



Australian Government
Registered Organisations Commission

12 June 2018

Mr John Quessy
Secretary

Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch

By e-mail: ieu@ieu.asn.au

Dear Mr Quessy

Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch

Financial Report for the year ended 31 December 2017 - FR2017/351

I acknowledge receipt of the financial report for the year ended 31 December 2017 for the Independent Education Union of Australia, New South Wales/Australian Capital Territory Branch (IEU-NSW). The financial report was lodged with the Registered Organisations Commission (ROC) on 4 June 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.

1. 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. However, section 273 continues to refer to the Fair Work Commission (FWC).

The IEU-NSW Committee of Management statement, at reference (e)(vi), refers to the 'Registered Organisations Commission'. In future, please ensure that this reference is to the 'Fair Work Commission'.

2. General Purpose Financial Report (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.

The employee provisions note to the financial statements 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.

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

FINANCIAL STATEMENTS
for the year ended 31 December 2017

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SUTHERLAND & COMPANY

Chartered Accountants
A.B.N. 47 783 046 638
ESTABLISHED 1957

1/4 Railway Parade
BURWOOD NSW 2134
Tel: (02) 9747 2055
Fax: (02) 9744 6929
Mobile: 0409 989 244
Email: dougsuth@tpg.com.au

ALL CORRESPONDENCE TO:
P.O.BOX 423
BURWOOD NSW 1805

Independent Audit Report

To the members of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch.

Report on the Financial Report

I have audited the financial report of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2017, notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) 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).

I declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting Unit in accordance with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

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

Responsibilities of Committee of Management for the Financial Report

The Committee of Management and the Secretary of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 my 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

I declare that I am an approved auditor, as provided in the Fair Work (Registered Organisations) Act 2009 and is a Fellow of The Institute of Chartered Accountants in Australia and New Zealand with a current Public Practice Certificate.

Sutherland and Company, Chartered Accountants



D W Sutherland, AM JP BA - Economic & Financial Studies FCA
Registered Company Auditor 3835
Registered Fair Work Auditor AA2017/57
Address: Suite 1, 4 Railway Parade, Burwood, NSW, 2134
Dated: 9 April 2018

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**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**
s.268 *Fair Work (Registered Organisations) Act 2009*

Certificate By Prescribed Designated Officer

Certificate for the year ended 31 December 2017

I, John Quessy, being the Secretary of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch certify:

- that the documents lodged herewith are copies of the full report for the Independent Education Union of Australia New South Wales/Australian Capital Territory for the period 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 3 May 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 25 May 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer:

John Quessy

Title of prescribed designated officer:

Secretary

Dated:

25.5.18.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Operating Report

for the year ended 31 December 2017

The Branch Executive (Committee of Management) of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch presents its report for the year ended 31 December 2017.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year:

The principal activity of the Branch during the year was that of a branch of a registered union of employees. Those activities included, but were not limited to:

- The provision of services to members;
- The representation of members before Fair Work Australia on award matters and
- The provision of support for the Federal Union agenda in education, equity and industrial issues.

The Branch's principal activities resulted in:

- Maintenance and improvement of wages and conditions of employment for our members, especially those covered by collective bargaining agreements negotiated by
- Growth of our solid membership base in New South Wales/Australian Capital Territory, demonstrating member satisfaction of the support and advice currently provided to

There were no significant changes to the nature of the Branch's activities during the year.

Significant changes in financial affairs

As part of an operational change, all staff of New South Wales Independent Education Union were administratively transferred to the Branch effective 4 January 2016 and the Branch assumed responsibility for all expenses in relation to providing services to members and for collecting membership subscription revenue as from 1 July 2016. The New South Wales Independent Education Union would engage the Branch to provide staff support as and when required and subject to a service agreement.

Right of members to resign

In accordance with Rule 21 of the Independent Education Union of Australia, a member may resign from membership by written notice addressed and delivered to the Secretary.

Officers and employees who are superannuation fund trustees or are directors of a company that is a superannuation fund trustee are:

John Quessy	Secretary	Alternate Director of NGS Super Pty Ltd
Gloria Taylor	Deputy Secretary	Director of NGS Super Pty Ltd
Chris Wilkinson	President	Director of NGS Super Pty Ltd

The criterion for being a trustee or director is that officer or employee is an officer or employee of the Branch.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Number of members

The number of members recorded at the end of the financial year was 31,859.

Number of employees

The number of employees (on a full time equivalent basis) at the end of the financial year was 63.

Names of committee of management members and the periods held during the financial year

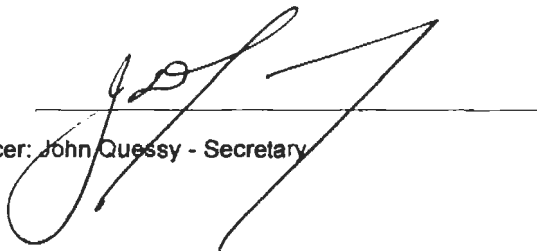
The following persons held positions on the Committee of Management during the reporting period.

John Quessy	Secretary	Full year
Gloria Taylor	Deputy Secretary	Full year
Carol Matthews	Assistant Secretary	Full year
Mark Northam	Assistant Secretary	Full year
Chris Wilkinson	President	Full year
Louise Glase	Vice President Non-Systemic	Full year
Bernadette Baker	Vice President Systemic	Full year
Gabrielle Connell	Vice President Early Childhood	Full year
Carolyn Collins	Vice President Support Staff	Full year
Leah Godfrey	Vice President ACT	Full year
Marie MacTavish	Financial Officer	Full year
Peter Moore	Financial Officer	Full year
Helen Templeton	General Executive Member	Full year
Denise McHugh	General Executive Member	Full year
Patricia Murnane	General Executive Member	Full year
John O'Neill	General Executive Member	Full year
Jeff Pratt	General Executive Member	Full year
James Jenkins – Flint	General Executive Member	Jan - Mar
Tina Ruelo	General Executive Member	Full year
Caroline McCaffrie	General Executive Member	Full year
Ross Conlon	General Executive Member	Full year
Suzanne Penson	General Executive Member	Full year
Simon Goss	General Executive Member	Oct-Dec

Signature of designated officer:

Name and title of designated officer: John Quessy - Secretary

Dated: 6 April 2018



**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Committee of Management Statement

for the year ended 31 December 2017

On 6th April 2018 the Committee of Management (Branch Executive) of the Independent Education Union of Australia New South Wales/Australian Capital Territory Branch (the "IEUA NSW/ACT Branch") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2017:

The IEUA NSW/ACT Branch declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations 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 Committee of Management.

Signature of designated officer: _____

Name and title of designated officer: John Quessy - Secretary

Dated: 6 April 2018

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	<u>2017</u> \$	<u>2016</u> \$
Revenue			
Membership subscription / Capitation fees*	3A	13,923,625	5,909,381
Levies	3B	-	-
Interest	3C	2,190	422
Rental Revenue	3D	-	
Other revenue	3F	567,426	5,408,001
Total revenue		<u>14,493,241</u>	<u>11,317,804</u>
Other Income			
Grants and/or donations	3E	-	-
Insurance Recoveries		25,537	-
Total other income		<u>25,537</u>	<u>-</u>
Total Income		<u>14,518,778</u>	<u>11,317,804</u>
Expenses			
Employee expenses	4A	8,998,006	9,016,529
Capitation fees	4B	472,703	474,422
Affiliation fees	4C	274,252	227,279
Administration expenses	4D	1,981,090	1,140,808
Grants or donations	4E	4,236	2,000
Finance costs	4F	46,630	14,315
Legal costs	4G	221,945	123,790
Audit fees	11	34,963	3,600
Other expenses	4H	982,816	437,464
Total expenses		<u>13,016,642</u>	<u>11,440,206</u>
Surplus/ (deficit) for the year		<u>1,502,135</u>	<u>(122,403)</u>
Other Comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>1,502,135</u>	<u>(122,403)</u>

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

*As required by the Reporting Guidelines. Item to remain even if 'nil'

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Statement of Financial Position

as at 31 December 2017

	NOTES	<u>2017</u>	<u>2016</u>
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	5,263,975	1,260,335
Trade and other receivables	5B	127,225	3,097,994
Other current assets	5C	113,176	33,719
Total Current Assets		<u>5,504,376</u>	<u>4,392,048</u>
Non-Current Assets			
Total Non-current Assets		<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>5,504,376</u>	<u>4,392,048</u>
LIABILITIES			
Current Liabilities			
Trade payables	6A	432,616	694,774
Other Payables	6B	564,733	674,572
Employee Provisions	7	1,121,186	1,170,246
Total Current Liabilities		<u>2,118,535</u>	<u>2,539,592</u>
Non-Current Liabilities			
Employee Provisions	7	1,994,966	1,963,718
Other non-current liabilities		-	-
Total Non-current Liabilities		<u>1,994,966</u>	<u>1,963,718</u>
TOTAL LIABILITIES		<u>4,113,501</u>	<u>4,503,309</u>
NET ASSETS		<u>1,390,875</u>	<u>(111,261)</u>
EQUITY			
Retained Earnings(Accumulated Deficit)		<u>1,390,875</u>	<u>(111,261)</u>
TOTAL EQUITY		<u>1,390,875</u>	<u>(111,261)</u>

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Statement of Changes in Equity
for the year ended 31 December 2017

	Notes	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2016		-	11,142	11,142
Surplus / (deficit)		-	(122,403)	(122,403)
Other comprehensive income		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 31 December 2016		-	(111,261)	(111,261)
Surplus / (deficit)		-	1,502,135	1,502,135
Other comprehensive income		-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 31 December 2017		-	1,390,875	1,390,875

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

Statement of Cash Flows

for the year ended 31 December 2017

	Notes	2017 \$	2016 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units/controlled entity(s)	8B	3,134,850	5,232,667
Receipts from membership subscription	3A	13,815,565	-
Interest		2,190	422
Other		341,022	6,084,716
		<u>17,293,627</u>	<u>11,317,804</u>
Cash used			
Employees		(9,032,715)	(8,590,074)
Suppliers		(2,156,876)	(772,294)
Payment to other reporting units/controlled entity(s)	8B	(746,956)	(706,243)
Other		(1,255,694)	-
Net cash from (used by) operating activities		<u>4,101,388</u>	<u>1,249,193</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of land and buildings		-	-
Other		-	-
Cash used			
Purchase of plant and equipment		-	-
Purchase of land and buildings		-	-
Other		-	-
Net cash from (used by) investing activities		<u>-</u>	<u>-</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		(97,748)	-
Net cash from (used by) financing activities		<u>(97,748)</u>	<u>-</u>
Net increase (decrease) in cash held		<u>4,003,640</u>	<u>1,249,193</u>
Cash & cash equivalents at the beginning of the reporting period		1,260,335	11,142
Cash & cash equivalents at the end of the reporting period	5A	<u>5,263,975</u>	<u>1,260,335</u>

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

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for the year ended 31 December 2017

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INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

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 Independent Education Union of Australia New South Wales/Australian Capital Territory 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 at 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 Comparative Amounts

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

1.3 Significant accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Accounting Estimates and Assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities

(b) Critical Judgements in applying the Branch's Accounting Principles

There are no critical judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.4 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.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT BRANCH include:

AASB 15 Revenue from Contracts with Customers

This standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of goods or services is transferred rather than on transfer of risks and rewards as is currently the case under AASB118: Revenue.

Application date of standard: For financial years commencing after 1 January 2018.

Impact on financial report: The Branch is yet to assess its full impact.

AASB 16 Leases

This standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It requires the entity to bring most leases onto its balance sheet in a similar way to how existing leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use of the asset in its balance sheet. There are some exemptions such as leases with a period of 12 months or less and low value leases are exempted.

Application date of standard: For financial years commencing after 1 January 2019

Impact on financial report: The Branch is yet to assess its full impact.

AASB 110 Events after the Reporting Period

This standard prescribes when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period.

Application date of standard: For financial years commencing after 1 January 2018.

Impact on financial report: The Branch is yet to assess its full impact.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.5 Revenue

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

Revenue from subscriptions is accounted for on an accrual basis, but only receipted subscriptions are recorded in the financial year due to the uncertainty of collectability of unpaid subscriptions at balance date.

Donation income is recognised when it is received. Interest revenue is recognised as 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

1.6 Affiliations, Capitation Fees and Levies

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

1.7 Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave 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) which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability

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

1.8 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.8 Leases (continued)

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.

1.9 Borrowing costs

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

1.10 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 4 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 statement of financial position.

1.11 Financial Instruments

Financial assets and financial liabilities are recognised when the INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT 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.

1.12 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.12 Financial assets (continued)

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.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.12 Financial assets (continued)

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

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.

Derecognition of financial assets

The reporting unit 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. 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.13 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 re-measurement 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.14 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.

1.15 Taxation

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT 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 statement of cash flows 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.

1.16 Fair value measurement

The INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT 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 INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT BRANCH. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

INDEPENDENT EDUCATION UNION OF AUSTRALIA NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH

1.16 Fair value measurement (continued)

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 INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT BRANCH uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT 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 INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT 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.

1.17 Going concern

These financial statements have been prepared on a going concern basis.

The INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT BRANCH is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

The INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT BRANCH has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of The INDEPENDENT EDUCATION UNION OF AUSTRALIA NSW/ACT BRANCH.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 3 Income		
Note 3A: Membership subscription / Capitation fees*		
As disclosed in Note 10A, as part of an operational change during the year 2016, the membership fees became payable to the IEUA NSW/ACT Branch as from 1 July 2016. Prior to this the membership fees were payable to the NSW IEU.		
Membership fees-Payroll deduction	9,411,121	4,667,197
Membership fees-Non payroll deduction	4,512,504	1,242,184
Capitation fees	-	-
Total Membership subscription / Capitation fees	<u><u>13,923,625</u></u>	<u><u>5,909,381</u></u>
Note 3B: Levies*		
	-	-
Total levies	<u><u>-</u></u>	<u><u>-</u></u>
Note 3C: Interest		
Deposits	2,190	422
Loans	-	-
Total Interest	<u><u>2,190</u></u>	<u><u>422</u></u>
Note 3D: Rental Revenue		
Properties	-	-
Other	-	-
Total rental revenue	<u><u>-</u></u>	<u><u>-</u></u>
Note 3E: Grants or Donations*		
Grants	-	-
Donations	-	-
Total grants or donations	<u><u>-</u></u>	<u><u>-</u></u>
Note 3F: Other Revenue		
Service Fee Received	-	5,232,667
Publications/ Subscriptions	195,788	65,176
Advertising	184,969	10,601
Seminars & Conferences	48,470	22,832
Private Cars Use Reimbursement	11,101	1,289
Sitting Fees	100,359	53,610
Other Income	26,739	21,826
Total other revenue	<u><u>567,426</u></u>	<u><u>5,408,001</u></u>

*As required by the Reporting Guidelines. Item to remain even if 'nil'.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
 Holders of office:		
Wages and salaries	1,557,096	1,857,431
Superannuation	242,697	372,771
Leave and other entitlements	292,617	(10,238)
Separation and redundancies	-	-
Other employee expenses	152,538	112,345
Subtotal employee expenses holders of office	<u><u>2,244,948</u></u>	<u><u>2,332,309</u></u>
 Employees other than office holders:		
Wages and salaries	4,790,148	5,555,880
Superannuation	675,819	557,688
Leave and other entitlements	879,446	204,540
Separation and redundancies	63,672	22,159
Other employee expenses	343,973	343,953
Subtotal employee expenses employees other than office holders	<u><u>6,753,058</u></u>	<u><u>6,684,220</u></u>
Total employee expenses	<u><u>8,998,006</u></u>	<u><u>9,016,529</u></u>
Note 4B: Capitation fees*		
Independent Education Union of Australia	472,703	474,422
Total capitation fees	<u><u>472,703</u></u>	<u><u>474,422</u></u>
Note 4C: Affiliation fees*		
Independent Education Union of Australia	166,579	165,889
Union NSW	77,501	38,044
Welfare Right Centre	13,838	13,838
Union ACT	11,715	8,753
Newcastle Trade Hall Council	3,058	755
Workers Health Centre	1,561	-
Total affiliation fees/subscriptions	<u><u>274,252</u></u>	<u><u>227,279</u></u>

*As required by the Reporting Guidelines. Item to remain even if 'nil'

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	85,911	21,576
Compulsory levies:		
- Australian Council of Trade Unions - IR Levy	-	4,542
Fees/allowances - meeting and conferences	420,857	264,043
Conference and meeting expenses	366,911	196,187
Contractors/consultants	-	29,843
Property expenses	279,681	112,540
Office expenses	269,110	149,443
Information communications technology	381,946	165,047
Other	125,555	178,189
Subtotal administration expenses	<u>1,929,971</u>	<u>1,121,410</u>
Operating lease rentals:		
Minimum lease payments	51,118	19,398
Total administration expenses	<u>1,981,090</u>	<u>1,140,808</u>
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	4,236	2,000
Total paid that exceeded \$1,000	-	-
Total grants or donations	<u>4,236</u>	<u>2,000</u>
Note 4F: Finance costs		
Bank & Credit Card Charges	46,558	14,222
Interest paid	72	93
Total finance costs	<u>46,630</u>	<u>14,315</u>
Note 4G: Legal costs		
Litigation	176,738	123,534
Other legal matters	45,207	256
Total legal costs	<u>221,945</u>	<u>123,790</u>

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 4H: Other expenses		
Penalties - via RO Act or RO Regulations	-	-
Branch Expenditure	102,974	60,693
Seminars / Conferences	147,025	95,504
Campaign Costs/Fighting Fund	57,854	6,930
Union Training Courses & Other Services	91,156	25,646
Teacher Exchange & Member Benefits	11,359	768
Journal and Publication Costs	507,194	234,140
Other expenses	65,255	13,783
Total other expenses	<u>982,816</u>	<u>437,464</u>

Note 5 Current Assets

Note 5A: Cash and Cash Equivalents

Cash at bank	5,262,275	1,258,635
Cash on hand	1,700	1,700
Total cash and cash equivalents	<u>5,263,975</u>	<u>1,260,335</u>

Note 5B: Trade and Other Receivables

Receivables from other reporting unit[s]**

NSW Independent Education Union	-	2,964,493
Independent Education Union of Australia	270	-
Total receivables from other reporting unit[s]	<u>270</u>	<u>2,964,493</u>

Less provision for doubtful debts	<u>-</u>	<u>-</u>
Total provision for doubtful debts	<u>-</u>	<u>-</u>
Receivable from other reporting unit[s] (net)	<u>-</u>	<u>-</u>

Other receivables:

GST receivable from the Australian Taxation Office	120,731	122,170
Other trade receivables	6,225	11,331
Total other receivables	<u>126,955</u>	<u>133,501</u>
Total trade and other receivables (net)	<u>127,225</u>	<u>3,097,994</u>

**The NSW IEU transferred all its employees to the IEUA NSW/ACT Branch on 1 January 2016. As part of this IEUA NSW/ACT Branch assumed the whole of the NSW IEU employee entitlements liability accrued to the date of the transfer for a consideration of \$2,939,663. This was paid by the NSW Independent Education Union during the year 2017.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 5C: Other Current Assets		
Prepayment	22,521	14,549
FBT instalment	90,655	19,170
Total other current assets	<u><u>113,176</u></u>	<u><u>33,719</u></u>
Note 6 Current Liabilities		
Note 6A: Trade payables		
Trade creditors and accruals	428,931	654,531
Operating lease rentals	-	4,335
Subtotal trade creditors	<u><u>428,931</u></u>	<u><u>658,866</u></u>
Payables to other reporting unit[s]		
Independent Education Union of Australia	3,684	35,908
Subtotal payables to other reporting unit[s]	<u><u>3,684</u></u>	<u><u>35,908</u></u>
Total trade payables	<u><u>432,616</u></u>	<u><u>694,774</u></u>
Settlement is usually made within 30 days.		
Note 6B: Other payables		
Wages and salaries	-	-
Superannuation	-	-
Consideration to employers for payroll deductions*	-	-
FBT	52,382	57,188
Legal costs*	-	-
- Litigation	-	-
- Other legal matters	-	-
Prepayments received/unearned revenue	173,910	282,006
GST payable	338,441	329,997
Paid Parental Leave Payable	-	5,381
Total other payables	<u><u>564,733</u></u>	<u><u>674,572</u></u>
Total other payables are expected to be settled in:		
No more than 12 months	564,733	674,572
More than 12 months	-	-
Total other payables	<u><u>564,733</u></u>	<u><u>674,572</u></u>

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 7 Provisions		
Note 7A: Employee Provisions		
Office Holders:		
Annual leave	436,830	449,254
Long service leave	868,456	829,666
<i>Subtotal employee provisions – office holders</i>	<u>1,305,286</u>	<u>1,278,920</u>
Employees other than office holders:		
Annual leave	684,356	720,992
Long service leave	1,126,511	1,134,052
Other	-	-
<i>Subtotal employee provisions – employees other than office holders</i>	<u>1,810,867</u>	<u>1,855,043</u>
Total employee provisions	<u>3,116,153</u>	<u>3,133,963</u>
Current	1,121,186	1,170,246
Non Current	1,994,966	1,963,718
<i>Total employee provisions</i>	<u>3,116,153</u>	<u>3,133,963</u>

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
NEW SOUTH WALES/AUSTRALIAN CAPITAL TERRITORY BRANCH**

	2017	2016
	\$	\$
Note 8 Cash Flow		
Note 8A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	5,263,975	1,260,335
Balance sheet	<u>5,263,975</u>	<u>1,260,335</u>
Difference	<u>-</u>	<u>-</u>
Reconciliation of surplus/(deficit) to net cash from operating activities:		
Surplus/(deficit) for the year	1,502,135	(122,403)
Adjustments for non-cash items		
Depreciation/amortisation	-	-
Net write-down of non-financial assets	-	-
Fair value movements in investment property	-	-
Gain on disposal of assets	-	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	2,897,857	(3,097,995)
(Increase)/decrease in prepayments	(7,984)	(33,719)
Increase/(decrease) in supplier payables	(230,671)	694,774
Increase/(decrease) in other payables	(31,952)	674,572
Increase/(decrease) in employee provisions	<u>(27,998)</u>	<u>3,133,963</u>
Net cash from (used by) operating activities	<u>4,101,388</u>	<u>1,249,193</u>
Note 8B: Cash flow information		
Cash inflows		
Independent Education Union of Australia	-	5,232,667
NSW Independent Education Union **	2,939,663	
Independent Education Union QLD/NT Branch	100,822	-
Independent Education Union VIC/TAS Branch	93,213	-
Independent Education Union WA Branch	779	-
Independent Education Union SA Branch	<u>374</u>	<u>-</u>
Receipts from other reporting units/controlled entity(s)	<u>3,134,850</u>	<u>5,232,667</u>
Cash outflows		
Independent Education Union of Australia	639,282	640,311
Union NSW	77,501	38,044
Welfare Right Centre	13,838	13,838
Union ACT	11,715	8,753
Newcastle Trade Hall Council	3,058	756
- Australia Council of Trade Unions - IR Levy	-	4,542
Workers Health Centre	1,561	-
Payment to other reporting units/controlled entity(s)	<u>746,956</u>	<u>706,243</u>

**The NSW IEU transferred all its employees to the IEUA NSW/ACT Branch on 1 January 2016. As part of this IEUA NSW/ACT Branch assumed the whole of the NSW IEU employee entitlements liability accrued to the date of the transfer for a consideration of \$2,939,663.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
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2017 **2016**
\$ **\$**

Note 9 Contingent Liabilities, Assets and Commitments

Note 9A: Operating lease commitments—as lessee

- a) 7 Fuji Xerox photocopying machines from BOQ Equipment Finance Limited will expire in August 2019. The average remaining term on the lease is 20 months.

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

Within one year	38,400	38,400
After one year but not more than five years	25,600	64,000
More than five years	-	-
	64,000	102,400

- b) 4 HP printers from SE Rental Pty Ltd will expire in March 2018. The average remaining term on the lease is 3 months.

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

Within one year	1,723	6,264
After one year but not more than five years	-	1,566
More than five years	-	-
	1,723	7,830

- c) 1 Konica Minolta copier from Macquarie Rentals will expire in October 2020. The average remaining term on the lease is 34 months.

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

Within one year	2,544	2,544
After one year but not more than five years	4,664	7,208
More than five years	-	-
	7,208	9,752

- d) A Fuji Xerox photocopier lease will expire in March 2022. The average remaining term on this lease is 24 months.

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

Within one year	5,004	3,412
After one year but not more than five years	15,846	18,196
More than five years	-	1,137
	20,850	22,745

- e) A new HPLJ M60065 Laser Printers lease will start from February 2018 and expires in January 2023. The average remaining term on this lease is 60 months.

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

Within one year	3,674	-
After one year but not more than five years	12,358	-
More than five years	4,008	-
	20,040	-

**INDEPENDENT EDUCATION UNION OF AUSTRALIA
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2017 2016
\$ \$

Note 9A: Operating lease commitments - as lessee (continued)

f) A new 7 Konica Minolta Bizhub from SE Rentals Pty Ltd will start in February 2018 and expires in January 2023.

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

Within one year	31,746	-
After one year but not more than five years	141,414	-
More than five years	-	-
	173,160	-

Note 10 Related Party Disclosures

Note 10A: Related Party Transactions for the Reporting Period

Under the Rules of the Independent Education Union of Australia, New South Wales Independent Education Union (NSW IEU) is an Associated Body. Rule 7(e) provides for the payment of an approved amount by an Associated Body to the union or branch of the union designated by the Federal Council or Federal Executive. This is calculated by reference to the total number of members of the Associated Body who have applied for membership of the union in the Branch designated by the Federal Council or Federal Executive.

During the year 2016 the NSW IEU Council and the IEUA NSW/ACT Branch Executive determined that the industrial operations of the NSW IEU should transition to the IEUA NSW/ACT Branch prior to the Fair Work Commission's withdrawal of transitional recognition provisions on 1 January 2017. As a consequence, staff of NSW IEU were administratively transferred to IEUA NSW/ACT Branch effective 1 January 2016 and membership fees became payable to IEUA NSW/ACT as from 1 July 2016. This operational change has been effected at this time to enable an orderly and efficient transition of services and financial management prior to the legislated end of transitional recognition of NSW IEU. All fixed assets including freehold property, plant and equipment and motor vehicles continued to be owned and maintained by NSW IEU.

This operational change has resulted in the IEUA NSW/ACT Branch providing staff and administrative services to the NSW IEU and the NSW IEU providing to IEUA NSW/ACT Branch full use and access to all the NSW IEU fixed assets. A collaborative relationship exists between NSW IEU and IEUA NSW/ACT Branch and it is noted and endorsed at Branch executive that IEUA NSW/ACT Branch provides staffing and other support to members of the NSW IEU, and NSW IEU provides fixed assets to the staff of the Branch.

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Note 10B: Related Party Transactions for the Reporting Period

In addition to disclosures outlined in Note 10A the following table provides details of transactions that have been entered into with related parties for the relevant year.

	2017	2016
	\$	\$
New South Wales Independent Education Union		
Revenue		
New South Wales Independent Education Union	-	5,232,667
Amounts Owed By		
New South Wales Independent Education Union	270	2,964,493
Amounts Owed To		
Other Payables	3,684	35,908
Independent Education Union of Australia		
Expenses		
Affiliation	472,703	474,422
Capitation Fee	166,579	165,889
ACTU- IR Levy	-	4,542
Total	<u>639,282</u>	<u>644,853</u>
Payroll Tax (via IEUA)	35,613	-

Terms and Conditions of Transactions with Related Parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 10C: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits		
Salary (including annual leave taken)	1,849,713	1,857,431
Annual leave accrued	202,700	(29,844)
Performance bonus	-	-
Other	-	112,345
Total short-term employee benefits	<u>2,052,413</u>	<u>1,939,933</u>
Post-employment benefits:		
Superannuation	<u>242,697</u>	<u>372,771</u>
Total post-employment benefits	<u>242,697</u>	<u>372,771</u>

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**Note 10C: Key Management Personnel Remuneration for the Reporting Period
(continued)**

Other long-term benefits:		
Long-service leave	67,559	19,605
Total other long-term benefits	<u>67,559</u>	<u>19,605</u>
Termination benefits		
Total	<u>-</u>	<u>-</u>
	<u>2,362,669</u>	<u>2,332,309</u>

These key management personnel receive the above remuneration as employees of the Branch.

Note 11 Remuneration of Auditors

Value of the services provided		
Financial statement audit services	34,963	3,600
Other services	-	-
Total remuneration of auditors	<u>34,963</u>	<u>3,600</u>

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

Note 12 Financial Instruments

The committee of management meets on a regular basis to analyse the financial risk exposure with respect to most recent economic conditions and forecasts and to minimise the potential adverse effects on the financial performance of the Branch. Risk management policies including credit risk, liquidity risk are reviewed regularly. The carrying amount of the financial assets is reviewed annually to identify any impairment of financial assets.

Note 12A: Categories of Financial Instruments

Assets		
Held-to-maturity investments:		
Cash at bank	5,262,275	1,258,635
Cash on hand	1,700	1,700
Total	<u>5,263,975</u>	<u>1,260,335</u>
Loans and receivables:		
Trade receivables	270	2,964,493
Other receivables	126,955	133,501
Total	<u>127,225</u>	<u>3,097,993</u>
Carrying amount of assets	<u>5,391,200</u>	<u>4,358,329</u>

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	2017	2016
	\$	\$
Note 12A: Categories of Financial Instruments (continued)		
Liabilities		
Other financial liabilities:		
Trade payables	432,616	694,774
Other payables	564,733	674,572
Employee Provisions	3,116,153	3,133,963
Total	997,348	4,503,309
Carrying amount of liabilities	997,348	4,503,309

Note 12B: Net Income and Expense from Financial Assets

Held-to-maturity		
Interest revenue	2,190	422
Net gain/(loss) held-to-maturity	2,190	422

The net income/expense from financial assets not at fair value from profit and loss is \$2,190 (2016: 422).

Note 12C: Net Income and Expense from Financial Liabilities

At amortised cost		
Interest expense	72	93
Net gain/(loss) financial liabilities - at amortised cost	72	93

The net income/expense from financial liabilities not at fair value from profit and loss is \$72 (2016: 93).

Note 12D: Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below

Assets		
Cash and cash equivalents	5,263,975	1,260,335
Trade & other receivables	127,226	3,097,994
Total	5,391,201	4,358,330

The cash and cash equivalents are held in a high quality Australian financial institution. There has been no history of default and all receivables are expected to be repaid within the arranged terms.

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	2017	2016
	\$	\$
Note 12D: Credit Risk (continued)		
Liabilities		
Trade & other payables	997,348	1,369,346
Employee provisions	3,116,153	3,133,963
Total	<u>4,113,501</u>	<u>4,503,309</u>

Note 12E: Liquidity Risk

Contractual maturities for financial liabilities 2017

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade payables & Accruals	-	997,348	-	-	-	997,348
Total	<u>-</u>	<u>997,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>997,348</u>

Maturities for financial liabilities 2016

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade payables & Accruals	-	1,369,346	-	-	-	1,369,346
Total	<u>-</u>	<u>1,369,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,369,346</u>

Note 12F: Market Risk

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

Note 12G: Interest Rate Risk

The Branch's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

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Note 12G: Interest Rate Risk (continued)

Sensitivity analysis of the risk that the entity is exposed to for 2017

	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate	+ 2.5%	1,539,689	1,291,843
Interest rate	- 2.5%	1,465,498	1,229,595

Sensitivity analysis of the risk that the entity is exposed to for 2016

	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate	+ 2.5%	(125,463)	11,420
Interest rate	- 2.5%	(119,418)	10,870

Note 13: Fair Value Measurement

Cash and cash equivalents, trade and other receivables, and trade and other payables are all short-term instruments in nature whose carrying amount is a reasonable approximation of fair value.

The Branch does not have any assets which were measured at fair value during the period.

Nota 13A: Financial Assets and Liabilities

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2017 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

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Nota 13A: Financial Assets and Liabilities (continued)

- 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 2017 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Note 14: Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or Commissioner:

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

Note 15: Additional Branch Information

The registered office of the Branch is situated at:

485-501 Wattle Street
Ultimo NSW 2007