



Australian Government
Registered Organisations Commission

30 May 2018

Mr Glen Seidel
Branch Secretary
Independent Education Union (South Australia) Branch

By e-mail: enquiries@ieusa.org.au

Dear Mr Seidel

Independent Education Union (South Australia) Branch
Financial Report for the year ended 31 December 2017 - FR2017/357

I acknowledge receipt of the financial report for the year ended 31 December 2017 for the Independent Education Union (South Australia) Branch (IEU-SA). The financial report was lodged with the Registered Organisations Commission (ROC) on 18 May 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. Operating Report

Period of Membership of Committee of Management

Regulation 159(c) of the RO Regulations requires the Operating Report to disclose the period each listed officer served on the Committee of Management during the reporting period. To satisfy the regulation the IEU-SA should disclose the dates of membership during the reporting period for each member or state that members of the Committee of Management held positions for the entire reporting period unless indicated otherwise.

Please amend accordingly.

2. Committee of Management Statement

Reference to s.272 & s.273

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

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

3. General Purpose Financial Report (GPFR)

Accounting judgments and estimates

Australian Accounting Standard *AASB 101 Presentation of Financial Statements* paragraph 122 requires that the notes to the financial statements include a discussion on the significant accounting judgments and estimates applied.

No such discussion has been included in the Notes.

Disclosure of employee expenses to office holders and other employees

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

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

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

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

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

Disclosure of employee provisions to office holders and other employees

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

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

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

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

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

Notes to the Cash Flow Statement

Reporting Guideline 24 states:

Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the name of the other reporting unit and/or controlled entity concerned.

This is in addition to the requirement to disclose capitation fees to/from another reporting unit (Reporting Guideline 14(b) and 16(b)) and receipt of, or provision of, any other financial support from another reporting unit (Reporting Guideline 10, 11 and 14(e)).

Activities under Reporting Guidelines (RG) not disclosed

Items 13 and 17 of the RG state that if the activities identified in items 11 and 16 respectively have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR. I note that for the following RG items no such disclosure has been made:

- Item 11 - going concern financial support provided to another reporting unit (refers to agreement regarding financial support not dollar amount)

If no undertaking to provide financial support has been provided the following statement should be included:

The **Reporting Unit** has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

- Item 16(j)(ii) - other legal matters

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

Yours faithfully



KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

Independent Education Union (SA) Branch

**Financial statements for the year ended 31 December
2017**

CONTENTS

Independent Audit Report	3
Certificate By Prescribed Designated Officer	6
Operating Report	7
Executive Committee Statement	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes of the Financial Statements	14

Independent Audit Report to the Members of Independent Education Union (SA) Branch

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Independent Education Union (SA) Branch (the Reporting Unit), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2017, notes to the financial statements, including a summary of significant accounting policies; and the Executive Committee Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Independent Education Union (SA) Branch as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Responsibilities of Executive Committee for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Australian Independent Audit Services



Stephen J. Noble
Partner

Adelaide
11th April 2018

Registration number (as registered by the RO Commissioner under the RO Act): 5445

Independent Education Union (SA) Branch


s.268 Fair Work (Registered Organisations) Act 2009

Certificate By Prescribed Designated Officer

Certificate for the year ended 31 December 2017

I, Glen Seidel, being the Secretary of the Independent Education Union (SA) Branch certify:

- that the documents lodged herewith are copies of the full report for the Independent Education Union (SA) Branch for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 23 April 2018; and
- that the full report was presented to a general meeting of members of the reporting unit on 17 May 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer: 

Name of prescribed designated officer: GLEN SEIDEL

Title of prescribed designated officer: Secretary

Dated: 17 May 2018

Independent Education Union (SA) Branch

Operating Report

for the year ended 31 December 2017

The Executive Committee presents its operating report on the Reporting Unit for the year ended 31 December 2017.

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

The Independent Education Union (SA) Branch represents the industrial and professional interests of its members in the non-government education sector.

Significant changes in financial affairs

No significant change in the nature of these activities occurred during the period.

Right of members to resign

A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

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

Glen Seidel (Secretary) – Director of NGS Super Pty Limited trustee for NGS Super.

Margaret Sansom (Member) - Director of NGS Super Pty Limited trustee for NGS Super.

Number of members

Total members of Independent Education Union (SA) Branch as at 31 December 2017: 3,834.

Number of employees

Total employees of Independent Education Union (SA) Branch as at 31 December 2017: 13.

Names of Executive Committee members and positions held during the financial year

The name of each member of the committee during the year:

Glen Seidel (Secretary)

Jenny Gilchrist (President)

Evaldas (Val) Reinke (Treasurer)

Anthony Haskell (Vice President)

Noel Karcher (Vice President)

David Freeman

John Coop

Michael Francis

Sheryl Hoffmann

Sue Bailey

Gerry Conley

Britta Jureckson

* There have been no changes to members of the Executive Committee listed as at the date of the report.

Signature of designated officer:



Name and title of designated officer: Glen SEIDEL, Secretary

Dated: 27 March 2018

Independent Education Union (SA) Branch

Executive Committee Statement

for the year ended 31 December 2017

On 15 March 2018 the Executive Committee of the Independent Education Union (SA) Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2017:

The Executive Committee declares that in its opinion:

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

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

Signature of designated officer:

Name and title of designated officer: Glen SEIDEL, Secretary

Dated: 27 March 2018

Independent Education Union (SA) Branch
Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 \$
Revenue		
Membership subscription		2,004,111
Capitation fees	3A	-
Levies	3B	-
Interest	3C	14,962
Other revenue		27,590
Total revenue		<u>2,046,663</u>
Other Income		
Grants and donations	3D	-
Other income		2,869
Gain on transfer of net assets	12A	31,161
Total other income		<u>34,030</u>
Total income		<u>2,080,693</u>
Expenses		
Employee expenses	4A	1,631,299
Capitation fees	4B	58,702
Affiliation fees	4C	19,090
Administration expenses	4D	285,755
Grants and donations	4E	-
Depreciation	4F	28,536
Finance costs	4G	18,743
Legal costs	4H	6,706
Audit fees	13	16,000
Net losses from disposal of assets		440
Other expenses	4I	-
Total expenses		<u>2,065,271</u>
Surplus (deficit) for the year		<u>15,422</u>
Other comprehensive income		-
Total comprehensive income for the year		<u>15,422</u>

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

Independent Education Union (SA) Branch
Statement of Financial Position
as at 31 December 2017

	Notes	2017 \$
ASSETS		
Current Assets		
Cash and cash equivalents	5A	663,577
Trade and other receivables	5B	12,498
Other current assets	5C	6,103
Total current assets		<u>682,178</u>
Non-Current Assets		
Plant and equipment	6A	38,701
Total non-current assets		<u>38,701</u>
Total assets		<u>720,879</u>
LIABILITIES		
Current Liabilities		
Trade payables	7A	88,479
Other payables	7B	118,480
Employee provisions	8A	498,498
Total current liabilities		<u>705,457</u>
Non-Current Liabilities		
Employee provisions	8A	-
Total non-current liabilities		<u>-</u>
Total liabilities		<u>705,457</u>
Net assets		<u>15,422</u>
EQUITY		
General funds	9A	-
Retained earnings (accumulated deficit)		15,422
Total equity		<u>15,422</u>

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

Independent Education Union (SA) Branch
Statement of Changes in Equity
for the year ended 31 December 2017

	Notes	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2017		-	-	-
Surplus / (deficit)		-	15,422	15,422
Other comprehensive income		-	-	-
Closing balance as at 31 December 2017		-	15,422	15,422

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

Independent Education Union (SA) Branch
Statement of Cash Flows
for the year ended 31 December 2017

	Notes	2017 \$
OPERATING ACTIVITIES		
Cash received		
Receipts from members	10B	2,117,234
Interest	10B	14,962
Cash used		
Employees and suppliers	10B	(1,975,323)
Net cash from (used by) operating activities	10A	<u>156,873</u>
Net increase (decrease) in cash held		<u>156,873</u>
Cash & cash equivalents at the beginning of the reporting period		-
Cash transferred from Independent Education Union (SA) Inc. for nil consideration		<u>506,704</u>
Cash & cash equivalents at the end of the reporting period	5A	<u>663,577</u>

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

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period, and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Independent Education Union (SA) 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 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 Independent Education Union (SA) Branch include:

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from contracts with customers	31 December 2019	<p>A five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.</p>	<p>The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.</p>

<p>AASB 1058 Income of NFP entities</p>	<p>31 December 2019</p>	<p>AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contribution. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. AASB 1058 applies when a NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity recognises and measures the asset at fair value in accordance with the applicable Australian Accounting Standard (eg AASB 116 Property, Plant and Equipment).</p> <p>Upon initial recognition of the asset, this Standard requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised in accordance with the applicable Accounting Standard, such as: (a) contributions by owners; (b) revenue, or a contract liability arising from a contract with a customer; (c) a lease liability; (d) a financial instrument; or (e) a provision.</p> <p>If the transaction is a transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity (ie an in-substance acquisition of a non-financial asset), the entity recognises a liability for the excess of the fair value of the transfer over any related amounts recognised. The entity recognises income as it satisfies its obligations under the</p>	<p>Each revenue stream is currently being reviewed to determine the impact of AASB 1058. The impact of AASB 1058 has not yet been quantified.</p>
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		transfer similarly to income recognition in relation to performance obligations under AASB 15. If the transaction does not enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income.	
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1.4 Transfer of assets and liabilities from Independent Education Union (SA) Inc. to Independent Education Union (SA) Branch

As of 1 January 2017 the state registered union Independent Education Union (SA) Inc. (IEU(SA) Inc.) ceased to be transitionally recognised under the federal *Fair Work Act 2009* and operations in the federal jurisdiction needed to be transferred to the SA branch of the IEUSA, namely Independent Education Union (SA) Branch (IEU(SA) Branch). As a consequence the employment of staff (effective 5 January 2017), collection of membership fees and the financial responsibility of union operations were transferred from IEU(SA) Inc to IEU(SA) Branch. Both entities share a common membership whose dual membership fees are applied to the operating expenses of both entities. No member is a member of only one of the two entities. The combined assets and liabilities of the two entities re the responsibility of the same group of members. The members of the executive committees of both entities are elected simultaneously by the same process. The governance of both entities is the responsibility of the same group of elected officials (operating separately) on behalf of the same group of members.

Refer note 12A for additional discussion regarding the transfer of assets and liabilities.

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.

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.

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.

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.

1.9 Leases

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

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

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

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

1.10 Borrowing costs

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

1.11 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.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when the Independent Education Union (SA) 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.

1.13 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.

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.

Impairment of financial assets

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

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

as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

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

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

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

Derecognition of financial assets

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

1.14 Financial Liabilities

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

Fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.15 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.

1.16 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

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

Depreciation

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

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

	2017
Plant and equipment	1 to 7 years

Derecognition

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

1.17 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 Independent Education Union (SA) Branch were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.18 Taxation

Independent Education Union (SA) 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.

1.19 Fair value measurement

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

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

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

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

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

The Independent Education Union (SA) Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Independent Education Union (SA) 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.

1.20 Going concern

The Independent Education Union (SA) Branch is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Independent Education Union (SA) Branch.

	2017
	\$
Note 3 Income	
Note 3A: Capitation fees	
Total capitation fees	<u>-</u>
Note 3B: Levies	
Total levies	<u>-</u>
Note 3C: Interest	
Deposits	14,962
Total interest	<u>14,962</u>
Note 3D: Grants or donations	
Grants	-
Donations	-
Total grants or donations	<u>-</u>

2017
\$

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	172,208
Superannuation	24,333
Leave and other entitlements	23,894
Other employee expenses	8,301

Subtotal employee expenses holders of office 228,736

Employees other than office holders:

Wages and salaries	1,138,322
Superannuation	161,294
Leave and other entitlements	(8,191)
Other employee expenses	111,138

Subtotal employee expenses employees other than office holders 1,402,563

Total employee expenses 1,631,299

Note 4B: Capitation fees

Independent Education Union Australia	58,702
Total capitation fees	<u>58,702</u>

Note 4C: Affiliation fees

Australian Council of Trade Unions	18,790
Other	300
Total affiliation fees/subscriptions	<u>19,090</u>

2017

\$

Note 4D: Administration expenses

Consideration to employers for payroll deductions	-
Compulsory levies	-
Fees/allowances - meeting and conferences	-
Conference and meeting expenses	41,390
Contractors/consultants	5,475
Property expenses	22,071
Office expenses	46,375
Information communications technology	16,102
Staff / Exec mobility and meals	59,300
Promotional material / benefits	55,662
Training and development	18,175
Other	21,205
Total administration expenses	<u>285,755</u>

Note 4E: Grants or donations

Grants:	
Total paid that were \$1,000 or less	-
Total paid that exceeded \$1,000	-
Donations:	
Total paid that were \$1,000 or less	-
Total paid that exceeded \$1,000	-
Total grants or donations	<u>-</u>

Note 4F: Depreciation

Depreciation	
Plant and equipment	28,536
Total depreciation	<u>28,536</u>

2017

\$

Note 4G: Finance costs

Merchant / payment fees	18,743
Total finance costs	<u>18,743</u>

Note 4H: Legal costs

Litigation	6,706
Total legal costs	<u>6,706</u>

Note 4I: Other expenses

Penalties - via RO Act or RO Regulations	-
Total other expenses	<u>-</u>

2017

\$

Note 5 Current Assets**Note 5A: Cash and Cash Equivalents**

Cash at bank	163,277
Cash on hand	300
Short term deposits	500,000
Total cash and cash equivalents	<u>663,577</u>

Note 5B: Trade and Other Receivables

Receivables from other reporting unit[s]	<u> </u>
Total receivables from other reporting unit[s]	<u> -</u>
Less provision for doubtful debts	<u> </u>
Total provision for doubtful debts	<u> -</u>
Receivable from other reporting unit[s] (net)	<u> -</u>
Other receivables:	
Other trade receivables	500
Accrued interest	11,998
Total other receivables	<u>12,498</u>
Total trade and other receivables (net)	<u>12,498</u>

Note 5C: Other Current Assets

Prepayments	<u>6,103</u>
Total other current assets	<u>6,103</u>

2017
\$

Note 6 Non-current Assets

Note 6A: Plant and equipment

Plant and equipment:	
at cost	275,922
accumulated depreciation	(237,221)
Total plant and equipment	<u>38,701</u>

Reconciliation of Opening and Closing Balances of Plant and Equipment

As at 1 January	
Gross book value	-
Accumulated depreciation and impairment	-
Net book value 1 January	<u>-</u>
Additions:	
By purchase	-
Transfer from Independent Education (SA) Inc.	67,680
Impairments	-
Depreciation expense	(28,536)
Disposals:	
Other	(443)
Net book value 31 December	<u>38,701</u>
Net book value as of 31 December represented by:	
Gross book value	275,922
Accumulated depreciation and impairment	(237,221)
Net book value 31 December	<u>38,701</u>

2017
\$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors	9,846
ATO payable	78,633
Subtotal trade creditors	<u>88,479</u>
Payables to other reporting unit[s]	<u> </u>
Subtotal payables to other reporting unit[s]	<u>-</u>
Total trade payables	<u>88,479</u>

Settlement is usually made within 30 days.

Note 7B: Other payables

Accrued expenses	61,821
Consideration to employers for payroll deductions	-
Legal costs	-
Membership fees in advance	59,546
Other	(2,887)
Total other payables	<u>118,480</u>
Total other payables are expected to be settled in:	
No more than 12 months	118,480
More than 12 months	-
Total other payables	<u>118,480</u>

Note 8 Provisions

Note 8A: Employee Provisions

Office Holders:	
Annual leave	110,711
Long service leave	89,368
<i>Subtotal employee provisions—office holders</i>	<u>200,079</u>
Employees other than office holders:	
Annual leave	187,674
Long service leave	110,745
<i>Subtotal employee provisions—employees other than office holders</i>	<u>298,419</u>
Total employee provisions	<u>498,498</u>
Current	498,498
Non Current	-
<i>Total employee provisions</i>	<u>498,498</u>

Note 9 Equity

Note 9A: Other Specific disclosures – Funds

Compulsory levy/voluntary contribution fund – if invested in assets	-
Other fund(s) required by rules	-
<i>Total</i>	<u>-</u>

2017
\$

Note 10 Cash Flow

Note 10A: Cash Flow Reconciliation

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

Cash and cash equivalents as per:

Cash flow statement	663,577
Balance sheet	663,577
Difference	<u>-</u>

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	15,422
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Adjustments for non-cash items

Depreciation	28,536
Gain on transfer of net assets from Independent Education Union (SA) Inc.	(31,161)
Net transactions received / paid by IEU (SA) Inc. on behalf of IEU (SA) Branch (net owing to Branch written off)	(60,428)
Loss on disposal of assets	443

Changes in assets/liabilities

(Increase)/decrease in net receivables	(12,498)
(Increase)/decrease in prepayments	(6,103)
Increase/(decrease) in trade and other payables	206,959
Increase/(decrease) in employee provisions*	15,703
Net cash from (used by) operating activities	<u>156,873</u>

*Change in employee provisions post initial transfer from Independent Education Union (SA) Inc. of \$482,795 effective 1 January 2017.

Note 10B: Cash flow information

Cash inflows	
Independent Education Union (SA) Branch	2,132,196
Total cash inflows	<u>2,132,196</u>

Cash outflows	
Independent Education Union (SA) Branch	(1,975,323)
Total cash outflows	<u>(1,975,323)</u>

Note 11 Contingent Liabilities, Assets and Commitments

Management confirmed there were no contingent liabilities, assets or commitments at the reporting date and up until the date of signing the 31 December 2017 financial statements.

Note 12 Related Party Disclosures

Note 12A: Related Party Transactions for the Reporting Period

As detailed within Note 1, the state registered union Independent Education Union (SA) Inc. (IEU(SA) Inc.) ceased to be transitionally recognised under the federal Fair Work Act 2009 and operations in the federal jurisdiction needed to be transferred to the SA branch of the IEUSA, namely Independent Education Union (SA) Branch (IEU(SA) Branch). As a consequence the employment of staff, collection of membership fees and the financial responsibility of union operations were transferred from IEU(SA) Inc to IEU(SA) Branch. Both entities share a common membership whose dual membership fees are applied to the operating expenses of both entities.

IEU(SA) Branch has been granted exclusive occupancy and use of the property at 213 Currie Street, Adelaide SA 5000 by IEU(SA) Inc. As per the signed rental agreement between the entities dated 21 September 2017, occupancy has been granted on the following basis:

IEU(SA) Branch accepts responsibility for the maintenance of, and minor repairs, refurbishments and modifications to 213 Currie Street;

In lieu of a fixed periodic rent amount paid to IEU(SA) Inc., IEU(SA) Branch agrees to reimburse all outgoings associated with the property plus a service fee of up to 2.5% of fee income;

Such outgoings include, but are not limited to:

- Council rates;
- Land tax;
- Emergency services levy;
- Building insurance;
- Utilities – water, electricity, gas.

IEU(SA) Branch has been granted access to vehicle S616BAV whilst it remains the property of IEU(SA) Inc. IEU(SA) Branch agrees to reimburse all outgoings.

IEU (SA) Branch pays capitation fees to Independent Education Union of Australia (IEUA) on behalf of members. IEU (SA) Branch reimburses IEUA for Australian Council of Trade Unions affiliation fees paid.

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

Expenses paid to Independent Education Union (SA)

Inc. includes the following:

Rent and vehicle reimbursement	18,375
Other administrative reimbursement	3,613

Expenses paid to Independent Education Union of

Australia includes the following:

Capitation fees	58,702
ACTU affiliation fees	18,790

	2017
	\$
Net assets transferred from Independent Education Union (SA) Inc. includes the following:	
Cash at bank	506,404
Petty cash	300
Plant and equipment (WDV)	67,680
Provision for employee benefits (AL & LSL)	(482,795)
Net transactions received / paid by IEU (SA) Inc. on behalf of IEU (SA) Branch (net owing to Branch written off)	(60,428)
Net assets transferred	<u>31,161</u>

Terms and conditions of transactions with related parties

Outstanding balances 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 Independent Education Union (SA) Branch has not recorded any impairment of receivables relating to amounts owed by related parties. 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.

The assets and liabilities listed above were transferred within the year ended 31 December 2017 from Independent Education Union (SA) Inc. to Independent Education Union (SA) Branch for nil consideration.

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

Glen Seidel (Secretary) and Jenny Gilchrist (President) have been identified as key management personnel.

Short-term employee benefits

Salary (including annual leave taken)	172,208
Annual leave accrued	16,030
Honorarium – J Gilchrist	5,100
Total short-term employee benefits	<u>193,338</u>

Post-employment benefits:

Superannuation	24,333
Total post-employment benefits	<u>24,333</u>

Other long-term benefits:

Long-service leave	7,863
Total other long-term benefits	<u>7,863</u>

Total	<u>225,534</u>
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Note 12C: Transactions with key management personnel and their close family members

Other transactions with key management personnel

Glen Seidel – reimbursement of Branch expenses paid on personal credit card*	4,818
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*The Secretary's credit card was utilised for a short period due to delays in receiving new credit cards issued in the name Independent Education Union (SA) Branch.

2017
\$

Note 13 Remuneration of Auditors

Value of the services provided

Financial statement audit services	13,500
Other services	2,500
Total remuneration of auditors	16,000

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

Note 14 Financial Instruments

Independent Education Union (SA) Branch manages risk and risk exposures through the oversight of the Executive Committee. Primarily, the Independent Education Union (SA) Branch is exposed to credit risk and liquidity risk.

- Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.
- Liquidity risk is monitored to ensure the entity is able to meet debt obligations as and when they fall due.

Note 14A: Categories of Financial Instruments

Financial Assets

Held-to-maturity investments:	
Cash and cash equivalents	663,577
Total	663,577
Loans and receivables:	
Trade and other receivables	12,498
Total	12,498
Carrying amount of financial assets	676,075

Financial Liabilities

Other financial liabilities:	
Trade and other payables	147,413
Total	147,413
Carrying amount of financial liabilities	147,413

2017

\$

Note 14B: Net Income and Expense from Financial Assets

Held-to-maturity	
Interest revenue	14,962
Net gain/(loss) held-to-maturity	14,962
Loans and receivables	
Net gain/(loss) from loans and receivables	-
Net gain/(loss) from financial assets	<u>14,962</u>

The net income from financial assets not at fair value from profit and loss is \$14,962.

2017

\$

Note 14C: Net Income and Expense from Financial Liabilities

At amortised cost	
Interest expense	56
Net gain/(loss) financial liabilities - at amortised cost	56
Net gain/(loss) from financial liabilities	<u>56</u>

The net expense from financial liabilities not at fair value from profit and loss is \$56.

Note 14D: Credit Risk

The credit risk to Independent Education Union (SA) Branch of a counterparty not meeting its obligation is appropriately managed by the Executive Committee. The Committee does not believe there is a concentration of risk in any counterparty that is not appropriately managed.

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

Financial assets	
Cash and cash equivalents	663,577
Trade and other receivables	12,498
Total	<u>676,075</u>
Financial liabilities	
Trade and other payables	147,413
Total	<u>147,413</u>

In relation to the entity's gross credit risk the following collateral is held: Nil

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

	Not Past Due Nor Impaired	Past due or impaired
	2017	2017
	\$	\$
Trade and other receivables	11,998	500
Total	<u>11,998</u>	<u>500</u>

Executive committee is confident of recovery in respect to amounts past due at 31 December 2017.

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

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and other receivables	-	500	-	-	500
Total	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>

Note 14E: Liquidity Risk

The Independent Education Union (SA) Branch monitors its liquidity risk through the Executive Committee. The entity has cash on deposit that can be accessed when required to meet debt obligations as and when they fall due.

Contractual maturities for financial liabilities 2017

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	147,413	-	-	-	147,413
Total	<u>-</u>	<u>147,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,413</u>

Note 14F: Market Risk

The Independent Education Union (SA) Branch does not currently have any exposure to market risk.

Note 15 Fair Value Measurement

Note 15A: Financial Assets and Liabilities

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

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

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at year-end date was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at year-end reporting date the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Independent Education Union (SA) Branch financial assets and liabilities:

	Carrying amount 2017 \$	Fair value 2017 \$
Financial Assets		
Cash and cash equivalents	663,577	663,577
Trade and other receivables	12,498	12,498
Total	676,075	676,075
Financial Liabilities		
Trade and other payables	147,413	147,413
Total	147,413	147,413

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 Commissioner:

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