



Australian Government
Registered Organisations Commission

10 August 2018

Ms Angela Briant
Secretary
Independent Education Union of Australia, Western Australian Branch

By e-mail: industrial@ieuwa.asn.au

Dear Ms Briant

**Independent Education Union of Australia, Western Australian Branch
Financial Report for the year ended 31 December 2017 - FR2017/303**

I acknowledge receipt of the amended financial report for the year ended 31 December 2017 for the Independent Education Union of Australia, Western Australian Branch (IEU-WA). The financial report was lodged with the Registered Organisations Commission (ROC) on 7 August 2018.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2017 report has been filed the following should be addressed in the preparation of the next financial report.

General Purpose Financial Report (GPFR)

Note 17 to GPFR - Section 272 Reference

Please remove the words "...of Fair Work Australia:" after Commissioner in the second sentence to comply with section 272(5) of the *Fair Work (Registered Organisations) Act 2009*.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan'.

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
WA BRANCH**

ABN 59 914 290 495

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

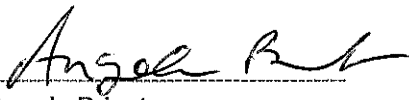
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CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 31 December 2017

I Angela Briant being the Secretary of the Independent Education Union of Australia, WA Branch certify:

- That the documents lodged herewith are copies of the full report for the Independent Education Union of Australia, WA Branch for the year ended 31 December 2017 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 24 July 2018; and
- That the full report was presented to a meeting of the committee of management of the Union on 1 August 2018 in accordance with s.266 of the Fair Work (*Registered Organisations*) Act 2009.



Angela Briant

Secretary

2 August 2018

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

CONTENTS

Designated Officer's Certificate.....	1
Operating Report	2
Committee of Management Statement	6
Auditor Independence Declaration.....	7
Statement of Comprehensive Income.....	8
Statement of Financial Position	9
Statement of Changes of Equity	10
Statement of Cash Flows.....	11
Notes to the Financial Statements.....	12
Independent Auditor's Report to the Members	31

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

The Branch Committee of Management ("the Committee") present their operating report on the Independent Education Union of Australia WA Branch ("the Union") for the financial year 31 December 2017.

Members of the Committee of Management

The names of the Committee Members in office at any time during or since the end of the financial year are:

1.	A. Walker, President	(1 January 2017 - 30 November 2019)
2.	M. Swain, Vice President	(1 January 2017 - 30 November 2019)
3.	A Briant, Secretary	(1 January 2017 - 30 November 2019)
4.	C. Williams	(1 January 2017 - 30 November 2019)
5.	B. Frost	(1 January 2017 - 30 November 2019)
6.	R. Thomas	(1 January 2017 - 30 November 2019)
7.	A. Milne	(1 January 2017 - 30 November 2019)
8.	B. Martin	(1 January 2017 - 30 November 2019)
9.	L. Reeves	(23 June 2017 - 30 November 2019)
10.	D. Murray	(23 June 2017 - 30 November 2019)
11.	N. O. Dea	(23 June 2017 - 3 November 2017)
12.	M. English	(13 December 2017 - 30 November 2019)

Members have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activity

1. Advice, provide information, support and advocacy to members in the industrial and professional education related matters.
2. Representation of the industrial and professional interests of the members in various forums including the ACTU; UnionsWA; The Australian Curriculum, assessment and reporting authority; The Australian Institute of Teaching and School leadership; educational and professional stakeholder meetings; representation to State and Federal Government Ministers and opposition spokespersons; representation of the union's interests to the Fair Work Commission and the Registered Organisations Commission.
3. Submissions to Federal Office for national inquiries on school funding, educational, industrial and human rights issues relevant to the membership and the broader community.
4. Research in relevant areas of public policy such as the funding of schooling, industrial, legal and constitutional matters, educational issues, and human rights concerns to inform our own policy development. Oversight of the comparative salaries and conditions of various categories of staff in non-government schools across the jurisdictions. Monitoring of Fair Work Commission decisions and decisions from other jurisdictions.
5. Protection and carriage of the Union's Rules.
6. Negotiating Enterprise Bargaining Agreements for members at Independent schools.

Results of these activities

1. Limiting decrease in member numbers to a small number.
2. Delegates and members being increasingly knowledgeable and active.
3. Enhancing the visibility and profile of the Branch in non-government schools.
4. Improvements in the industrial and professional working conditions of staff in non-government schools.

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

Operating Results

The Union's profit for the year amounted to \$179,161 (2016: profit \$3,335).

Review of Operations

A review of the operations of the Branch during the financial year found that there were no significant changes in nature to these principal activities during the financial year.

Significant Changes in the State of Affairs

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Branch.

After Balance Date Events

There are no significant events after balance date to be reported.

Member's Right to Resign

Members may resign from the Union by giving written notice to the Union in accordance with rule 21 of the rules of the Union, which states:

21 – RESIGNATION FROM MEMBERSHIP

- a. A member of the Union may resign from membership by written notice addressed and delivered to the relevant Branch Secretary
- b. A notice of resignation from membership takes effect:
 - i. Where the member ceases to be eligible to become a member of the Union.
 - a. on the day on which the notice is received by the Union; or
 - b. on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a memberwhichever is later; or
 - ii. In any other case:
 - a. at the end of two weeks after the notice is received by the organisation; or
 - b. on the day specified in the notice;whichever is later.
- c. Any dues payable and not paid by a former member in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- d. A notice delivered to the person mentioned in subclause (a) shall be taken to have been received by the Union when it was delivered.
- e. A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with Subclause (a).
- f. A resignation from membership of the Union is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

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

Angela Briant, Secretary: (from November 2015)

- (i) a director of Concept One The Industry Superannuation Fund, a superannuation entity and does not hold the position because a criterion for being the trustee or director is that the officer or employee is an officer or employee of the Union.

No other employee of the Union is:

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

Membership of the Union

Number of members as at 31 December 2017: 4,633 (2016: 4,782).

Employees of the Union

At the end of the financial year the Union employed 18 Staff.

Officers & employees who are directors of a company of a member of a board

Name of Officer	Name of Company/Board	Principal Activity
Angela Briant	Director The Children's Book Council of Australia.	Support of Australian Children's and Young Adult Literature

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Union.

Proceedings on Behalf of the Union

No person has applied for leave of Court to bring proceedings on behalf of the Union or intervene in any proceedings to which the Union is a party for the purpose of taking responsibility on behalf of the Union for all or any part of those proceedings. The Union was not a party to any such proceedings during the year.

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the financial year ended 31 December 2017.

Other Information

There is no other information that the Union considers relevant.

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

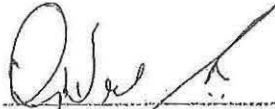
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OPERATING REPORT

Auditor's Independent Declaration

A copy of the auditor's independence declaration is set out on page 7.

Signed in accordance with a resolution of the Committee of Members passed on the 24th day of July 2018



Anthony Walker

President

24th July 2018

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

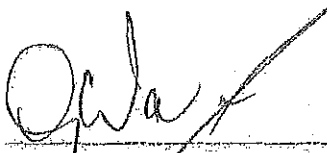
COMMITTEE OF MANAGEMENT STATEMENT

On the 24th day of July 2018 the Committee of Management of Independent Education Union of Australia WA Branch ("Union") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2017:

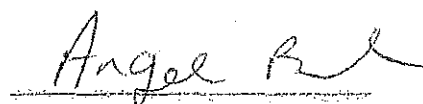
The Branch Committee of Management of the Independent Education Union of Australia WA Branch ("the Union") declares that in its opinion:

1. the financial statements and notes comply with the Australian Accounting Standards;
2. the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (The RO Act);
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the year which they relate;
4. there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
5. during the financial year to which the GPFR relates and since the end of that year:
 - a. meetings of the Executive/Committee of Management were held in accordance with the rules of the Union including the rules of branch concerned; and
 - b. the financial affairs of the Union have been managed in accordance with the rules of the Union;
 - c. the financial records of the Union have been kept and maintained in accordance with the RO Act; and
 - d. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in consistent manner with each of the other reporting units of the organisations; and
 - e. where information has been sought in any request by a member of the Union or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - f. no orders for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
6. 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 Committee of Management.

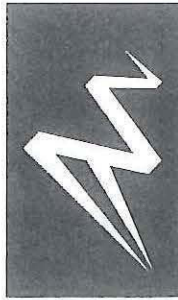


Anthony Walker
President



Angela Briant
Secretary

24 July 2018



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS, REGISTERED COMPANY
AUDITORS AND REGISTERED SMSF AUDITORS

Postal Address:

PO Box 229, JOONDALUP DC WA 6919

P: 1300 284 330

E: reception@amwaudit.com.au

ABN 59 125 425 274

Liability limited by a scheme approved under Professional Standards Legislation

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF
INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH**

As auditor for the audit of Independent Education Union of Australia WA Branch for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there has been:

- i. No contraventions of any applicable code of professional conduct in relation to the audit.

Anderson Munro & Wyllie

ANDERSON MUNRO & WYLLIE

Chartered Accountants

MS

Martin Shone

Principal

Dated at Perth, Western Australia this 31st day of July 2018

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Revenue			
Membership Subscription		2,596,015	-
Capitation Fees	3A	-	-
Levies	3B	-	-
Interest	3C	5,969	-
Grants and/or donations	3D	-	-
Revenue from the Independent Education Union of Western Australia, Union of Employees	3E	-	113,540
Other Income	3F	26,358	-
Total income		2,628,342	113,540
Expenses			
Employee Expenses	4A	(1,567,012)	(4,070)
Capitation Fees	4B	(80,300)	(78,191)
ACTU Affiliation Fees	4C	(28,297)	(27,341)
Administration expenses	4D	(732,863)	(603)
Grants or donations	4E	-	-
Depreciation	4F	(2,136)	-
Finance costs	4G	(8,253)	-
Legal costs	4H	(18,976)	-
Audit fees	14	(10,984)	-
Other expenses	4I	(360)	-
		(2,449,181)	(110,205)
Net Profit Attributable to Members of the Union		179,161	3,335
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members of the Union		179,161	3,335

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	287,902	10,608
Trade and other receivables	5B	135,339	2,437
Other current assets	5C	9,141	-
Total current assets		432,382	13,045
Non-Current Assets			
Plant and equipment	6A	18,554	-
Total non-current assets		18,554	-
TOTAL ASSETS		450,936	13,045
LIABILITIES			
Current Liabilities			
Trade payables	7A	15,256	594
Other payables	7B	59,150	584
Employee provisions	8A	185,502	-
Total current liabilities		259,908	1,178
Non-Current Liabilities			
Employee provisions	8A	-	-
Total non-current liabilities		-	-
Total Liabilities		259,904	1,178
Net assets		191,028	11,867
EQUITY			
Retained Earnings		191,028	11,867
Total equity		191,028	11,867

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Retained Earnings	Total
	\$	\$
Balance at 31 December 2015	8,532	8,532
Profit For The Year	3,335	3,335
Balance at 31 December 2016	11,867	11,867
Profit For The Year	179,161	179,161
Balance at 31 December 2017	191,028	191,028

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Transfer from the Independent Education Union of Western Australia, Union of Employees		-	113,540
Receipt from members		2,460,082	-
Other income		27,799	-
Payment to national office	11B	(108,597)	(105,532)
Payment to suppliers		(2,077,576)	(2,941)
Interest received		4,529	-
Interest paid		(8,253)	-
Cash generated from operating activities	11A	<u>297,984</u>	<u>5,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		(20,690)	-
Net cash used in investing activities		<u>(20,690)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash used in financing activities		<u>-</u>	<u>-</u>
Increase in Cash and Cash Equivalents During the Year		277,294	5,067
Cash and Cash Equivalents at the Beginning of the Year		10,608	5,541
Cash and Cash Equivalents at the End of the Year	5A	<u><u>287,902</u></u>	<u><u>10,608</u></u>

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 1: Union Information

The financial report of Independent Education Union of Australia WA Branch ("Union") for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Committee of Management.

The financial statements cover the Union as an individual entity. The Union is registered and domiciled in Western Australia.

The Union is a trade union which represents the professional and industrial interests of teachers and support staff employed in non-government schools within the state of Western Australia.

Note 2: Summary of Significant Accounting Policies

Basis of Preparation

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 Union is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest Australian dollar.

Accounting Policies

(a) Revenue

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

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.

Income transferred from the Independent Education Union of Western Australia, Union of Employees 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.

(b) Gains

Sale of Assets

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 2: Summary of Significant Accounting Policies (Continued)

(c) **Capitation Fees and Levies**

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

(d) **Borrowing Costs**

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

(e) **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.

(f) **Financial Instruments**

Financial assets and financial liabilities are recognised when the Union 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.

(g) **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'.

(i) ***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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 2: Summary of Significant Accounting Policies (Continued)

(g) Financial Liabilities (Continued)

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.

(ii) *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.

(iii) *Derecognition of financial liabilities*

The Union 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.

(h) 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.

(i) Plant and Equipment

Asset Recognition Threshold

Purchase of plant and equipment are recognised initially at cost in the Statement of Financial Position.

Depreciation

Depreciable 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. Depreciate 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:

Plant and equipment	25%
Motor vehicles	22.5%

(j) Inventories on Hand

Inventories are measured at the lower of cost and current replacement cost.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at the date of acquisition.

(k) 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 2: Summary of Significant Accounting Policies (Continued)

(k) Impairment for Non-Financial Assets (cont'd)

The recoverable amount of an asset is the higher of its fair value less costs to sell 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 Union was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(l) Taxation

The Union 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.

(m) Comparative Figures

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

When the Union applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

(n) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Significant Accounting Judgements and Estimates

The Committee of Management evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Key estimates

Impairment

Nil

Key judgments

Available-for-sale investments

Nil

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 2: Summary of Significant Accounting Policies (Continued)

(p) 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

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Committee of Management have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions of hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements of hedge accounting.

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model of hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the Committee of Management anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lease to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 2: Summary of Significant Accounting Policies (Continued)

AASB 16: Leases (cont'd)

Although the Committee of Management anticipate that the adoption of AASB 16 will impact the Union's financial statements, it is impracticable at this stage to provide a reason estimate of such impact.

(q) 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.

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

Provision is made for separation and redundancy benefit payments. The 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.

(s) Going Concern

The Branch is not reliant on financial support of another reporting unit to continue on a going concern basis.

The Branch provides no financial support to ensure another reporting unit can continue on a going concern basis.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 3: Income

No income was received during the reporting period for Capitation Fees, Levies, Grants or Donations or support from another reporting unit of the organisation.

	2017	2016
	\$	\$
Note 3A: Capitation Fees	-	-
Note 3B: Levies	-	-
Note 3C: Interest		
Deposits	1,440	-
Bank Interest	4,529	-
	<u>5,969</u>	-
Note 3D: Grants or Donations	-	-
Note 3E: Transfers from Independent Education Union of Western Australia, Union of Employees	-	113,540
Note 3F: Other Income	<u>26,359</u>	-
Note 4: Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	179,859	-
Superannuation	28,271	-
Leave and other entitlements	8,665	-
Separation and redundancies	-	-
Other employee expenses	14,253	-
Subtotal employee expenses holders of office	<u>231,048</u>	-
Employees other than office holders:		
Wages and salaries	1,018,172	3,616
Superannuation	131,663	454
Leave and other entitlements	183,334	-
Separation and redundancies	-	-
Other employee expenses	2,795	-
Subtotal employee expenses other than office holders	<u>1,335,964</u>	<u>4,070</u>
Total employee expenses	<u>1,567,012</u>	<u>4,070</u>

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 4B: Capitation Fees		
Independent Education Union of Australia	80,300	78,191
	<u>80,300</u>	<u>78,191</u>
Note 4C: ACTU Affiliation Fees		
Independent Education Union of Australia	28,297	27,341
	<u>28,297</u>	<u>27,341</u>
Note 4D: Administration expenses		
Bank charges	3,598	108
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances – meeting and conferences	145	-
Conference and meeting expenses	85,901	495
Property expenses	86,590	-
Information communications technology	143,003	-
Office expenses	142,094	-
Unions WA Affiliation expenses	39,372	-
Seminars, training and staff professional learning	13,548	-
Publications and subscriptions	73,992	-
Vehicle expenses	20,030	-
Other	54,811	-
Subtotal administration expenses	<u>663,084</u>	<u>603</u>
Operating lease rentals:		
Photocopier lease	32,356	-
Lease charges paid to Independent Education Union of WA, Union of Employees for use of assets	37,423	-
Total administration expense	<u>732,863</u>	<u>603</u>
Operating lease contracted for but not recognised in the financial statements		
Photocopier lease – minimum lease payments		
- not later than 12 months	24,800	-
- between 12 months and five years	31,000	-
- later than five years	-	-
	<u>58,000</u>	<u>-</u>

The maximum term of the photocopier lease is 41 months from 1 November 2016. The increase in lease commitments may occur if the total volume of prints exceed the agreed volume per the contract.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 4D: Administration expenses (cont'd)

Lease charges paid to Independent Education Union of WA, Union of Employees for use of assets

The Independent Education Union of Australia, WA branch have entered into an arrangement with the independent Education Union of WA, Union of Employees for the use of the motor vehicles and office equipment owned by the latter. There is no end term to the lease, the rates are determined at market rates.

	2017	2016
	\$	\$
Note 4E: Grants or Donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

Note 4F: Depreciation

Depreciation

Motor vehicles	1,301	-
Office equipment	835	-
Total depreciation	2,136	-

Note 4G: Finance costs

Interest expenses	8,253	-
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Note 4H: Legal costs

Litigation	14,910	-
Other legal matters	4,066	-
Total legal costs	18,976	-

Note 4I: Other expenses

Penalties – via RO Act or RO Regulations	360	-
	360	-

Note 5: CURRENT ASSETS

Note 5A: Cash and Cash Equivalents

Cash at bank	224,199	10,608
Term deposit	63,703	-
Total cash and cash equivalents	287,902	10,608

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
Note 5B: Trade and Other Receivables	\$	\$
Receivables from other reporting units		
Independent Education Union of WA, Union of Employees	135,339	-
Total receivables from other reporting units	<u>135,339</u>	<u>-</u>
Less provision for doubtful debts	-	-
Receivables from other reporting units (net)	<u>135,339</u>	<u>-</u>
Note 5B: Trade and Other Receivables (cont'd)		
Other receivables:		
-- GST receivable from the Australian Taxation Office	-	2,457
-- Other receivables	-	(20)
Total other receivables	<u>-</u>	<u>2,437</u>
Total trade and other receivables	<u>135,339</u>	<u>2,437</u>
Note 5C: Other Current Assets		
Prepayments	9,141	-
Total other current assets	<u>9,141</u>	<u>-</u>
Note 6: Non-current Assets		
Note 6A: Plant and equipment		
Motor vehicles		
Cost	17,350	-
Accumulated depreciation	(1,301)	-
Total motor vehicles	<u>16,049</u>	<u>-</u>
Office equipment		
Cost	3,340	-
Accumulated depreciation	(835)	-
Total office equipment	<u>2,505</u>	<u>-</u>
Total plant and equipment	<u>18,554</u>	<u>-</u>

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 6A: Plant and equipment (cont'd)

Reconciliation of Opening and Closing Balances of Plant and Equipment

Movements during the year	2017			2016		
	Motor Vehicles \$	Office equipment \$	Total \$	Motor Vehicles \$	Office equipment \$	Total \$
Balance at the beginning of the year	-	-	-	-	-	-
Additions during the year	17,350	3,340	20,690	-	-	-
Disposals during the year	-	-	-	-	-	-
Depreciation for the year	(1,301)	(835)	(2,136)	-	-	-
Balance at the end of the year	16,049	2,505	18,554	-	-	-

2017 2016
\$ \$

Note 7: Current Liabilities

Note 7A: Trade Payables

Trade creditors and accruals	15,256	-
Payables to other reporting units		
Independent Education Union of WA, Union of Employees	-	594
Total trade payables	15,256	594

Note 7B: Other Payables

Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	-	-
Other legal matters	-	-
GST Payable	12,324	-
PAYG withholding	38,482	584
Other	8,344	-
Total other payables	59,150	584
Total trade and other payables	74,406	1,178

Trade and other payables are unsecured and are generally traded on 30 - 90 days credit terms.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 8: Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	39,900	-
Long service leave	19,587	-
Separation and redundancies	-	-
Other employee provisions	-	-
Subtotal employee provisions – office holders	59,487	-
Employees other than office holders:		
Annual leave	61,513	-
Long service leave	64,502	-
Separation and redundancies	-	-
Other employee provisions	-	-
Subtotal employee provisions – employees other than office holders	126,015	-
Total employee provisions	185,502	-
Current	185,502	-
Non-current	-	-
Total employee provisions	185,502	-
Note 9: Other Specific Disclosures – Funds	-	-

Note 10: Segment Information

The Union operates in one business and one geographic segment. Hence no separate segment information has been provided.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 11: Cash Flow		
Note 11A: Cash Flow Reconciliation		
Reconciliation of profit to net cash from operating activities:		
Profit for the year	179,161	3,335
Adjustments for non-cash items		
Depreciation	2,136	-
Changes in assets/liabilities		
- (Increase)/decrease in trade and other receivables	(9,157)	554
- (Increase)/decrease in membership income received in Union	(135,933)	-
- Increase/(decrease) in trade and other payables	76,275	1,178
- Increase/(decrease) in employee provisions	185,502	-
Net cash generated from/(used by) operating activities	297,984	5,067

Note 11B: Cash flow Information

Cash inflows

Transfers from IEUWA savings to cover capitation fees payment	-	113,540
Other Income	-	-
Total cash inflows	-	113,540

Cash outflows

Capitation fees to IEUA	(80,300)	(78,191)
Australian Council of Trade Union Affiliation fees & levy	(28,297)	(27,341)
Total cash outflows	(108,597)	(105,532)

Note 12: Related Party Disclosures

The Independent Education Union of WA, Union of Employees is a trade union which represents the industrial interests of the career private industry teachers and other education staff employed within the state of Western Australia. The Union is a trade union which is incorporated and domiciled in Australia. Previously the Independent Education Union of WA, Union of Employees provided financial and other resource support. On 1 January 2017 operations transferred to the IEU WA Branch. Following a transition period during which the financial and bank arrangements were set in place, the Branch has been self-reliant and funded and does not require financial support from the Independent Education Union of WA, Union of Employees.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 12A: Related Party Transactions for the Period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	2017	2016
	\$	\$
Revenue received from the following:		
– Independent Education Union of WA (Union of Employees)	-	113,540
	-	113,540
Expenses paid by the following:		
Independent Education Union of Australia	(80,300)	(78,191)
Australian Council of Trade Unions	(28,297)	(27,341)
	(108,597)	(105,532)
Amounts generated by the following:		
Membership fees received by the Independent Education Union of WA (Union of Employees)	1,028,824	-
	1,028,824	-
Amounts transferred from the following:		
– Independent Education Union of WA (Union of Employees)	893,485	-
	893,485	-
Amounts owed by the following:		
– Independent Education Union of WA (Union of Employees)	135,339	-
	135,339	-

The terms of the amounts owed and transferred from the related party are as per Note 12 above. There have been no guarantees required or provided by the Branch for any of the amounts owed or transferred from the related party.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 12B: Key Management Personnel Remuneration for the Reporting Period

	2017	2016
	\$	\$
Short-term employee benefits		
Salary	188,223	-
Annual leave accrued	29,339	-
Performance bonus	-	-
Total short-term employee benefits	<u>217,562</u>	-
Post-employment benefits:		
Superannuation	28,271	-
Total post-employment benefits	<u>28,271</u>	-
Other long-term benefits:		
Long-service leave	16,529	-
Total other long-term benefits	<u>16,529</u>	-
Termination benefits	-	-
Share based payments	-	-
Total	<u>262,362</u>	-

There was no remuneration paid from the Independent Education Union of Australia, WA Branch for the 2016 financial year.

Note 13: Commitments and Contingencies

Capital commitments

As at 31 December 2017 the Union has no material commitments or contingencies.

Note 14: Remuneration of Auditors

Value of the services provided

- Financial statement audit services	10,984	-
- Other services	-	-
Total remuneration of auditors	<u>10,984</u>	-

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

Note 15: Events after the reporting period

There were no events that occurred after 31 December 2017, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Branch.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 16: Financial Risk Management

The Union's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	287,902	10,608
Trade and other receivables	135,339	2,437
Total financial assets	423,241	13,045
Financial liabilities		
Trade and other payables	74,406	1,178
Total financial liabilities	74,406	1,178

The Committee's overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for the operations. The Union does not have any derivative instruments at 31 December 2017.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Committee's objectives, policies and processes for managing or measuring the risks from the previous period.

(i) Credit risk

The Union is exposed to credit risk on account of (a) default by individual members to pay their maximum membership fee; and (b) default by tenants to pay for the rent charges.

The Union's maximum exposure to credit risk is the carrying amount of trade and other receivable at reporting date.

The credit risk is managed by ensuring that (a) membership dues are deducted by the employers as part of the payroll processing; and (b) rental dues are invoiced in advance prior to occupancy.

The Union does not monitor the credit risks in relation to cash and cash equivalent, which are transacted through creditworthy financial institutions. The management believes that these institutions are being subject to strict prudential norms imposed by Legislation, Reserve Bank and other regulatory authorities.

(ii) Liquidity risk

Liquidity risk is the risk that the Union will encounter difficulties in meeting the contractual obligations of its financial liabilities (principally due to shortage of funds).

Liquidity risk is kept continually under review and managed to ensure that cleared funds are held to meet the obligations on the respective due dates.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 16: Financial Risk Management (cont'd)

Specific Financial Risk Exposures and Management

(ii) Liquidity risk

Liquidity risk is managed through:

- (a) Monitoring short term forecasted in-flows and the committed cash outflows of financial stabilities;
- (b) Monitoring the unused withdrawal facilities with banks.

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	74,406	1,178	-	-	-	-	74,406	1,178
Total expected outflows	74,406	1,178	-	-	-	-	74,406	1,178
Financial Assets — cash flows realisable								
Cash and cash equivalents	287,902	10,608	-	-	-	-	287,902	10,608
Trade and other receivables	135,339	2,437	-	-	-	-	135,339	2,437
Total anticipated inflows	423,241	13,045	-	-	-	-	423,241	13,045
Net (outflow)/inflow on financial instruments	348,835	11,867	-	-	-	-	348,835	11,867

(iii) Market risk

(a) *Interest rate risk*

Interest rate risk is the risk that the fair values and cash-flows of Union's financial instruments will be affected by changes in the market interest rates.

The management of the Union believes that the risk of interest rate movement would not have material impact on Union's operations.

(b) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

Sensitivity analysis

The following table illustrates sensitivities to the Union's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 16: Financial Risk Management (cont'd)

Specific Financial Risk Exposures and Management

Sensitivity analysis

These sensitivities assume that the movement in a particular variable is independent of other variables

	Profit	Equity
	\$	\$
Year ended 31 December 2017		
+/-1% in interest rates	-	-
Year ended 31 December 2016		
+/-1% in interest rates	-	-

No sensitivity analysis has been performed on foreign exchange risk as the Union has no material exposures to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments, which are carried at amortised cost (ie accounts receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Union.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 16: Financial Risk Management (Continued)

	Note	2017		2016	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	287,902	287,902	10,608	10,608
Trade and other receivables	(i)	135,339	135,339	2,437	2,437
Total financial assets		423,241	423,241	13,045	13,045
Financial liabilities					
Trade and other payables	(i)	74,406	74,406	1,178	1,178
Total financial liabilities		74,406	74,406	1,178	1,178

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for annual leave, which is outside the scope of AASB 139.

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

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

Information to be provided to members or the Commissioner of Fair Work Australia:

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

Opinion

We have audited the accompanying financial report of Independent Education Union of Australia WA branch ("the Union") which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes, the designated officer's certificate, operating report and the committee of management statement.

In our opinion:

- (1) The financial report of Independent Education Union of Australia WA Branch has been prepared in accordance with the *Fair Work (Registered Organisations) Act 2009 (Commonwealth)*, including:
 - (i) giving a true and fair view of the union's financial position as at 31 December 2017 and of its financial performance and cash flows for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the International Financial Reporting Standards as disclosed in Note 2.
- (2) The Union has kept satisfactory accounting records for the financial year including records of:
 - a. the sources and nature of the Union's income, including membership subscriptions and other income from members; and
 - b. the nature of and reasons for the Union's expenditure.
- (3) All the information and explanations that officers or employees of the Union were required to provide have been provided;
- (4) There was no deficiency, failure or shortcoming in any matter referred to in (1) to (3) above; and
- (5) Management's use of the going concern basis of accounting in the preparation of the Union's financial statements is appropriate.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free of material misstatement. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the Union in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



Committee's responsibility for the financial report

The committee of the Union is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Fair Work (Registered Organisations) Act 2009* and for such internal control as the committee determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the committee also state, in accordance with Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisations) Act 2009*.

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

Auditor's Responsibility

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

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

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 union's preparation of the financial report that gives a true and fair view 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 union's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Committee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Committee, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Anderson Munro + Wyllie

ANDERSON MUNRO & WYLLIE

Chartered Accountants

Address: Unit 8, 210 Winton Road, Joondalup, Western Australia

MARTIN SHONE

Principal & Registered Company Auditor

Dated at Perth, Western Australia this 31st day of July 2018



Australian Government
Registered Organisations Commission

6 June 2018

Ms Angela Briant
Secretary
Independent Education Union of Australia, Western Australian Branch

By e-mail: industrial@ieuwa.asn.au

Dear Ms Briant

**Independent Education Union of Australia, Western Australian Branch
Financial Report for the year ended 31 December 2017 - FR2017/303**

I acknowledge receipt of the financial report for the year ended 31 December 2017 for the Independent Education Union of Australia, Western Australian Branch (IEU-WA). The financial report was lodged with the Registered Organisations Commission (ROC) on 31 May 2018.

The financial report has not been filed. I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The General Purpose Financial Report (GPFR), Designated Officer's Certificate and Committee of Management Statement will require amendments. The amended reports will need to be provided to members, presented to a Committee of Management meeting, republished on the IEU-WA website and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 4th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

1. Designated Officer's Certificate

Two Designated Officer's Certificates Submitted

The IEU-WA has incorrectly submitted two 'Designated Officer's Certificates' to the ROC. The second version dated 31 May 2018 has been used to assess compliance against s. 268 of the *Fair Work (Registered Organisations) Act 2009*.

To avoid confusion please ensure that only one Designated Officer's Certificate is included.

2. Timescale requirements

As you are aware, an organisation is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timelines can be found on the ROC website. In particular, I draw your attention to the fact sheet titled *Financial reporting process* which explains the timeline requirements, and the fact sheet titled *Summary of financial reporting timelines* which sets out the timelines in diagrammatical format.

I note that the following timescale requirements were not met:

Auditor's Statement must be signed before full report provided to members

The Designated Officer's Certificate states that the full report was provided to members on 2 May 2018. However the Auditor's Statement was signed on 4 May 2018. If the date on the Auditor's Statement is correct, it would appear that either the Auditor's Statement was not provided to members or that an unsigned report was provided. It is therefore necessary for the Branch to re-circulate the full report to members, including the signed version of the Auditor's Statement and represent to a Committee of Management meeting. When this has taken place a fresh Designated Officer's Certificate and the full report need to be lodged with the ROC within 14 days of the meeting.

Auditor's Statement must be signed before presentation to CoM meeting

The Designated Officer's Certificate states that the full report was presented to a Committee of Management meeting on 2 May 2018. However, the Auditor's Statement was not signed until 4 May 2018.

If the date on the Designated Officer's Certificate is correct, it would appear that the financial report was presented to the Committee of Management meeting before it was audited. It is therefore necessary for the Branch to represent the financial report, including the signed version of the Auditor's Statement, to a Committee of Management meeting. Once this has taken place a fresh Designated Officer's Certificate and the full report need to be lodged with the ROC within 14 days of the meeting.

Documents must be lodged with ROC within 14 days of General Meeting

Section 268 of the RO Act, states that the full report and the Designated Officer's Certificate are required to be lodged with the Registered Organisations Commission (ROC) within 14 days of the Committee of Management meeting. The Designated Officer's Certificate indicates that this meeting occurred on 2 May 2018. If this is correct the full report should have been lodged with the ROC by 16 May 2018.

The full report was lodged on 31 May 2018.

3. Committee of Management Statement

Reference to s.272 & s.273

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to Commissioner of the ROC instead of the General Manager, Fair Work Commission. Section 273 continues to refer to the Fair Work Commission (FWC).

The IEU-WA Committee of Management statement, at reference 2 and 5e (twice) refers to the 'General Manager'. Please amend these three instances to the 'Commissioner' and resubmit to the ROC.

4. General Purpose Financial Report (GPFR)

Disclosure of accounting policies

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 117 states:

An entity shall disclose in the summary of significant accounting policies:

- (a) the measurement basis (or bases) used in preparing the financial statements; and
- (b) the other accounting policies used that are relevant to an understanding of the financial statements.

Employee entitlements are considered to be a significant item for the IEU-WA. Therefore, in accordance with AASB 101, the accounting policy in respect to employee entitlements should be reflected in Note 2 'Summary of Significant Accounting Policies'.

Key management personnel

Australian Accounting Standard *AASB 124 Related Party Disclosures* paragraph 17 requires the General Purpose Financial Report to disclose within the notes compensation paid to key management personnel.

This includes the total amount of compensation paid to all key management personnel, and then totals for each of the following categories:

- Short term employee benefits
- Post-employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definitions for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

Leases

Note 4D to the GPFR discloses operating lease payments totalling \$69,799. *AASB117 Leases* paragraph 35 requires specific disclosures in relation to these leases. This information has not been provided.

Please amend accordingly.

Future Australian Accounting Standards

Australian Accounting Standard *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* paragraph 30 requires that the entity disclose Australian Accounting Standards issued but not yet effective with an assessment of the future impact on the entity.

At a minimum, new accounting standards *AASB 9 Financial Instruments* and *AASB 16 Leases* should be disclosed at Note 2(o) to the GPFR.

Please amend accordingly.

Disclosure of employee expenses to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the Statement of Comprehensive Income or in the notes to the financial statements employee expenses to holders of office (item 16(f)) and employee expenses to other employees (item 16(g)). Item 16(f) and 16(g) of the reporting guidelines also requires these expenses to be separately disclosed as follows:

- Wages and salaries;
- Superannuation;
- Leave and other entitlements;
- Separation and redundancies; and
- Other employee expenses.

Note 4A to the GPFR has disclosed wages and salaries, superannuation, leave and other entitlements and other employee expenses separately for officer holders and employees, but does not separately disclose separation and redundancies provided for officers and employees.

The Reporting Guidelines require that all employee and office holder expenses be detailed separately (refer to items 16(f) and 16(g)).

Please note that Reporting Guideline 17 states that if the activities identified in item 16 have not occurred in the reporting period, a statement of this effect must be included in the GPFR.

Disclosure of employee provisions to office holders and other employees

The Reporting Guidelines also require either the Statement of Financial Position or the notes to disclose any liability for employee benefits in respect of office holders and other employees (items 20(c) and 20 (d)). Item 20(c) and 20(d) of the reporting guidelines also requires these provisions to be separately disclosed as follows:

- Annual leave;
- Long service leave;
- Separation and redundancies; and
- Other employee provisions.

Note 8 to the GPFR has disclosed annual leave and long service leave separately for office holders and employees, but does not separately disclose separation and redundancies and other employee provisions provided for officers and employees.

The Reporting Guidelines require that all employee and office holder provisions be detailed separately (refer to items 20(c) and 20(d)).

Please note that Reporting Guideline 21 states that if the activities identified in item 20 have not occurred in the reporting period, a statement of this effect must be included in the GPFR.

Property, plant and equipment reconciliation

Australian Accounting Standard *AASB 116 Property, Plant and Equipment* paragraph 73(e) requires a reconciliation of the carry amount at the beginning and end of the period for each class of property, plant and equipment.

While Note 6A provides the opening and closing balance of motor vehicles and office equipment information relating to additions/disposals/revaluation/other changes has not been provided.

Please amend accordingly.

Notice setting out sections 272(1), (2) & (3)

The notice described in Note 17 to the IEU-WA GPFR is not the current wording required by section 272(5) of the *Fair Work (Registered Organisations) Act 2016*.

The correct wording is as follows:

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

Please amend accordingly.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully



KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission