



Australian Government
Registered Organisations Commission

19 June 2018

Mr Terence Burke
Branch Secretary
Independent Education Union of Australia, Queensland and Northern Territory Branch

By e-mail: enquiries@qieu.asn.au

Dear Mr Burke

**Independent Education Union of Australia, Queensland and Northern Territory Branch
Financial Report for the year ended 31 December 2017 - FR2017/353**

I acknowledge receipt of the financial report for the year ended 31 December 2017 for the Independent Education Union of Australia, Queensland and Northern Territory Branch (IEU-QLD). The financial report was lodged with the Registered Organisations Commission (ROC) on 6 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. References to section 272

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.

Committee of Management Statement

The IEU-QLD Committee of Management statement, at reference (e)(v), refers to General Manager instead of 'Commissioner'. In future, please ensure that this reference is to the 'Commissioner'.

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

Note 16 to the IEU-QLD General Purpose Financial Report (GPFR) refers to General Manager.

In future, please ensure that this reference is to the 'Commissioner'.

2. General Purpose Financial Report (GPFR)

Note 7A Motor Vehicles

Note 7A to the GPFR discloses a 'Reconciliation of the Opening and Closing Balances of Motor Vehicles'. For 2017 the depreciation expense does not agree with Note 5E depreciation expense and the movements do not add correctly to the Net Book Value as at 31 December 2017.

Please ensure that this reconciliation is corrected in future financial reports.

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

Certificate by Prescribed Designated Officer
for the period ended 31 December 2017

I, Terence Burke, being the Branch Secretary of the Independent Education Union of Australia – Queensland and Northern Territory Branch certify:

- that the documents lodged herewith are copies of the full financial report for the Independent Education Union of Australia – Queensland and Northern Territory Branch for the period ended 31 December 2017 referred to in s.268 of the Fair Work (Registered Organisation) Act 2009; and
- that the full report was provided to members of the reporting unit on 20 April 2018; and
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 4 June 2018 in accordance with s.266(3) of the Fair Work (Registered Organisations) Act 2009.



Terence Burke, Branch Secretary.

5 June 2018

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

ABN 19 845 840 893

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

COMMITTEE OF MANAGEMENT'S OPERATING REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Operating Report

The Branch Executive, being the Committee of Management for the purposes of the *Fair Work (Registered Organisations) Act 2009* (RO Act), presents its report on the operation of Independent Education Union of Australia – Queensland and Northern Territory Branch (the Branch) for the financial year ended 31 December 2017.

Principal Activities

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:

- Recruitment and retention of members;
- Provision of support and advice to members;
- Provision of support for overseas activities such as ongoing support for the Council of Pacific Education and the Shanghai Union Relationship;
- 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 our union;
- Growth of our solid membership base in Queensland and the Northern Territory, demonstrating member satisfaction of the support and advice currently provided to them; and
- Enhancement of our developing relationship with overseas organisations.

There have been no changes in the principal activities of the Branch during the year.

Operating Result

The Branch ended the 2017 year with a surplus of \$117,792 (2016: \$151,431).

Significant Changes in Financial Affairs

There were no significant changes to the financial affairs of the Branch during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations or the state of affairs of the Branch in future financial years.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Members Right 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 Branch Secretary.

Members of the Committee of Management

The name of each person who has been a member of the Committee of Management of the Branch at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Position	Period
Queensland Division		
Andrew Elphinstone	Branch President	Full Year
Aleisha Connellan	Senior Vice-President (Queensland Division)	Full Year
Terence Burke	Branch Secretary	Full Year
Paul Giles	Assistant Branch Secretary/ Treasurer	Full Year
Bradley Hayes	Assistant Branch Secretary	Full Year
Rebecca Sisson	Assistant Branch Secretary	Full Year
Bryce Goldberg	Branch Executive Member	Full Year
Lynette Byrnes	Branch Executive Member	Full Year
Christopher Chapman	Branch Executive Member	Full Year
Beverley Day	Branch Executive Member	Full Year
Colin Grant	Branch Executive Member	Full Year
John Kennedy	Branch Executive Member	Full Year
Lea Martin	Branch Executive Member	Full Year
Andrew Street	Branch Executive Member	Full Year
Janine Colwell	Branch Executive Member	Full Year
Ian Hughes	Branch Executive Member	Full Year
Jessica Prouten	Branch Executive Member	01/01/17 – 03/12/17
Jennifer Finlay	Branch Executive Member	Full Year
Neridah Kaddatz	Branch Executive Member	Full Year
Karyl Young	Branch Executive Member	Full Year
Anthony Cooper	Branch Executive Member	Full Year
Peter de Waard	Branch Executive Member	Full Year
Cameron Love	Branch Executive Member	Full Year
Anthony Hallam	Branch Executive Member	Full Year
Erin Hawkins	Branch Executive Member	Full Year
Mick Muhling	Branch Executive Member	Full Year
Melissa Roth	Branch Executive Member	Full Year
John Brown	Branch Executive Member	15/11/17 – 31/12/17
Anna Pickering	Branch Executive Member	15/11/17 – 31/12/17
Northern Territory Division		
Erica Schultz	Senior Vice- President (NT Division)	Full Year
Louise Lenzo	Branch Executive Member	Full Year
Sam Typuszak	Branch Executive Member	Full Year
Kieran Curnow	Branch Executive Member	15/11/17 – 31/12/17

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Membership of the Branch

Total number of members as at 31 December 2017: 18,203 (2016: 17,798).

Employees of the Branch

The number of persons who were, at the end of the period to which the report relates, employees of the Branch, where the number of employees includes both full-time and part-time employees measured on a full-time equivalent basis is 49.0.

Officers or Members who are Superannuation Fund Trustees/ Directors of a Company that is a Superannuation Fund Trustee

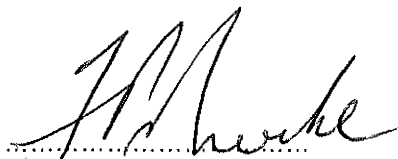
The following officers/ members or employees of the organisation are Directors of companies that are trustees of superannuation funds where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation:

Name	Position	Superannuation Fund
Terence Burke	Branch Secretary	Director of QIEC Pty Ltd, the Corporate Trustee of QIEU Super
John Spriggs	Senior Industrial Officer	Director of QIEC Pty Ltd, the Corporate Trustee of QIEU Super
Chris Seymour	Industrial Services Co-ordinator	Director of QIEC Pty Ltd, the Corporate Trustee of QIEU Super

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 6.

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:



Terence Burke

Branch Secretary

Brisbane
18 March 2018



accountants + auditors

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF MANAGEMENT OF
INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

e. info@mgisq.com.au

w. www.mgisq.com.au

As lead auditor for the audit of Independent Education Union of Australia – Queensland and Northern Territory Branch for the year ended 31 December 2017; I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

M.L.I

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Brisbane

18 March 2018

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

On 18 March 2018, the Committee of Management of the Branch passed the following resolution to the General Purpose Financial statements (GPFR) of the reporting unit for the financial year ended 31 December 2017.

The Committee of Management declares in relation to the GPFR that in its opinion:

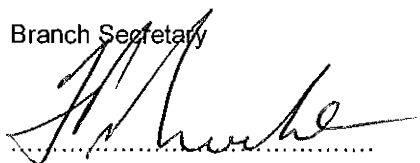
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner of the Registered Organisations Commission;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Branch 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 and the rules of the Branch concerned; and
 - ii. the financial affairs of the Branch have been managed in accordance with the rules of the organisation;
 - iii. the financial records of the Branch have been kept and maintained in accordance with the *RO Act*;
 - 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 to each of the other reporting units of the organisation;
 - v. where information has been sought in any request of a member of the reporting unit or Commissioner duly made under section 272 of the *RO Act*, that information has been provided to the member or the General Manager; and
 - vi. there have been no orders for inspection of financial records made by the Fair Work Commission under section 273 of the *RO Act* during the year.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting year.

This declaration is made in accordance with a resolution of the Committee of Management.

Name of Designated Officer: Terence Burke

Title of Designated Officer: Branch Secretary

Signature:



Date: 18 March 2018

Independent Audit Report to the Members of the Independent Education Union of Australia – Queensland and Northern Territory Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Independent Education Union of Australia – Queensland and Northern Territory Branch (the 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, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Independent Education Union of Australia – Queensland and Northern 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).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Branch is appropriate.

Basis for Opinion

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

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.

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

In connection with our audit of the financial report, our 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 we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

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

In preparing the financial report, the Committee of Management is responsible for assessing the Branch'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 Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Branch'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 Branch'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 Branch 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 Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch's audit. We remain solely responsible for our audit opinion.

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

Declaration

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

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and we have audited the recovery of wages activity financial report for the year ended 31 December 2017

In our opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the Commissioner, including:

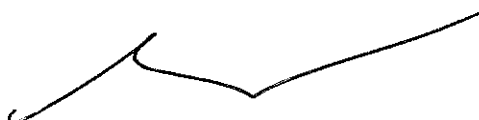
- a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the Commission. Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards.

M. G. I

MGI Audit Pty Ltd



G I Kent

Director – Audit & Assurance

Brisbane

18 March 2018

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$
Revenue			
Membership subscription		9,490,046	9,570,771
Capitation fees	4A	-	-
Levies	4B	-	-
Interest income	4C	56,609	36,420
Grants or donations	4D	-	-
Other revenue	4E	186,760	229,525
Total revenue		9,733,415	9,836,716
Expenses			
Employee expenses	5A	(6,499,193)	(6,515,904)
Capitation fees	5B	(277,670)	(271,621)
Affiliation fees	5C	(101,050)	(98,173)
Administration expenses	5D	(2,215,486)	(2,223,780)
Depreciation and amortisation	5E	(63,934)	(54,609)
Grants or donations	5F	(38,796)	(32,353)
Legal costs	5G	(215,861)	(216,723)
Audit fees	13	(19,500)	(7,000)
Other expenses	5H	(184,133)	(265,122)
Total expenses		(9,615,623)	(9,865,285)
Surplus for the year		117,792	151,431
Other comprehensive income (net of income tax)		-	-
Total comprehensive income for the year		117,792	151,431

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	2017 \$	Revised 2016 \$	Revised 2015 \$
ASSETS				
Current Assets				
Cash and cash equivalents	6A	3,902,546	3,686,648	2,233,258
Trade and other receivables	6B	58,736	555,376	1,990,865
Other current assets	6C	230,557	198,330	181,895
Total current assets		4,191,839	4,440,354	4,406,018
Non-Current Assets				
Motor vehicles	7A	308,742	264,525	177,447
Office equipment	7B	11,176	13,970	16,591
Total non-current assets		319,918	278,495	194,038
Total assets		4,511,757	4,718,849	4,600,056
LIABILITIES				
Current Liabilities				
Trade payables	8A	237,712	213,588	314,207
Other payables	8B	1,057,679	1,473,768	1,589,477
Employee provisions	9A	2,186,611	2,146,527	1,972,632
Total current liabilities		3,482,002	3,833,883	3,876,316
Non-Current Liabilities				
Employee provisions	9A	57,231	30,234	20,439
Total non-current liabilities		57,231	30,234	20,439
Total liabilities		3,539,233	3,864,117	3,896,755
Net assets		972,524	854,732	703,301
EQUITY				
Retained earnings		972,524	854,732	703,301
Total equity		972,524	854,732	703,301

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

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

	Notes	Retained earnings \$	Total equity \$
Balance as at 1 January 2016		1,072,907	1,072,907
Prior period error adjustment	2	(369,606)	(369,606)
Balance as at 1 January 2016 (restated)		703,301	703,301
Surplus for the year		151,431	151,431
Other comprehensive income		-	-
Closing balance as at 31 December 2016		854,732	854,732
Surplus for the year		117,792	117,792
Other comprehensive income		-	-
Closing balance as at 31 December 2017		972,524	972,524

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
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	10B	10,946	7,454
Receipts from related parties	10B	500,811	1,490,111
Receipts from members and other customers		10,253,228	9,718,432
Interest		43,130	36,420
		<u>10,808,115</u>	<u>11,252,417</u>
Cash used			
Employees and suppliers		(9,421,573)	(8,496,919)
Payments to other reporting units	10B	(413,072)	(403,256)
Payments to related parties	10B	(652,215)	(759,786)
		<u>(10,486,860)</u>	<u>(9,659,961)</u>
Net cash provided by operating activities		<u>321,255</u>	<u>1,592,456</u>
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		(105,357)	(139,066)
Net cash used in investing activities		<u>(105,357)</u>	<u>(139,066)</u>
FINANCING ACTIVITIES			
		-	-
Net increase in cash held		<u>215,898</u>	<u>1,453,390</u>
Cash & cash equivalents at the beginning of the reporting period		3,686,648	2,233,258
Cash & cash equivalents at the end of the reporting period	10A	<u>3,902,546</u>	<u>3,686,648</u>

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	-	-
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	-	-
Cash assets in respect of recovered money at end of year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

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

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**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

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

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, Independent Education Union of Australia – Queensland and Northern Territory Branch (the Branch) is a not-for-profit entity.

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

1.2 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

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key Estimates

Impairment – general

The Branch assesses impairment at each reporting period by evaluation of conditions and events specific to the Branch that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of the current year.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.3 Significant accounting judgements and estimates (continued)

Key Judgements

Useful lives of plant and equipment

Plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the asset are acquired or when there is a significant change that affects the remaining useful life of the asset.

Provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

On-cost for employee entitlement provision

The Branch revised its estimate for on-costs for employee provision during the year to include superannuation, workers compensation and payroll tax.

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 the Branch include:

- 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 on 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 for hedge accounting.

The key changes that may affect the Branch 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 for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of this Standard, the application of such accounting would be largely prospective.

The Committee of Management does not believe the effects of AASB 9 will significant affect the Branch.

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TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.4 New Australian Accounting Standards (Continued)

Future Australian Accounting Standards Requirements (continued)

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Committee of Management does not believe the effects of AASB 15 will significant affect the Branch.

- 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 include:

- recognition of a right-to-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-to-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;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- 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.

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

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 and is recorded as revenue in the year to which it relates.

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

Donation income is recognised when it is received.

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

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

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

1.6 Gains

Sale of assets

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

1.7 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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Note 1 Summary of significant accounting policies (Continued)

1.8 Employee benefits

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

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

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

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

Provision is made for separation and redundancy benefit payments. 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.

1.9 Leases

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

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 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 statement of financial position.

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TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments

Financial assets and financial liabilities are recognised when the Branch 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.

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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.12 Financial assets (continued)

Held-to-maturity investments

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

Available-for-sale

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

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

Loan and receivables

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

Effective interest method

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.12 Financial assets (continued)

Impairment of financial assets

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

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

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

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

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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Note 1 Summary of significant accounting policies (Continued)

1.12 Financial assets (continued)

Derecognition of financial assets

The Branch derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.13 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.13 Financial Liabilities (continued)

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

1.14 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 Plant and Equipment

Asset Recognition Threshold

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.15 Plant and Equipment (continued)

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. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

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

	2017	2016
Motor vehicles	5 years	5 years
Office equipment	5 years	5 years

Derecognition

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

1.16 Impairment of non-financial assets

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

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.17 Taxation

The 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.

1.18 Fair value measurement

The 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 15.

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

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

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

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 1 Summary of significant accounting policies (Continued)

1.18 Fair value measurement (continued)

The 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 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 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.

1.19 Going concern

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

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 2 Prior period error

A prior period error has been identified in the 2016 financial statements in respect to the accounting for employee leave provisions. During the current year it was identified that the Branch was not recording applicable employee on-costs, such as superannuation and indirect employment costs (workers compensation insurance, payroll tax expense etc.). As a result, the Branch's leave entitlements were understated, resulting in the restatement of the statement of comprehensive income and statement of financial position. A summary of the changes is as follows:

Statement of Financial Position	Note	Previously Audited (31 December 2015)		Revised (31 December 2015)		Previously Audited (31 December 2016)		Revised (31 December 2016)	
			Adjustments		Adjustments		Adjustments		Adjustments
ASSETS									
Current Assets									
Cash and cash equivalents		2,233,258	-	2,233,258	3,686,648	-	3,686,648		
Trade and other receivables		1,990,865	-	1,990,865	555,376	-	555,376		
Other current assets		181,895	-	181,895	198,330	-	198,330		
Total current assets		4,406,018	-	4,406,018	4,440,354	-	4,440,354		
Non-Current Assets									
Motor vehicles		177,447	-	177,447	264,525	-	264,525		
Office equipment		16,591	-	16,591	13,970	-	13,970		
Total Non-current assets		194,038	-	194,038	278,495	-	278,495		
Total assets		4,600,056	-	4,600,056	4,718,849	-	4,718,849		
LIABILITIES									
Current Liabilities									
Trade Payables		314,207	-	314,207	213,588	-	213,588		
Other Payables		1,589,477	-	1,589,477	1,473,768	-	1,473,768		
Employee Provisions	i	789,827	1,182,805	1,972,632	943,746	1,202,781	2,146,527		
Total current liabilities		2,693,511	1,182,805	3,876,316	2,631,102	1,202,781	3,833,883		
Non-Current Liabilities									
Employee Provisions	i	833,638	(813,199)	20,439	926,671	(896,437)	30,234		
Total non-current liabilities		833,638	(813,199)	20,439	926,671	(896,437)	30,234		
Total liabilities		3,527,149	369,606	3,896,755	3,557,773	306,344	3,864,117		
Net Assets		1,072,907	(369,606)	703,301	1,161,076	(306,344)	854,732		
EQUITY									
Retained earnings		1,072,907	(369,606)	703,301	1,161,076	(306,344)	854,732		
Total equity		1,072,907	(369,606)	703,301	1,161,076	(306,344)	854,732		

Notes

- i. Employee leave provisions have been gross up for applicable on-costs as required by Australian Accounting Standard AASB 119: Employee Benefits.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 2 Prior period error (continued)

Statement of Comprehensive Income	Note	Previously Audited (31 December 2016)	Adjustments	Revised (31 December 2016)
Revenue				
Membership subscription		9,570,771	-	9,570,771
Capitation fees		-	-	-
Levies		-	-	-
Interest income		36,420	-	36,420
Grants or donations		-	-	-
Other revenue		229,525	-	229,525
Total Revenue		9,836,716	-	9,836,716
Expenses				
Employee expenses	i	(6,579,166)	63,262	(6,515,904)
Capitation fees		(271,621)	-	(271,621)
Affiliation fees		(98,173)	-	(98,173)
Administration expenses		(2,223,780)	-	(2,223,780)
Grants or donations		(32,353)	-	(32,353)
Depreciation and amortisation		(54,609)	-	(54,609)
Legal costs		(216,723)	-	(216,723)
Audit fees		(7,000)	-	(7,000)
Other expenses		(265,122)	-	(265,122)
Total expenses		(9,748,547)	63,262	(9,685,285)
Surplus for the year		88,169	63,262	151,431
Other comprehensive income		-	-	-
Total comprehensive income for the year		88,169	63,262	151,431

Notes

- i. Employee leave provisions have been gross up for applicable on-costs as required by Australian Accounting Standard AASB 119: Employee Benefits.

Statement of Cash flows

The above disclosed prior period error did not impact the statement of cash flows.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 3 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 Branch.

	2017	2016
	\$	\$
Note 4 Income		
Note 4A: Capitation fees	-	-
Total capitation fees	<u>-</u>	<u>-</u>
Note 4B: Levies	-	-
Total levies	<u>-</u>	<u>-</u>
Note 4C: Interest income		
Interest income of deposits	56,609	36,420
Total interest	<u>56,609</u>	<u>36,420</u>
Note 4D: Grants or donations		
Grants	-	-
Donations	-	-
Total grants or donations	<u>-</u>	<u>-</u>
Note 4E: Other revenue		
Board sitting fees	56,689	94,913
Sponsorship income	45,273	60,273
Other income	84,798	74,339
Financial support from another reporting unit	-	-
	<u>186,760</u>	<u>229,525</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 5 Expenses		
Note 5A: Employee expenses		
Holders of office:		
Wages and salaries	695,601	667,841
Superannuation	83,472	80,141
Leave and other entitlements	111,698	107,240
Separation and redundancies	-	-
Other employee expenses	50,781	48,893
Subtotal employee expenses holders of office	<u>941,552</u>	<u>904,115</u>
Employees other than office holders:		
Wages and salaries	3,911,193	3,935,657
Superannuation	630,374	610,472
Leave and other entitlements	566,192	542,044
Separation and redundancies	-	-
Other employee expenses	449,882	523,616
Subtotal employee expenses employees other than office holders	<u>5,557,641</u>	<u>5,611,789</u>
Total employee expenses	<u>6,499,193</u>	<u>6,515,904</u>
Note 5B: Capitation Fees		
Independent Education Union of Australia	277,670	271,621
Total capitation fees	<u>277,670</u>	<u>271,621</u>
Note 5C: Affiliation Fees		
Independent Education Union of Australia – ACTU Affiliation	97,850	94,976
Northern Territory Trades & Labour Council	3,200	3,197
Total affiliation fees	<u>101,050</u>	<u>98,173</u>

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FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 5D: Administration expenses		
Consideration to employers for payroll deductions	8,686	10,186
Compulsory levies	-	-
Travel and allowances – Meeting/ conferences	69,768	88,683
Conference and meeting expenses	65,773	40,680
Occupancy expenses	684,171	658,818
Operating lease rentals	110,847	116,702
Information technology and communications expense	279,238	299,342
Travel and motor vehicle expenses	293,553	333,051
Postage, stationery and printing	427,519	440,315
Finance costs	72,525	76,633
Member services	95,575	75,850
Other expenses	107,831	83,520
Total administration expenses	2,215,486	2,223,780
Note 5E: Depreciation and amortisation		
Depreciation		
Motor vehicles	61,140	51,988
Office equipment	2,794	2,621
Total depreciation	63,934	54,609
Amortisation		
Amortisation	-	-
Total amortisation	-	-
Total depreciation and amortisation	63,934	54,609
Note 5F: Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	6,000
Donations:		
Total paid that were \$1,000 or less	7,796	4,353
Total paid that exceeded \$1,000	31,000	22,000
Total grants or donations	38,796	32,353

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 5G: Legal costs		
Legal costs:		
- Litigation	180,021	168,207
- Other legal matters	35,840	48,516
Total legal costs	<u>215,861</u>	<u>216,723</u>
Note 5H: Other expenses		
Penalties – via RO Act or RO Regulations	-	-
Branch Expenditure	31,232	32,180
Bursary and sponsorship	19,359	16,340
Industrial campaign expenditure	26,766	90,697
Membership monitoring	16,250	20,000
Shanghai relationship	8,488	7,465
Building union strength	71,802	95,587
Research	10,236	2,853
Total other expenses	<u>184,133</u>	<u>265,122</u>
Note 6 Current Assets		
Note 6A: Cash and Cash Equivalents		
Cash at bank	1,602,546	1,886,648
Cash on hand	-	-
Short term deposits	2,300,000	1,800,000
Total cash and cash equivalents	<u>3,902,546</u>	<u>3,686,648</u>
Note 6B: Trade and Other Receivables		
Receivables from other reporting units		
- Independent Education Union of Australia	797	796
Less provision for doubtful debts (reporting units)	-	-
Receivable from other reporting units (net)	<u>797</u>	<u>796</u>
Other receivables:		
Other trade receivables		
- Queensland Independent Education Union	1,135	501,946
- Other	327	250
Membership fees receivable	4,741	11,169
Accrued income	51,736	41,215
Total other receivables	<u>57,939</u>	<u>554,580</u>
Total trade and other receivables (net)	<u>58,736</u>	<u>555,376</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 6C: Other current assets		
Prepayments	230,557	198,330
Total other current assets	<u>230,557</u>	<u>198,330</u>

Note 7 Non-current Assets

Note 7A: Motor Vehicles

Motor vehicles:		
at cost	435,961	330,604
accumulated depreciation	(127,219)	(66,079)
Total motor vehicles	<u>308,742</u>	<u>264,525</u>

Reconciliation of Opening and Closing Balances of Motor Vehicles

As at 1 January		
Gross book value	351,044	191,538
Accumulated depreciation and impairment	(72,549)	(14,091)
Net book value 1 January	<u>278,495</u>	<u>177,447</u>
Additions:		
By purchase	105,357	139,066
Depreciation expense	(63,934)	(51,988)
Disposals:		
By sale	-	-
Net book value 31 December		
Net book value as of 31 December represented by:		
Gross book value	435,961	330,604
Accumulated depreciation and impairment	(127,219)	(66,079)
Net book value 31 December	<u>308,742</u>	<u>264,525</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 7B: Office Equipment		
Office equipment:		
at cost	20,440	20,440
accumulated depreciation	(9,264)	(6,470)
Total office equipment	11,176	13,970

Reconciliation of Opening and Closing Balances of Office Equipment

As at 1 January		
Gross book value	20,440	20,440
Accumulated depreciation and impairment	(6,470)	(3,849)
Net book value 1 January	13,970	16,591
Additions:		
By purchase	-	-
Depreciation expense	(2,794)	(2,621)
Disposals:		
By sale	-	-
Net book value 31 December	11,176	13,970
Net book value as of 31 December represented by:		
Gross book value	20,440	20,440
Accumulated depreciation and impairment	(9,264)	(6,470)
Net book value 31 December	11,176	13,970

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 8 Current Liabilities		
Note 8A: Trade payables		
Trade creditors and accruals	237,712	213,588
Subtotal trade creditors	<u>237,712</u>	<u>213,588</u>
Payables to other reporting units	-	-
Subtotal payables to other reporting units	<u>-</u>	<u>-</u>
Total trade payables	<u>237,712</u>	<u>213,588</u>
Settlement is usually made within 30 days.		
Note 8B: Other payables		
Consideration to employers for payroll deductions	-	532
Legal costs		
Litigation	18,540	-
Other legal matters	-	-
Subscriptions in advance	840,399	1,230,020
GST payable	198,740	240,490
Other	-	2,726
Total other payables	<u>1,057,679</u>	<u>1,473,768</u>
Total other payables are expected to be settled in:		
No more than 12 months	1,057,679	1,473,768
More than 12 months	-	-
Total other payables	<u>1,057,679</u>	<u>1,473,768</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
Note 9		
Provisions		
Note 9A: Employee Provisions		
Office Holders:		
Annual leave	430,476	438,986
Long service leave	299,918	296,617
Separations and redundancies	-	-
Other	-	-
<i>Subtotal employee provisions—office holders</i>	730,394	735,603
Employees other than office holders:		
Annual leave	620,850	573,213
Long service leave	892,598	867,945
Separations and redundancies	-	-
Other	-	-
<i>Subtotal employee provisions—employees other than office holders</i>	1,513,448	1,441,158
Total employee provisions	2,243,842	2,176,761
Current	2,186,611	2,146,527
Non-Current	57,231	30,234
<i>Total employee provisions</i>	2,243,842	2,176,761

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 10 Cash Flow		
Note 10A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	3,902,546	3,686,648
Statement of financial position	3,902,546	3,686,648
Difference	<u>-</u>	<u>-</u>
Reconciliation of surplus to net cash from operating activities:		
Surplus/ (deficit) for the year	117,792	151,431
Adjustments for non-cash items		
Depreciation/ amortisation	63,934	54,609
Changes in assets/liabilities		
(Increase)/ decrease in net receivables	496,640	1,435,489
(Increase)/ decrease in other current assets	(32,227)	(16,435)
Increase/ (decrease) in trade and other payables	(391,965)	(216,328)
Increase/ (decrease) in employee provisions	67,081	183,690
Net cash provided by/ (used in) operating activities	<u>321,255</u>	<u>1,592,456</u>
Note 10B: Cash flow information		
Cash inflows from other reporting units		
Independent Education Union of Australia	9,152	7,454
Independent Education Union of Australia – South Australia Branch	1,794	
Total cash inflows	<u>10,946</u>	<u>7,454</u>
Cash outflows to other reporting units		
Independent Education Union of Australia	(413,072)	(403,256)
Total cash outflows	<u>(413,072)</u>	<u>(403,256)</u>
Cash inflows from related parties		
Queensland Independent Education Union	500,811	1,490,111
Total cash inflows	<u>500,811</u>	<u>1,490,111</u>
Cash outflows to related parties		
Queensland Independent Education Union	(652,215)	(759,786)
Total cash inflows	<u>(652,215)</u>	<u>(759,786)</u>

Note: Cash flow information to/ from other reporting units and related parties disclosed above include 10% GST on applicable transactions.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 10C: Credit standby arrangements and loan facilities

The Branch has a credit card facility with Westpac Banking Corporation amounting to \$100,000 (2016: \$100,000). In addition, the Branch has a credit card facility with American Express Limited amounting to \$125,000 (2016: \$125,000). This may be terminated at any time at the option of the financial institution. The balance of this facility is cleared monthly and interest rates are variable.

Note 10D: Non-cash transactions

There have been no non-cash financing or investing activities during the year (2016: Nil).

Note 11 Contingent Liabilities, Assets and Commitments

Note 11A: Commitments and Contingencies

Capital commitments

At 31 December 2017 the Branch did not have any capital commitments (2016: Nil).

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

The Committee of Management is not aware of any other contingent assets or liabilities that are likely to have a material effect on the results of the Branch.

Leasing Commitments

Operating Leases (as a lessee)

Non-cancellable operating leases rentals payables as follows.

	2017	2016
Receivable – Minimum lease payments		
not later than 12 months	450,999	514,319
between 12 months and 5 years	291,942	526,040
greater than 5 years	-	-
Minimum lease payments	742,941	1,040,359

The Branch leases office space in Brisbane, Toowoomba, Rockhampton, Sunshine Coast, Gold Coast, Darwin, Bundaberg and Townsville under operating leases. The leases run for a period ranging between 3 to 5 years with an option to renew the lease after that date. Lease payments are reviewed regularly to reflect market rentals.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 12 Related Party Disclosures

Note 12A: Related Party Transactions for the Reporting Period

For financial reporting purposes, under the *Fair Work (Registered Organisations) Act 2009*, the Independent Education Union of Australia is divided into the following separate reporting units (and deemed related parties):

- Independent Education Union of Australia (National Office)
- Independent Education Union of Australia – New South Wales/ Australian Capital Territory Branch (IEUA – NSW/ ACT Branch)
- Independent Education Union of Australia – Victoria/ Tasmania Branch (IEUA – VIC/ TAS Branch)
- Independent Education Union of Australia – South Australia Branch (IEUA – SA Branch)
- Independent Education Union of Australia – Western Australia Branch (IEUA – WA Branch)

The Queensland Independent Education Union of Employees (QIEU) is deemed to be a related party, as it is an Associated Body under the Rules of the Independent Education Union of Australia

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

	2017	2016
	\$	\$
Revenues received from IEUA – National Office includes the following:		
Payroll tax contribution	9,077	7,500
Reimbursement of conference expenses	69	-
Expenses paid to the Independent Education Union of Australia – National Office includes the following:		
Capitation fees	277,670	271,621
Affiliation fees - ACTU	97,850	94,976
Amounts owed by IEUA – National Office includes the following:		
Payroll tax contribution	797	796
Revenues received from IEUA – SA Branch includes the following:		
Reimbursement of call centre costs	1,631	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 12 Related Party Disclosures (Continued)

Note 12A: Related Party Transactions for the Reporting Period

	2017	2016
	\$	\$
Expenses paid to QIEU include the following:		
Property expenses	589,737	570,668
Reimbursement of membership income	707	-
Amounts owed by QIEU include the following:		
Property related expenses	1,135	-
Transfer of net assets on 1 July 2015	-	501,946
Amounts owed to QIEU include the following:		
Reimbursement of expenses	-	2,726

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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 12 Related Party Disclosures (Continued)

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

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Branch. The Branch has determined key management personnel comprise of:

- Terence Burke (Branch Secretary)
- Paul Giles (Branch Assistant Secretary/ Branch Treasurer)
- Bradley Hayes (Branch Assistant Secretary)
- Rebecca Sisson (Branch Assistant Secretary)
- All remaining members of the Committee of Management.

	2017	2016
	\$	\$
Short-term employee benefits		
Salary (including annual leave)	789,909	758,385
Other	50,781	48,893
Total short-term employee benefits	<u>840,690</u>	<u>807,278</u>
Post-employment benefits:		
Superannuation	83,472	80,141
Total post-employment benefits	<u>83,473</u>	<u>80,141</u>
Other long-term benefits:		
Long-service leave	17,390	16,696
Total other long-term benefits	<u>17,390</u>	<u>16,696</u>
Termination benefits	-	-
Total termination benefits	<u>-</u>	<u>-</u>
Total Remuneration of Key Management Personnel	<u>941,552</u>	<u>904,115</u>

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
Note 13 Remuneration of Auditors		
Value of the services provided		
Financial statement audit services – current year	17,000	7,000
Financial statement audit services – prior year	2,500	-
Other services	-	-
Total remuneration of auditors	<u>19,500</u>	<u>7,000</u>

The auditor of the Branch changed from Morris & Batzloff to MGI Audit Pty Ltd during the year.

Note 14 Financial Instruments

Financial Risk Management Policy

The Branch Committee of Management monitors the Branch's financial risk management policies and exposure and approves financial transactions entered into. It also reviews the effectiveness of internal controls relating to the counterparty credit risk, liquidity risk, market risk and interest rate risk. The Branch Committee of Management meets on a regular basis to review the financial exposure of the Branch.

(a) Credit Risk

Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties of contract obligations that could lead to a financial loss of the Branch. The Branch does not have any material credit risk exposures as its major source of revenue is the receipt of membership fees.

The maximum exposures to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of provisions) as presented in the statement of financial position.

The Branch has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Branch.

On a geographical basis, the Branch's trade and other receivables are all based in Australia.

The following table details the Branch's trade and other receivables exposed to credit risk. Amounts are considered 'past due' when the debt has not been settled, within the terms and conditions agreed between the Branch and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Branch.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 14 Financial Instruments (Continued)

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days/ Within Trading Terms \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade and other receivables	56,804	-	-	-	56,804
Receivables from other reporting units	797	-	-	-	797
Receivables from other related parties	1,135	-	-	-	1,135
Total	58,736	-	-	-	58,736

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days/ Within Trading Terms \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade and other receivables	52,634	-	-	-	52,634
Receivables from other reporting units	796	-	-	-	796
Receivables from other related parties	501,946	-	-	-	501,946
Total	555,376	-	-	-	555,376

The Branch has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a strong reputation and backed by the Commonwealth Government's bank guarantee. At 30 June 2017, all funds were held by financial institutions backed by the Commonwealth Government's bank guarantee.

Collateral held as security

The Branch does not hold collateral with respect to its receivables at 31 December 2017 (2016: Nil).

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Note 14 Financial Instruments (Continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Branch manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Branch 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 Instrument Composition and 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 payables	237,712	213,588	-	-	-	-	237,712	213,588
Other payables	1,057,679	1,473,768	-	-	-	-	1,057,679	1,473,768
Total expected outflows	1,295,391	1,687,356	-	-	-	-	1,295,391	1,687,356

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Note 14 Financial Instruments (Continued)

(b) Liquidity Risk (continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets – cash flow receivable								
Cash and cash equivalents	3,902,546	3,686,648	-	-	-	-	3,902,546	3,686,648
Trade and other receivables	58,736	555,376	-	-	-	-	58,736	555,376
Total anticipated inflows	3,961,282	4,242,024	-	-	-	-	3,961,282	4,242,024
Net inflow on financial instruments	2,665,891	2,554,668	-	-	-	-	2,665,891	2,554,668

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 14 Financial Instruments (Continued)

(c) Market Risk

- i. Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Branch is also exposed to earnings volatility on floating rate instruments.

The financial instruments which expose the Branch to interest rate risk are limited to its cash reserves.

- ii. Foreign exchange risk
The Branch is not exposed to direct fluctuations in foreign currencies.

- iii. Price risk
The Branch is not exposed to any material commodity price risk.

- iv. Interest rate risk
The Branch has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

- v. Sensitivity Analysis
The following table illustrates sensitivities to the Branch's exposures to changes in interest rates and equity prices. The table indicates the impact of 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.

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

	Profit \$	Equity \$
<u>Interest rates</u>		
Year ended 31 December 2017		
+2% in interest rates	78,051	78,051
-2% in interest rates	(78,051)	(78,051)
Year ended 31 December 2016		
+2% in interest rates	73,933	73,933
-2% in interest rates	(73,933)	(73,933)

No sensitivity analysis has been performed on foreign exchange risk as the Branch has no material direct 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.

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 15 Fair Value Measurement

Fair Values

Fair value estimation

The fair values of financial assets and 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 at 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 judgement 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 Branch. Most of these instruments, which are carried at amortised cost (i.e. accounts receivable), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Branch.

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

	Footnote	2017		2016	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	3,902,546	3,902,546	3,686,648	3,686,648
Trade and other receivables	(i)	58,736	58,736	555,376	555,376
Total financial assets		3,961,282	3,961,282	4,242,024	4,242,024
Financial liabilities					
Trade payables	(i)	237,712	237,712	213,588	213,588
Other payables	(i)	1,057,679	1,057,679	1,473,768	1,473,768
Total financial liabilities		1,295,391	1,295,391	1,687,356	1,687,356

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 exclude amounts provided for annual leave, which is outside the scope of AASB 139.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 15 Fair Value Measurement (Continued)

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

- (ii) 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 exclude amounts provided for annual leave, which is outside the scope of AASB 139.

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categories fair value measurement into one of the three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Branch does not hold any assets or liabilities at 31 December 2017 or 31 December 2016 that are valued using the fair value hierarchy.

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TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Note 16 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 General Manager:

- (1) A member of a reporting unit, or the General Manager of the Fair Work Commission, 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 17 Branch Details

The registered office of the Branch is:

346 Turbot Street
Spring Hill Qld 4000

Note 18 Segment Information

The Branch operates solely in one reporting segment, being the provision of industrial services in Queensland and the Northern Territory.

Note 19 Other Acquisitions of Assets or Liabilities

During the financial year the Branch has not acquired an asset or liability as a result of:

- (a) An amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*.
- (b) A restructure of Branches of the organisation.
- (c) A determination by the Commission under subsection 245(1) of the *Fair Work (Registered Organisations) Act 2009* of an alternative reporting structure for the organisation.
- (d) A revocation by the Commission under subsection 249(1) of the *Fair Work (Registered Organisations) Act 2009* of a certificate issued to the organisation under subsection 241(1).
- (e) A business combination.