| <b>Net book value 1 January</b>                         | <b>259,158</b> | <b>533,945</b> | <b>240,570</b> | <b>523,513</b> |
| Additions:  |                |                |                |                |
| By purchase   | 655,572        | 111,153        | 631,095        | 101,747        |
| From acquisition of entities (including restructuring)  |                | -              |                | -              |
| Impairments   |                | -              |                | -              |
| Depreciation expense                                    | (212,745)      | (385,940)      | (209,448)      | (384,690)      |
| Other movement  |                | -              |                | -              |
| Disposals:  |                |                |                |                |
| From disposal of entities (including restructuring)     |                | -              |                | -              |
| Other   |                | -              |                | -              |
| <b>Net book value 31 December</b>                       | <b>701,985</b> | <b>259,158</b> | <b>662,217</b> | <b>240,570</b> |
| <b>Net book value as of 31 December represented by:</b> |                |                |                |                |
| Gross book value  | 4,259,897      | 3,604,326      | 3,008,185      | 2,377,091      |
| Accumulated depreciation and impairment                 | (3,557,912)    | (3,345,168)    | (2,345,969)    | (2,136,521)    |
| <b>Net book value 31 December</b>                       | <b>701,985</b> | <b>259,158</b> | <b>662,217</b> | <b>240,570</b> |

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Notes to the financial statements for the year ended 31 December 2015

|  | Consolidated |      | Parent |      |
|--|--------------|------|--------|------|
|  | 2015         | 2014 | 2015   | 2014 |
|  | \$           | \$   | \$     | \$   |
| <b>Note 6C: Investment property</b>      |              |      |        |      |
| <b>Opening balance as at 1 January</b>   | -            | -    | -      | -    |
| Additions                                | -            | -    | -      | -    |
| Net gain from fair value adjustment      | -            | -    | -      | -    |
| <b>Closing balance as at 31 December</b> | -            | -    | -      | -    |

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Notes to the financial statements for the year ended 31 December 2015

|                             | Consolidated |      | Parent |      |
|-----------------------------|--------------|------|--------|------|
|                             | 2015         | 2014 | 2015   | 2014 |
|                             | \$           | \$   | \$     | \$   |
| <b>Note 6D: Intangibles</b> |              |      |        |      |
| Computer software at cost:  |              |      |        |      |
| internally developed        | -            | -    | -      | -    |
| Purchased                   | -            | -    | -      | -    |
| accumulated amortisation    | -            | -    | -      | -    |
| <b>Total intangibles</b>    | -            | -    | -      | -    |

**Reconciliation of the opening and closing balances of intangibles**

|   |   |   |   |   |
|---|---|---|---|---|
| <b>As at 1 January</b>                                  |   |   |   |   |
| Gross book value  | - | - | - | - |
| Accumulated amortisation and impairment                 | - | - | - | - |
| <b>Net book value 1 January</b>                         | - | - | - | - |
| Additions:  |   |   |   |   |
| By purchase   | - | - | - | - |
| From acquisition of entities (including restructuring)  | - | - | - | - |
| Impairments   | - | - | - | - |
| Amortisation  | - | - | - | - |
| Other movements   | - | - | - | - |
| Disposals:  |   |   |   |   |
| From disposal of entities (including restructuring)     | - | - | - | - |
| Other   | - | - | - | - |
| <b>Net book value 31 December</b>                       | - | - | - | - |
| <b>Net book value as of 31 December represented by:</b> |   |   |   |   |
| Gross book value  | - | - | - | - |
| Accumulated amortisation and impairment                 | - | - | - | - |
| <b>Net book value 31 December</b>                       | - | - | - | - |

**Note 6E: Investments in associates**

**Investments in associates:**

|   |   |   |   |   |
|---|---|---|---|---|
| ]   | - | - | - | - |
| <b>Total equity accounted investments</b> | - | - | - | - |

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Notes to the financial statements for the year ended 31 December 2015

**Details of investments accounted for using the equity method**

| Consolidated<br>Name of entity | Principal<br>activity | Ownership |           |
|--------------------------------|-----------------------|-----------|-----------|
|                                |                       | 2015<br>% | 2014<br>% |
| <b>Associates:</b>             |                       |           |           |
| i                              | -                     | -         | -         |

| Parent<br>Name of entity | Principal<br>activity | Ownership |           |
|--------------------------|-----------------------|-----------|-----------|
|                          |                       | 2015<br>% | 2014<br>% |
| <b>Associates:</b>       |                       |           |           |
|                          | -                     | -         | -         |

|  | Consolidated |            | Parent     |            |
|--|--------------|------------|------------|------------|
|  | 2015<br>\$   | 2014<br>\$ | 2015<br>\$ | 2014<br>\$ |

**Summary financial information of associates**

|  |   |   |   |   |
|--|---|---|---|---|
| <b>Statement of financial position:</b>                    |   |   |   |   |
| Assets   | - | - | - | - |
| Liabilities  | - | - | - | - |
| Net assets   | - | - | - | - |
| <b>Statement of comprehensive income:</b>                  |   |   |   |   |
| Income   | - | - | - | - |
| Expenses   | - | - | - | - |
| Net surplus/(deficit)                                      | - | - | - | - |
| <b>Share of associates' net surplus/(deficit):</b>         |   |   |   |   |
| Share of net surplus/(deficit) before tax                  | - | - | - | - |
| Income tax expense   | - | - | - | - |
| <b>Share of associates net surplus/(deficit) after tax</b> | - | - | - | - |

Dividends received from associates \$0 (2014:\$0)

**Share of net profits from associates**

|   |   |   |   |   |
|---|---|---|---|---|
|   | - | - | - | - |
| <b>Total share of net profits from associates</b> | - | - | - | - |

**Note 6E: Investments in Associates**

**Share of net loss from associates**

|  |   |   |   |   |
|--|---|---|---|---|
|  | - | - | - | - |
| <b>Total share of net loss from associates</b> | - | - | - | - |

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Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated |           | Parent    |           |
|---|--------------|-----------|-----------|-----------|
|   | 2015         | 2014      | 2015      | 2014      |
|   | \$           | \$        | \$        | \$        |
| <b>Note 6F: Other investments</b>                   |              |           |           |           |
| Deposits  | -            | -         | -         | -         |
| Other   | -            | -         | 8,000,000 | 8,000,000 |
| <b>Total other investments</b>                      | -            | -         | 8,000,000 | 8,000,000 |
| <b>Note 6G: Other non-current assets</b>            |              |           |           |           |
| Prepayments   | -            | -         | -         | -         |
| Other   | 1,537        | 1,537     | 720,697   | 495,668   |
| <b>Total other non-financial assets</b>             | 1,537        | 1,537     | 720,697   | 495,668   |
| <b>Note 7 Current liabilities</b>                   |              |           |           |           |
| <b>Note 7A: Trade payables</b>                      |              |           |           |           |
| Trade creditors and accruals                        | 592,227      | 50,483    | 559,661   | 50,483    |
| Operating lease rentals                             | -            | -         | -         | -         |
| <b>Subtotal trade creditors</b>                     | 592,227      | 50,483    | 559,651   | 50,483    |
| <b>Payables to other reporting unit[s]*</b>         | -            | -         | -         | -         |
| <b>Subtotal payables to other reporting unit[s]</b> | -            | -         | -         | -         |
| <b>Total trade payables</b>                         | 592,227      | 50,483    | 559,651   | 50,483    |
| <b>Note 7B: Other payables</b>                      |              |           |           |           |
| Wages and salaries                                  | -            | -         | -         | -         |
| Superannuation                                      | -            | -         | -         | -         |
| Consideration to employers for payroll deductions*  | -            | -         | -         | -         |
| Legal costs*  | -            | -         | -         | -         |
| Prepayments received/unearned revenue               | 137,346      | 129,364   | 137,346   | 129,364   |
| GST payable   | 59,084       | 109,344   | 43,883    | 101,018   |
| Other   | 470,537      | 865,620   | 440,679   | 803,536   |
| <b>Total other payables</b>                         | 666,967      | 1,104,328 | 621,908   | 1,033,918 |
| Total other payables are expected to be settled in: |              |           |           |           |
| No more than 12 months                              | 666,967      | 1,104,328 | 621,908   | 1,033,918 |
| More than 12 months                                 | -            | -         | -         | -         |
| <b>Total other payables</b>                         | 666,967      | 1,104,328 | 621,908   | 1,033,918 |

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Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated      |                  | Parent            |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | 2015              | 2014             | 2015              | 2014             |
|   | \$                | \$               | \$                | \$               |
| <b>Note 8 Provisions</b>  |                   |                  |                   |                  |
| <b>Note 8A: Employee provisions*</b>                                    |                   |                  |                   |                  |
| <b>Office Holders:</b>  |                   |                  |                   |                  |
| Annual leave  | 111,671           | 175,846          | 111,671           | 175,846          |
| Long service leave  | 176,015           | 257,805          | 176,015           | 257,805          |
| Separations and redundancies  |                   | -                |                   | -                |
| Other   |                   | -                |                   | -                |
| <b>Subtotal employee provisions—office holders</b>                      | <b>287,686</b>    | <b>433,651</b>   | <b>287,686</b>    | <b>433,651</b>   |
| <b>Employees other than office holders:</b>                             |                   |                  |                   |                  |
| Annual leave  | 659,752           | 675,284          | 659,752           | 675,284          |
| Long service leave  | 1,174,018         | 1,154,024        | 1,174,018         | 1,154,024        |
| Separations and redundancies  |                   | -                |                   | -                |
| Other   |                   | -                |                   | -                |
| <b>Subtotal employee provisions—employees other than office holders</b> | <b>1,833,770</b>  | <b>1,829,308</b> | <b>1,833,770</b>  | <b>1,829,308</b> |
| <b>Total employee provisions</b>  | <b>2,121,456</b>  | <b>2,262,959</b> | <b>2,121,456</b>  | <b>2,262,959</b> |
| Current   | 771,423           | 851,130          | 771,423           | 851,130          |
| Non Current   | 1,350,033         | 1,411,829        | 1,350,033         | 1,411,829        |
| <b>Total employee provisions</b>  | <b>2,121,456</b>  | <b>2,262,959</b> | <b>2,121,456</b>  | <b>2,262,959</b> |
| <b>Note 8B Bank Mortgage Loan</b>                                       | <b>17,629,730</b> | <b>-</b>         | <b>17,629,730</b> | <b>-</b>         |
|   | <b>17,629,730</b> | <b>-</b>         | <b>17,629,730</b> | <b>-</b>         |

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

**Note 9 Non-current liabilities**

**Note 9A: Other non-current liabilities**

|  |                  |                   |          |                   |
|--|------------------|-------------------|----------|-------------------|
| Bank Mortgage Loan                         | -                | 17,802,208        | -        | 17,802,208        |
| Deferred Tax Liabilities                   | 1,223,190        | 1,213,425         | -        | -                 |
| Security Deposit                           | 38,720           | 38,720            | -        | -                 |
| <b>Total other non-current liabilities</b> | <b>1,261,910</b> | <b>19,054,353</b> | <b>-</b> | <b>17,802,208</b> |

**Note 10 Equity**

**Note 10A: General funds**

|                                    |                   |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Retained earnings                  |                   |                   |                   |                   |
| <b>Balance as at start of year</b> | <b>23,419,326</b> | <b>20,352,336</b> | <b>16,434,599</b> | <b>14,698,758</b> |
| Transferred to reserve             | 613,138           | 3,066,990         | 258,606           | 1,735,841         |
| Transferred out of reserve         |                   | -                 |                   | -                 |
| <b>Balance as at end of year</b>   | <b>24,032,464</b> | <b>23,419,326</b> | <b>16,693,205</b> | <b>16,434,599</b> |
| <b>Total Reserves</b>              | <b>24,032,464</b> | <b>23,419,327</b> | <b>16,693,205</b> | <b>16,434,599</b> |

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Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated     |                  | Parent           |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2015             | 2014             | 2015             | 2014             |
|   | \$               | \$               | \$               | \$               |
| <b>Note 11 Cash flow</b>  |                  |                  |                  |                  |
| <b>Note 11A: Cash flow reconciliation</b>   |                  |                  |                  |                  |
| <b>Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:</b> |                  |                  |                  |                  |
| <b>Cash and cash equivalents as per:</b>  |                  |                  |                  |                  |
| Cash flow statement   | 10,216,739       | 11,000,899       | 9,611,743        | 10,984,290       |
| Balance sheet   | 10,216,739       | 11,000,899       | 9,611,743        | 10,984,290       |
| <b>Difference</b>   | -                | -                | -                | -                |
| <b>Reconciliation of profit/(deficit) to net cash from operating activities:</b>                |                  |                  |                  |                  |
| Profit for the year   | 613,138          | 3,066,989        | 258,606          | 1,735,841        |
| <b>Adjustments for non-cash items</b>   |                  |                  |                  |                  |
| Depreciation/amortisation   | 212,745          | 385,379          | 209,448          | 384,690          |
| Net write-down of non-financial assets  |                  | -                |                  | -                |
| Fair value movements in investment property   |                  | (1,465,405)      |                  | -                |
| <b>Changes in assets/liabilities</b>  |                  |                  |                  |                  |
| (Increase)/decrease in net receivables  | (394,476)        | 572,001          | (407,686)        | 564,222          |
| (Increase)/decrease in prepayments  | 193,320          | (162,528)        | 193,504          | (162,528)        |
| Increase/(decrease) in supplier payables  | 522,451          | 6,434            | 509,178          | 7,720            |
| Increase/(decrease) in other payables   | (183,274)        | (89,622)         | (412,010)        | (20,826)         |
| Increase/(decrease) in employee provisions  | (141,503)        | (12,868)         | (141,503)        | (12,868)         |
| Increase/(decrease) in other provisions   |                  | -                |                  | -                |
| <b>Net cash from (used by) operating activities</b>   | <b>822,401</b>   | <b>2,300,960</b> | <b>209,537</b>   | <b>2,496,251</b> |
| <b>Note 11B: Cash flow information*</b>   |                  |                  |                  |                  |
| <b>Cash inflows</b>   |                  |                  |                  |                  |
| TFV Property Pty. Ltd.  | -                | -                | 0                | 1,021,567        |
| <b>Total cash inflows</b>   | <b>-</b>         | <b>-</b>         | <b>0</b>         | <b>1,021,567</b> |
| <b>Cash outflows</b>  |                  |                  |                  |                  |
| TFV Property Pty. Ltd.  | -                | -                | 0                | 501,925          |
| AEU Federal Branch  | 2,176,877        | 2,215,480        | 2,176,877        | 2,215,480        |
| <b>Total cash outflows</b>  | <b>2,176,877</b> | <b>2,215,480</b> | <b>2,176,877</b> | <b>2,717,405</b> |

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Notes to the financial statements for the year ended 31 December 2015

| Consolidated |      | Parent |      |
|--------------|------|--------|------|
| 2015         | 2014 | 2015   | 2014 |
| \$           | \$   | \$     | \$   |

**Note 12 Contingent liabilities, assets and commitments**

**Note 12A: Commitments and contingencies**

**Operating lease commitments—as lessee**

4 year lease of photocopiers expiring 25/9/2018; vehicle leases with terms ranging from 36 to 48 months.

Future minimum rentals payable under non-cancellable operating leases as at December 2015 are as follows:

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Within one year                             | 519,307        | 133,428        | 519,307        | 133,428        |
| After one year but not more than five years | 352,419        | 364,746        | 352,419        | 364,746        |
| More than five years                        |                | -              |                | -              |
|   | <u>871,726</u> | <u>498,174</u> | <u>871,726</u> | <u>498,174</u> |

**Operating lease commitments—as lessor**

Current tenancy expires in November 2016.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2015 are as follows:

|   |                |                  |          |          |
|---|----------------|------------------|----------|----------|
| Within one year                             | 598,743        | 640,998          | -        | -        |
| After one year but not more than five years |                | 587,582          | -        | -        |
| After five years                            |                | -                | -        | -        |
|   | <u>598,743</u> | <u>1,228,580</u> | <u>-</u> | <u>-</u> |

**Capital commitments**

At 31 December 2015 the entity has commitments of \$8,885,000 relating to the redevelopment of the building situated at 126 Trenerry Crescent . (2014:NIL).

**Finance lease commitments—as lessee**

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Within one year                                | -        | -        | -        | -        |
| After one year but not more than five years    | -        | -        | -        | -        |
| More than five years                           | -        | -        | -        | -        |
| <b>Total minimum lease payments</b>            | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Less amounts representing finance charges      | -        | -        | -        | -        |
| <b>Present value of minimum lease payments</b> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Included in the financial statements as:

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Current interest-bearing loans and borrowings                  | -        | -        | -        | -        |
| Non-current interest-bearing loans and borrowings              | -        | -        | -        | -        |
| <b>Total included in interest-bearing loans and borrowings</b> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated |      | Parent |      |
|---|--------------|------|--------|------|
|   | 2015         | 2014 | 2015   | 2014 |
|   | \$           | \$   | \$     | \$   |
| <b>Note 12A: Commitments and contingencies (continued)</b>          |              |      |        |      |
| <b>Finance leases—lessor</b>  |              |      |        |      |
| Minimum lease payments  | -            | -    | -      | -    |
| Unguaranteed residual value   | -            | -    | -      | -    |
| Gross investment  | -            | -    | -      | -    |
| Unearned finance income   | -            | -    | -      | -    |
| <b>Net investment (present value of the minimum lease payments)</b> | -            | -    | -      | -    |
| Gross amount of minimum lease payments:                             |              |      |        |      |
| Within one year   | -            | -    | -      | -    |
| After one year but not more than five years                         | -            | -    | -      | -    |
| More than five years  | -            | -    | -      | -    |
| <b>Total gross amount of minimum lease payments</b>                 | -            | -    | -      | -    |
| Present value of minimum lease payments:                            |              |      |        |      |
| Within one year   | -            | -    | -      | -    |
| After one year but not more than five years                         | -            | -    | -      | -    |
| More than five years  | -            | -    | -      | -    |
| <b>Total present value of minimum lease payments</b>                | -            | -    | -      | -    |

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

*None.*

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

| <b>Consolidated</b> |             | <b>Parent</b> |             |
|---------------------|-------------|---------------|-------------|
| <b>2015</b>         | <b>2014</b> | <b>2015</b>   | <b>2014</b> |
| <b>\$</b>           | <b>\$</b>   | <b>\$</b>     | <b>\$</b>   |

**Note 13 Related party disclosures**

**Note 13A: Related party transactions for the reporting period**

There are no related party transactions.

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

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Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated     |                  | Parent           |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2015             | 2014             | 2015             | 2014             |
|   | \$               | \$               | \$               | \$               |
| <b>Note 13B: Key management personnel remuneration for the reporting period</b> |                  |                  |                  |                  |
| <b>Short-term employee benefits</b>   |                  |                  |                  |                  |
| Salary (including annual leave taken)   | 1,343,779        | 1,348,336        | 1,343,779        | 1,348,336        |
| Annual leave accrued  | 215,542          | 180,985          | 215,542          | 180,985          |
| Performance bonus   |                  | -                |                  | -                |
| Govt. Paid Parental Leave   |                  | 47,300           |                  | 47,300           |
| Other   | 132,002          | 156,117          | 132,002          | 156,117          |
| <b>Total short-term employee benefits</b>                                       | <b>1,691,323</b> | <b>1,732,738</b> | <b>1,691,323</b> | <b>1,732,738</b> |
| <b>Post-employment benefits:</b>  |                  |                  |                  |                  |
| Superannuation  | 285,985          | 257,709          | 285,985          | 257,709          |
| <b>Total post-employment benefits</b>   | <b>257,709</b>   | <b>257,709</b>   | <b>285,985</b>   | <b>257,709</b>   |
| <b>Other long-term benefits:</b>  |                  |                  |                  |                  |
| Long-service leave  | 39,213           | 39,213           | 16,484           | 39,213           |
| <b>Total other long-term benefits</b>   | <b>39,213</b>    | <b>39,213</b>    | <b>16,484</b>    | <b>39,213</b>    |
| <b>Termination benefits</b>   | <b>181,108</b>   | <b>-</b>         | <b>181,108</b>   | <b>-</b>         |
| <b>Total</b>  | <b>2,174,900</b> | <b>1,982,360</b> | <b>2,174,900</b> | <b>1,982,360</b> |

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

**Loans to/from key management personnel**

- - - -

**Other transactions with key management personnel**

- - - -

**Note 14 Remuneration of auditors**

**Value of the services provided**

|                                       |               |               |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Financial statement audit services    | 44,270        | 51,270        | 40,000        | 47,000        |
| Other services                        |               | -             |               | -             |
| <b>Total remuneration of auditors</b> | <b>44,270</b> | <b>51,270</b> | <b>40,000</b> | <b>47,000</b> |

*No other services were provided by the auditors of the financial statements.*

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Notes to the financial statements for the year ended 31 December 2015

|  | Consolidated      |                   | Parent            |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2015              | 2014              | 2015              | 2014              |
|  | \$                | \$                | \$                | \$                |
| <b>Note 15 Financial instruments</b>                 |                   |                   |                   |                   |
| <b>Note 15A: Categories of financial instruments</b> |                   |                   |                   |                   |
| <b>Financial assets</b>                              |                   |                   |                   |                   |
| Fair value through profit or loss:                   |                   |                   |                   |                   |
| Cash and cash equivalents                            | 10,216,739        | 11,000,899        | 9,611,743         | 10,984,290        |
| Trade and other receivables                          | 940,849           | 774,247           | 940,688           | 758,031           |
| <b>Total</b>   | <b>11,157,588</b> | <b>11,775,146</b> | <b>10,552,431</b> | <b>11,742,321</b> |
| Held-to-maturity investments:                        |                   |                   |                   |                   |
|  | -                 | -                 | -                 | -                 |
| <b>Total</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| Available-for-sale assets:                           |                   |                   |                   |                   |
|  | -                 | -                 | -                 | -                 |
| <b>Total</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| Loans and receivables:                               |                   |                   |                   |                   |
| [  | -                 | -                 | -                 | -                 |
| <b>Total</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Carrying amount of financial assets</b>           | <b>11,157,588</b> | <b>11,775,146</b> | <b>10,552,431</b> | <b>11,742,321</b> |
| <b>Financial liabilities</b>                         |                   |                   |                   |                   |
| Fair value through profit or loss:                   |                   |                   |                   |                   |
| Trade and other payables                             | 1,181,569         | 1,154,811         | 1,181,569         | 1,084,401         |
| Borrowings   | 17,629,730        | 17,802,208        | 17,629,730        | 17,802,208        |
| <b>Total</b>   | <b>18,811,299</b> | <b>18,957,019</b> | <b>18,811,299</b> | <b>18,886,609</b> |
| Other financial liabilities:                         |                   |                   |                   |                   |
|  | -                 | -                 | -                 | -                 |
| <b>Total</b>   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Carrying amount of financial liabilities</b>      | <b>18,811,299</b> | <b>18,957,019</b> | <b>18,811,299</b> | <b>18,886,609</b> |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|   | Consolidated |      | Parent |      |
|---|--------------|------|--------|------|
|   | 2015         | 2014 | 2015   | 2014 |
|   | \$           | \$   | \$     | \$   |
| <b>Note 15B: Net income and expense from financial assets</b> |              |      |        |      |
| <b>Held-to-maturity</b>                                       |              |      |        |      |
| Interest revenue  | -            | -    | -      | -    |
| Exchange gains/(loss)   | -            | -    | -      | -    |
| Impairment  | -            | -    | -      | -    |
| Gain/loss on disposal   | -            | -    | -      | -    |
| <b>Net gain/(loss) held-to-maturity</b>                       | -            | -    | -      | -    |
| <b>Loans and receivables</b>                                  |              |      |        |      |
| Interest revenue  | -            | -    | -      | -    |
| Exchange gains/(loss)   | -            | -    | -      | -    |
| Impairment  | -            | -    | -      | -    |
| Gain/loss on disposal   | -            | -    | -      | -    |
| <b>Net gain/(loss) from loans and receivables</b>             | -            | -    | -      | -    |
| <b>Available for sale</b>                                     |              |      |        |      |
| Interest revenue  | -            | -    | -      | -    |
| Dividend revenue  | -            | -    | -      | -    |
| Exchange gains/(loss)   | -            | -    | -      | -    |
| Gain/loss recognised in equity                                | -            | -    | -      | -    |
| Amounts reversed from equity:                                 |              |      |        |      |
| Impairment  | -            | -    | -      | -    |
| Fair value changes reversed on disposal                       | -            | -    | -      | -    |
| Gain/loss on disposal   | -            | -    | -      | -    |
| <b>Net gain/(loss) from available for sale</b>                | -            | -    | -      | -    |
| <b>Fair value through profit and loss</b>                     |              |      |        |      |
| Held for trading:   |              |      |        |      |
| Change in fair value  | -            | -    | -      | -    |
| Interest revenue  | -            | -    | -      | -    |
| Dividend revenue  | -            | -    | -      | -    |
| Exchange gains/(loss)   | -            | -    | -      | -    |
| <b>Total held for trading</b>                                 | -            | -    | -      | -    |
| Designated as fair value through profit and loss:             |              |      |        |      |
| Change in fair value  | -            | -    | -      | -    |
| Interest revenue  | -            | -    | -      | -    |
| Dividend revenue  | -            | -    | -      | -    |
| Exchange gains/(loss)   | -            | -    | -      | -    |
| <b>Total designated as fair value through profit and loss</b> | -            | -    | -      | -    |
| <b>Net gain/(loss) at fair value through profit and loss</b>  | -            | -    | -      | -    |
| <b>Net gain/(loss) from financial assets</b>                  | -            | -    | -      | -    |

The net income/expense from financial assets not at fair value from profit and loss is \$0 (2014: \$0).

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|  | Consolidated |      | Parent |      |
|--|--------------|------|--------|------|
|  | 2015         | 2014 | 2015   | 2014 |
|  | \$           | \$   | \$     | \$   |
| <b>Note 15C: Net income and expense from financial liabilities</b> |              |      |        |      |
| <b>At amortised cost</b>   |              |      |        |      |
| Interest expense   | -            | -    | -      | -    |
| Exchange gains/(loss)  | -            | -    | -      | -    |
| Gain/loss on disposal  | -            | -    | -      | -    |
| <b>Net gain/(loss) financial liabilities - at amortised cost</b>   | -            | -    | -      | -    |
| <b>Fair value through profit and loss</b>                          |              |      |        |      |
| <b>Held for trading:</b>   |              |      |        |      |
| Change in fair value   | -            | -    | -      | -    |
| Interest expense   | -            | -    | -      | -    |
| Exchange gains/(loss)  | -            | -    | -      | -    |
| <b>Total held for trading</b>                                      | -            | -    | -      | -    |
| <b>Designated as fair value through profit and loss:</b>           |              |      |        |      |
| Change in fair value   | -            | -    | -      | -    |
| Interest expense   | -            | -    | -      | -    |
| <b>Total designated as fair value through profit and loss</b>      | -            | -    | -      | -    |
| <b>Net gain/(loss) at fair value through profit and loss</b>       | -            | -    | -      | -    |
| <b>Net gain/(loss) from financial liabilities</b>                  | -            | -    | -      | -    |

The net income/expense from financial liabilities not at fair value from profit and loss is \$0... (2014:\$0...).

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|  | Consolidated |      | Parent |      |
|--|--------------|------|--------|------|
|  | 2015         | 2014 | 2015   | 2014 |
|  | \$           | \$   | \$     | \$   |

**Note 15D: Credit risk**

*The Australian Education Union Victorian Branch]*

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

**Financial assets**

|                              |   |   |   |   |
|------------------------------|---|---|---|---|
|                              | - | - | - | - |
| <b>Total</b>                 | - | - | - | - |
| <b>Financial liabilities</b> |   |   |   |   |
|                              | - | - | - | - |
| <b>Total</b>                 | - | - | - | - |

]

**Credit quality of financial instruments not past due or individually determined as impaired—Consolidated**

|              | Not past due<br>nor impaired | Past due or<br>impaired | Not past<br>due nor<br>impaired | Past due or<br>impaired |
|--------------|------------------------------|-------------------------|---------------------------------|-------------------------|
|              | 2015                         | 2015                    | 2014                            | 2014                    |
|              | \$                           | \$                      | \$                              | \$                      |
| <b>Total</b> | -                            | -                       | -                               | -                       |

**Credit quality of financial instruments not past due or individually determined as impaired—Parent**

|              | Not past due<br>nor impaired | Past due or<br>impaired | Not past<br>due nor<br>impaired | Past due or<br>impaired |
|--------------|------------------------------|-------------------------|---------------------------------|-------------------------|
|              | 2015                         | 2015                    | 2014                            | 2014                    |
|              | \$                           | \$                      | \$                              | \$                      |
| <b>Total</b> | -                            | -                       | -                               | -                       |

**Ageing of financial assets that were past due but not impaired for 2015—Consolidated**

|              | 0 to 30<br>days | 31 to 60<br>days | 61 to 90<br>days | 90+ days | Total |
|--------------|-----------------|------------------|------------------|----------|-------|
|              | \$              | \$               | \$               | \$       | \$    |
| <b>Total</b> | -               | -                | -                | -        | -     |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

**Note 15D: Credit risk (continued)**

Ageing of financial assets that were past due but not impaired for 2014—Consolidated

|              | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|--------------|--------------|---------------|---------------|----------|-------|
|              | \$           | \$            | \$            | \$       | \$    |
|              | -            | -             | -             | -        | -     |
| <b>Total</b> | -            | -             | -             | -        | -     |

The following list of assets have been individually assessed as impaired

Ageing of financial assets that were past due but not impaired for 2015—Parent

|              | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|--------------|--------------|---------------|---------------|----------|-------|
|              | \$           | \$            | \$            | \$       | \$    |
|              | -            | -             | -             | -        | -     |
| <b>Total</b> | -            | -             | -             | -        | -     |

Ageing of financial assets that were past due but not impaired for 2014—Parent

|                        | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|------------------------|--------------|---------------|---------------|----------|-------|
|                        | \$           | \$            | \$            | \$       | \$    |
| <i>[List by class]</i> | -            | -             | -             | -        | -     |
| <b>Total</b>           | -            | -             | -             | -        | -     |

The following list of assets have been individually assessed as impaired

□

**Note 15E: Liquidity risk**

*[Discuss how the entity manages liquidity risk for non-derivative financial liabilities]*

**Contractual maturities for financial liabilities 2015—Consolidated**

|              | On Demand | < 1 year | 1– 2 years | 2– 5 years | >5 years | Total |
|--------------|-----------|----------|------------|------------|----------|-------|
|              | \$        | \$       | \$         | \$         | \$       | \$    |
|              | -         | -        | -          | -          | -        | -     |
| <b>Total</b> | -         | -        | -          | -          | -        | -     |

Maturities for financial liabilities 2014—Consolidated

|              | On Demand | < 1 year | 1– 2 years | 2– 5 years | >5 years | Total |
|--------------|-----------|----------|------------|------------|----------|-------|
|              | \$        | \$       | \$         | \$         | \$       | \$    |
|              | -         | -        | -          | -          | -        | -     |
| <b>Total</b> | -         | -        | -          | -          | -        | -     |

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

**Note 15E: Liquidity risk (continued)**

**Contractual maturities for financial liabilities 2015—Parent**

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

**Maturities for financial liabilities 2014—Parent**

|                        | On Demand | < 1 year<br>\$   | 1– 2<br>years<br>\$ | 2– 5 years<br>\$  | >5 years<br>\$ | Total<br>\$       |
|------------------------|-----------|------------------|---------------------|-------------------|----------------|-------------------|
| Bank Mortgage Loan     | -         | -                | -                   | 17,802,208        |                | 17,802,208        |
| Trade & Other Payables |           | 1,084,401        |                     |                   |                | 1,084,401         |
| <b>Total</b>           | -         | <b>1,084,401</b> | -                   | <b>17,802,208</b> |                | <b>18,886,609</b> |

**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 2015**

|                    | Risk variable | Change in risk variable % | Effect on             |              |
|--------------------|---------------|---------------------------|-----------------------|--------------|
|                    |               |                           | Profit and loss<br>\$ | Equity<br>\$ |
| Interest rate risk |               | +2                        | -191,194              | -191,194     |
| Interest rate risk |               | -2                        | +191,194              | +191,194     |

**Sensitivity analysis of the risk that the entity is exposed to for 2014**

|                    | Risk variable | Change in risk variable % | Effect on             |              |
|--------------------|---------------|---------------------------|-----------------------|--------------|
|                    |               |                           | Profit and loss<br>\$ | Equity<br>\$ |
| Interest rate risk |               | +2                        | -183,261              | -183,261     |
| Interest rate risk |               | -2                        | +183,261              | +183,261     |

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AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

**Note 15G: Asset pledged/or held as collateral**

**Assets pledged as collateral**

**Financial assets pledged as collateral:**

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Freehold Land & Buildings                 | 34,173,629        | 33,395,118        | 17,423,629        | 16,645,118        |
| <b>Total assets pledged as collateral</b> | <b>34,173,629</b> | <b>33,395,118</b> | <b>17,423,629</b> | <b>16,645,118</b> |

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

## AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

### 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 2015 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 2015 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:

| <b>Consolidated</b>          | <b>Carrying<br/>amount<br/>2015<br/>\$</b> | <b>Fair<br/>value<br/>2015<br/>\$</b> | <b>Carrying<br/>amount<br/>2014<br/>\$</b> | <b>Fair<br/>value<br/>2014<br/>\$</b> |
|------------------------------|--|---------------------------------------|--|---------------------------------------|
| <b>Financial Assets</b>      |  |                                       |  |                                       |
| Cash & cash equivalents      | 10,216,739                                 | 10,216,739                            | 11,000,899                                 | 11,000,899                            |
| Trade & other receivables    | 940,849                                    | 940,849                               | 774,247                                    | 774,247                               |
| <b>Total</b>                 | <b>11,157,588</b>                          | <b>11,157,588</b>                     | <b>11,775,146</b>                          | <b>11,775,146</b>                     |
| <b>Non-Financial Assets</b>  |  |                                       |  |                                       |
| Land & Buildings             | 34,173,629                                 | 34,173,629                            | 33,395,118                                 | 33,395,118                            |
| Plant & Equipment            | 701,985                                    | 701,985                               | 259,118                                    | 259,158                               |
| Other Non-current assets     | 1,537                                      | 1,537                                 | 1,537                                      | 1,537                                 |
| <b>Total</b>                 | <b>34,877,151</b>                          | <b>34,877,151</b>                     | <b>33,655,813</b>                          | <b>33,655,813</b>                     |
| <b>Financial Liabilities</b> |  |                                       |  |                                       |
| Trade & other payables       | 1,259,194                                  | 1,259,194                             | 1,154,811                                  | 1,154,811                             |
| Bank Mortgage Loan           | 17,629,730                                 | 17,629,730                            | 17,802,208                                 | 17,802,208                            |
| <b>Total</b>                 | <b>18,888,924</b>                          | <b>18,888,924</b>                     | <b>18,957,019</b>                          | <b>18,957,019</b>                     |

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Notes to the financial statements for the year ended 31 December 2015

| Parent                       | Carrying<br>amount<br>2015<br>\$ | Fair<br>value<br>2015<br>\$ | Carrying<br>amount<br>2014<br>\$ | Fair<br>value<br>2014<br>\$ |
|------------------------------|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| <b>Financial Assets</b>      |                                  |                             |                                  |                             |
| Cash & cash equivalents      | 9,611,743                        | 9,611,743                   | 10,984,290                       | 10,984,290                  |
| Trade & other receivables    | 940,688                          | 940,688                     | 758,031                          | 758,031                     |
| <b>Total</b>                 | <b>10,552,431</b>                | <b>10,552,431</b>           | <b>11,742,321</b>                | <b>11,742,321</b>           |
| <b>Non-Financial Assets</b>  |                                  |                             |                                  |                             |
| Land & Buildings             | 17,423,629                       | 17,423,629                  | 16,645,118                       | 16,145,118                  |
| Plant & Equipment            | 662,217                          | 662,217                     | 240,570                          | 240,570                     |
| Other Investments            | 8,000,000                        | 8,000,000                   | 8,000,000                        | 8,000,000                   |
| Other Non-current assets     | 720,697                          | 720,697                     | 495,668                          | 495,668                     |
| <b>Total</b>                 | <b>26,806,543</b>                | <b>26,806,543</b>           | <b>25,381,356</b>                | <b>25,381,356</b>           |
| <b>Financial Liabilities</b> |                                  |                             |                                  |                             |
| Trade & other payables       | 1,181,569                        | 1,181,569                   | 1,084,401                        | 1,084,401                   |
| Bank Mortgage Loan           | 17,629,730                       | 17,629,730                  | 17,802,208                       | 17,802,208                  |
| <b>Total</b>                 | <b>18,811,299</b>                | <b>18,811,299</b>           | <b>18,886,609</b>                | <b>18,886,609</b>           |

**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 2015**

|   | Level 1           | Level 2<br>\$ | Level 3 |
|---|-------------------|---------------|---------|
| <b>Assets measured at fair value</b>      |                   |               |         |
| Cash & cash equivalents                   | 10,216,739        |               |         |
| Trade & other receivables                 | 940,849           |               |         |
| <b>Total</b>                              | <b>11,157,588</b> |               |         |
| <b>Non-Financial Assets</b>               |                   |               |         |
| Land & Buildings                          |                   | 34,173,629    |         |
| Plant & Equipment                         |                   | 701,985       |         |
| Other Non-current assets                  |                   | 1,537         |         |
| <b>Liabilities measured at fair value</b> |                   |               |         |
| Trade & other payables                    | 1,259,194         |               |         |
| Bank Mortgage Loan                        | 17,629,730        |               |         |
| <b>Total</b>                              | <b>18,888,924</b> |               |         |

**Fair value hierarchy—Consolidated 31 December 2014**

AUSTRALIAN EDUCATION UNION VICTORIAN BRANCH

Notes to the financial statements for the year ended 31 December 2015

|  | Date of valuation | Level 1    | Level 2    | Level 3 |
|--|-------------------|------------|------------|---------|
| <b>Assets measured at fair value</b>               |                   | \$         | \$         | \$      |
| <i>Cash &amp; cash equivalents</i>                 |                   | 11,000,899 |            |         |
| <i>Trade &amp; other receivables</i>               |                   | 774,247    |            |         |
| <b>Total</b>                                       |                   | 11,775,146 |            |         |
| <b>Non-Financial Assets measured at fair value</b> |                   |            |            |         |
| Land & Buildings                                   |                   |            | 33,395,118 |         |
| Plant & Equipment                                  |                   |            | 259,158    |         |
| Other Non-current assets                           |                   |            | 1,537      |         |
| <b>Liabilities measured at fair value</b>          |                   |            |            |         |
| Trade & other payables                             |                   | 1,154,811  |            |         |
| Bank Mortgage Loan                                 |                   | 17,802,208 |            |         |
| <b>Total</b>                                       |                   | 18,957,019 |            |         |

**Fair value hierarchy – Parent 31 December 2015**

|  | Date of valuation | Level 1    | Level 2    | Level 3 |
|--|-------------------|------------|------------|---------|
| <b>Assets measured at fair value</b>               |                   | 9,611,743  | \$         | \$      |
| <i>Cash &amp; cash equivalents</i>                 |                   | 940,688    |            |         |
| <i>Trade &amp; other receivables</i>               |                   |            |            |         |
| <b>Total</b>                                       |                   | 10,552,431 |            |         |
| <b>Non-Financial Assets measured at fair value</b> |                   |            |            |         |
| Land & Buildings                                   |                   |            | 17,423,629 |         |
| Plant & Equipment                                  |                   |            | 662,217    |         |
| Other Investments                                  |                   |            | 8,000,000  |         |
| Other non-current assets                           |                   |            | 720,697    |         |
| <b>Total</b>                                       |                   |            | 26,806,543 |         |
| <b>Liabilities measured at fair value</b>          |                   | 1,181,569  |            |         |
| Trade & other payables                             |                   | 17,629,730 |            |         |
| Bank Mortgage Loan                                 |                   |            |            |         |
| <b>Total</b>                                       |                   | 18,811,299 |            |         |



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Notes to the financial statements for the year ended 31 December 2015

**2014:**

|   | <u>[Entity]</u> | <u>[Entity]</u> |
|---|-----------------|-----------------|
| Cash  | -               | -               |
| Transfer of land & buildings at fair value at date of acquisition | -               | -               |
| <b>Total</b>  | <u>-</u>        | <u>-</u>        |

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Notes to the financial statements for the year ended 31 December 2015

**Assets acquired and liabilities assumed at the date of acquisition**

|                                | <i>[Entity]</i> | <i>[Entity]</i> | Total |
|--------------------------------|-----------------|-----------------|-------|
| <b>2015:</b>                   |                 |                 |       |
| <b>Current assets</b>          |                 |                 |       |
| Cash and cash equivalents      | -               | -               | -     |
| Trade and other receivables    | -               | -               | -     |
| Inventories                    | -               | -               | -     |
| <b>Non-current assets</b>      |                 |                 |       |
| Plant and equipment            | -               | -               | -     |
| <b>Current liabilities</b>     |                 |                 |       |
| Trade and other payables       | -               | -               | -     |
| <b>Non-current liabilities</b> |                 |                 |       |
| Deferred tax liabilities       | -               | -               | -     |
| Contingent liabilities         | -               | -               | -     |
|                                | -               | -               | -     |

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Notes to the financial statements for the year ended 31 December 2015

**Note 18 Administration of financial affairs by a third party**

**Name of entity providing service:**

**Terms and conditions:**

**Nature of expenses/consultancy service:**

**Detailed breakdown of revenues collected and/or expenses incurred**

**Revenue**

|                         |   |   |   |   |
|-------------------------|---|---|---|---|
| Membership subscription | - | - | - | - |
| Capitation fees         | - | - | - | - |
| Levies                  | - | - | - | - |
| Interest                | - | - | - | - |
| Rental revenue          | - | - | - | - |
| Other revenue           | - | - | - | - |
| Grants and/or donations | - | - | - | - |
| <b>Total revenue</b>    | - | - | - | - |

**Expenses**

|   |   |   |   |   |
|---|---|---|---|---|
| Employee expense                                  | - | - | - | - |
| Capitation fees                                   | - | - | - | - |
| Affiliation fees                                  | - | - | - | - |
| Consideration to employers for payroll deductions | - | - | - | - |
| Compulsory levies                                 | - | - | - | - |
| Fees/allowances - meeting and conferences         | - | - | - | - |
| Conference and meeting expenses                   | - | - | - | - |
| Administration expenses                           | - | - | - | - |
| Grants or donations                               | - | - | - | - |
| Finance costs                                     | - | - | - | - |
| Legal costs                                       | - | - | - | - |
| Audit fees  | - | - | - | - |
| Penalties - via RO Act or RO Regulations          | - | - | - | - |
| Other expenses                                    | - | - | - | - |
| <b>Total expenses</b>                             | - | - | - | - |

**Note 19 Section 272 Fair Work (Registered Organisations) Act 2009**

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

Information to be provided to members or General Manager:

- (1) A member of a reporting unit, or the General Manager, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).

Note: This subsection is a civil penalty provision (see section 305)

Fair Work (Registered Organisations) Act 2009