



24 August 2020

Mr Bruce Martin
Branch President
Independent Education Union of Australia, WA Branch

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

Dear Mr Martin

Independent Education Union of Australia, WA Branch
Financial Report for the year ended 31 December 2019 - FR2019/333

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Independent Education Union of Australia, WA Branch (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 6 August 2020.

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

Whilst the 2019 report has been filed the following should be addressed in the preparation of the next financial report.

1. General Purpose Financial Report (GPFR)

Adoption of AASB 16 Leases

Accounting standard AASB 16 Leases had a mandatory implementation date of 1 January 2019. Note 2(q) to the GPFR states that the committee of management has adopted the new standard as required. The GPFR appears to contain most but not all the presentation and disclosure requirements of AASB 16.

Please note that in future years the reporting unit's GPFR must include all relevant and required presentation and disclosures in accordance with AASB 16.

New Australian Accounting Standards - no adoption

Australian Accounting Standards AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities are applicable to not-for-profit entities for periods beginning on or after 1 January 2019. When a new Australian Accounting Standard is adopted, Australian Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors paragraph 28, requires that the entity disclose certain information about

the new Australian Accounting Standard such as the title, the nature of the change and, if applicable, a description of the transitional provisions.

The GPFR does not appear to have included the disclosures required by AASB 108 (except AASB 16) nor the disclosures required by AASB 15 and AASB 1058. It therefore appears that the reporting unit has not adopted AASB 15 or AASB 1058 in the financial year ended 31 December 2019.

Please note that in future years the reporting unit must adopt all applicable new accounting standards and include all required financial disclosures in accordance with the Australian Accounting Standards.

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

Subsection 272(5) of the RO Act requires the accounts to include a copy of subsections 272(1), (2) & (3) as follows:

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

Note 17 to the GPFR does not include subsection 272(3).

In future, please ensure that this information is disclosed in accordance with the legislation.

Reporting unit disclosures

The Independent Education Union of WA, Union of Employees is an organisation under state legislation and is not a reporting unit for the purposes of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

Transactions with the Independent Education Union of WA, Union of Employees should be disclosed in accordance with Australian Accounting Standard AASB 124 Related Party Disclosures.

The Independent Education Union of Australia (IEUA) currently consists of the following reporting units:

- Federal
- New South Wales and Australian Capital Territory Branch
- Queensland and Northern Territory Branch
- Western Australia Branch
- South Australia Branch
- Victoria and Tasmania Branch

In relation to the IEUA any reference to reporting units in the RO Act and the reporting guidelines refers to these six branches.

Please ensure in future that reporting unit disclosures are made as outlined above.

Nil disclosures disclosed more than once

The **officer's declaration statement (ODS)** provides reporting units with an option to disclose nil activities not reported elsewhere within the financial report.

Reporting guideline 21 states that if any activity described within items 10-20 of the reporting guidelines has not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes **or** in an ODS. Nil activities should be disclosed only **once**.

I note that the reporting unit's ODS includes the following items for which there was already a disclosure in the body of the notes.

- Item 10 – agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount) – is disclosed in both the officer's declaration statement and Note 2t;
- Item 11 – agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount) – is disclosed in both the officer's declaration statement and Note 2t;
- Item 13(b) – receive capitation fees from another reporting unit or any other revenue from another reporting unit – is disclosed in the officer's declaration statement, statement of comprehensive income and Note 3A;
- Item 13(c) – receive revenue via compulsory levies – is disclosed in the officer's declaration statement, statement of comprehensive income and Note 3B;
- Item 13(d) – receive donations or grants – is disclosed in the officer's declaration statement, statement of comprehensive income and Note 3E;
- Item 13(e) – receive revenue from undertaking recovery of wages activity – is disclosed in the officer's declaration statement, statement of comprehensive income and Note 3F;
- Item 14(d) – pay compulsory levies – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(e)(i) & (ii) – pay a grant – is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(e)(iii) & (iv) – pay a donation – is disclosed in both the officer's declaration statement and Note 4E;
- Item 14(h) – pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(j)(i) – pay legal costs relating to litigation – is disclosed in both the officer's declaration statement and Note 4D;
- Item 14(k) – pay a penalty imposed under the RO Act or Fair Work Act 2009 – is disclosed in both the officer's declaration statement and Note 4I;
- Item 16(a) – have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions – is disclosed in both the officer's declaration statement and Note 7B;
- Item 16(b)(i) – have a payable in respect of legal costs relating to litigation – is disclosed in both the officer's declaration statement and Note 7B;
- Item 16(b)(ii) - have a payable in respect of legal costs relating to other legal matters – is disclosed in both the officer's declaration statement and Note 7B;

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan', with a stylized flourish at the end.

KEN MORGAN
Financial Reporting Specialist
Registered Organisations Commission



**INDEPENDENT EDUCATION UNION OF AUSTRALIA
WA BRANCH**

ABN 59 914 290 495

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

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INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 31 December 2019

I, Bruce Martin being the President of the Independent Education Union of Australia, WA Branch certify:

- That the documents lodged herewith are copies of the full report for the Independent Education Union of Australia, WA Branch for the year ended 31 December 2019 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 8 July 2020; and
- The full financial report for the year ending 31 December 2019 was presented for approval to the General Meeting of members on Wednesday, 29th July 2020.



Bruce Martin
President

30 July 2020

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 31 December 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2019.

Descriptive form

Categories of expenditures	2019 \$	2018 \$
Remuneration and other employment-related costs and expenses- employees	1,783,794	1,712,723
Advertising	-	-
Operating costs	2,627,634	2,557,861
Donations to political parties	-	-
Legal costs	29,559	35,000



Bruce Martin
President

7 July 2020

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

The Branch Committee of Management ("the Committee") present their operating report on the Independent Education Union of Australia WA Branch ("the Union") for the financial year 31 December 2019.

Members of the Committee of Management

The names of the Committee Members who held office during the financial year and to date were:

1.	A. Walker, President	(1 January 2019 – 7 May 2019)
2.	B. Martin, President	(8 May 2019 – 30 November 2022)
3.	L. Reeves, Vice President	(8 May 2019 – 30 November 2022)
4.	B. Martin, Vice President	(1 January 2019 – 7 May 2019)
5.	A Briant, Secretary	(1 January 2019 - 25 May 2020)
6.	K. Sandover	(8 May 2019 – 4 November 2019)
7.	B. Frost	(1 January 2019 - 30 November 2019)
8.	C. Williams	(1 January 2019 - 30 November 2019)
9.	M. English	(1 January 2019 - 20 January 2020)
10.	D. Murray	(1 January 2019 - 26 May 2020)
11.	M. Brahim	(1 December 2019 – 30 November 2022)
12.	H. Keogh	(1 January 2019 – 30 November 2022)
13.	G. McDermott	(1 December 2019 – 30 November 2022)
14.	A. Milne	(1 January 2019 - 30 November 2022)
15.	L. Reeves	(1 January 2019 – 7 May 2019)
16.	P. Scrivener	(1 December 2019 – 30 November 2022)
17.	R. Thomas	(1 January 2019 - 30 November 2022)

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

Principal Activity

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

Results of these activities

1. Limiting decrease in member numbers to a small number.
2. Delegates and members being increasingly knowledgeable and active. Increase in the number of delegates.
3. Enhancing the visibility and profile of the Branch in non-government schools.
4. Improvements in the salaries and working conditions of staff in non-government schools.
5. Conducting a delegates' Conference.

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

Operating Results

The Union's loss for the year amounted to \$104,882 (2018: profit \$14,150).

Review of Operations

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

Significant Changes in the State of Affairs

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

After Balance Date Events

Other than the unknown impact of COVID-19 as mentioned as Note 15 of this financial report, there are no other matters or circumstances that have arisen since the end of the financial year which have significantly affected or may affect the operations of the Union and the results of those operations.

Member's Right to Resign

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

21 – RESIGNATION FROM MEMBERSHIP

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

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

Angela Briant, Secretary: (from February 2018 – 21 May 2020)

- (i) a director of WA Super, a superannuation entity and does not hold the position because a criterion for being the trustee or director is that the officer or employee is an officer or employee of the Union.

No other employee of the Union is:

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

Membership of the Union

Number of members as at 31 December 2019: 4,368 (2018: 4,576).

Employees of the Union

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

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

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

Indemnification of Officer or Auditor

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

Proceedings on Behalf of the Union

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

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the financial year ended 31 December 2019.

Other Information

There is no other information that the Union considers relevant.

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

Auditor's Independent Declaration

A copy of the auditor's independence declaration is set out on page 8.

Signed in accordance with a resolution of the Committee of Members passed on the 7th day of July 2020.



Bruce Martin
President

7 July 2020

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

COMMITTEE OF MANAGEMENT STATEMENT

On the 7th day of July 2020 the Committee of Management of Independent Education Union of Australia WA Branch ("Union") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2019:

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

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

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



Bruce Martin
President



Lucy Reeves
Vice President

7 July 2020



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS, REGISTERED COMPANY
AUDITORS AND REGISTERED SMSF AUDITORS

Postal Address:

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P: 1300 284 330

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Liability limited by a scheme approved under Professional Standards Legislation

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

As auditor for the audit of Independent Education Union of Australia WA Branch for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there has been:

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

Anderson Munro + Wyllie

ANDERSON MUNRO & WYLLIE

Chartered Accountants

Martin Shone

Principal

Dated at Perth, Western Australia this 8th day of July 2020

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Revenue			
Membership subscription		2,425,706	2,550,689
Capitation fees	3A	-	-
Levies	3B	-	-
Investment income	3C	1,671	1,761
Other revenue	3D	95,375	19,561
Total revenue		2,522,752	2,572,011
Other income			
Grants or donations	3E	-	-
Revenue from recovery of wages activity	3F	-	-
Total Other Income		-	-
Total Income		2,522,752	2,572,011
Expenses			
Employee expenses	4A	(1,783,794)	(1,712,723)
Capitation fees	4B	(93,226)	(87,732)
ACTU Affiliation fees	4C	(31,075)	(28,009)
Administration expenses	4D	(609,793)	(664,808)
Grants or donations	4E	-	-
Depreciation and amortisation	4F	(53,609)	(8,942)
Finance costs	4G	(16,101)	(1,270)
Legal costs	4H	(29,559)	(35,000)
Audit fees	4I	(10,477)	(19,377)
Other expenses	4I	-	-
Total expenses		(2,627,634)	(2,557,861)
Net (loss)/profit for the year Attributable to Members of the Union		(104,882)	14,150
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year attributable to members of the Union		(104,882)	14,150

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019	2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	110,406	237,386
Trade and other receivables	5B	310,656	219,583
Other current assets	5C	7,108	9,448
Total current assets		428,170	466,417
Non-Current Assets			
Plant and equipment	6A	39,211	28,413
Right of use	6B	321,638	-
Total non-current assets		360,849	28,413
TOTAL ASSETS		789,019	494,830
LIABILITIES			
Current Liabilities			
Trade payables	7A	37,103	38,862
Other payables	7B	178,436	64,786
Employee provisions	8A	116,187	186,004
Lease liability	9A	48,071	-
Total current liabilities		379,797	289,652
Non-Current Liabilities			
Employee provisions	8A	35,904	-
Lease liability	9A	273,022	-
Total non-current liabilities		308,926	-
Total Liabilities		688,723	289,652
Net assets		100,296	205,178
EQUITY			
Retained earnings		100,296	205,178
Total equity		100,296	205,178

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Retained Earnings \$	Total \$
Balance at 31 December 2017	191,028	191,028
Surplus for the year	14,150	14,150
Balance at 31 December 2018	205,178	205,178
Deficit for the year	(104,882)	(104,882)
Balance at 31 December 2019	100,296	100,296

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA, WA BRANCH

ABN 59 914 290 495

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from members		2,425,706	2,550,689
Other income		99,529	19,561
Payment to national office	11B	(124,301)	(115,741)
Payment to suppliers		(2,408,734)	(2,406,625)
Interest received		1,671	1,761
Interest paid		(4,394)	(1,270)
Cash generated from operating activities	11A	(10,523)	48,375
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(21,230)	(18,801)
Net cash used in investing activities		(21,230)	(18,801)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfers to Independent Education Union of WA, Union of Employees		(95,227)	(80,090)
Cash used in financing activities		(95,227)	(80,090)
(Decrease)/Increase in cash and cash equivalents during the year		(126,980)	(50,516)
Cash and cash equivalents at the beginning of the year		237,386	287,902
Cash and cash equivalents at the end of the year	5A	110,406	237,386

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1: Union Information

The financial report of Independent Education Union of Australia WA Branch ("Union") for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Committee of Management.

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

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

Note 2: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Union is a not-for-profit entity.

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

The financial statements, except for the cash flow information, have been prepared on an 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 dollar.

Accounting Policies

(a) 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.

Income transferred from the Independent Education Union of Western Australia, Union of Employees is recognised when it is received.

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.

(b) Gains

Sale of Assets

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(c) 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.

(d) Borrowing Costs

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

(e) Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions of the instrument.

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

(g) Financial 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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(g) Financial assets (Continued)

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.

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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (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.

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.

(h) 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'.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(i) ***Fair value through profit or loss***

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

A financial liability is classified as held for trading if:

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

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

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

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

(ii) ***Other financial liabilities***

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

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

(iii) ***Derecognition of financial liabilities***

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

(i) **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.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(j) Plant and Equipment

Asset Recognition Threshold

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

Depreciation

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

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

Plant and equipment	25%
Motor vehicles	22.5%

(k) Inventories on Hand

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

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

(l) Impairment for Non-Financial Assets

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

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

(m) Taxation

The Union is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

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

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

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

(n) Comparative Figures

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(o) Accounts Payable and Other Payables

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

(p) Significant Accounting Judgements and Estimates

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

Key estimates

Impairment

Nil

Key judgments

Available-for-sale investments

Nil

(q) New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

The AASB has issued new Accounting Standard that has mandatory application date for future reporting periods, which is relevant to the Union. The Committee of Management has decided to adopt the following new pronouncement.

Initial Application of AASB 16: Leases

This standard replaces 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 as follows:

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

- Inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Future Australian Accounting Standard Requirements

No new standards, amendments to standards and interpretations that were issued are applicable to future reporting periods that are expected to have future financial impact on the Union.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(r) Leases

At inception of a contract, the Union assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Union where the Union is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Union uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Union anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(s) Employee Benefits

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

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

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

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 2: Summary of Significant Accounting Policies (Continued)

(s) Employee Benefits (Continued)

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.

(t) Going Concern

The Branch is not reliant on financial support of another reporting unit to continue on a going concern basis. The Branch provides no financial support to ensure another reporting unit can continue on a going concern basis.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
NOTE 3: INCOME		
No income was received during the reporting period for Capitation Fees, Levies, Grants or Donations or support from another reporting unit of the organisation.		
Note 3A: Capitation Fees	-	-
Note 3B: Levies	-	-
Note 3C: Investment Income		
Deposits	-	-
Bank Interest	1,671	1,761
	<u>1,671</u>	<u>1,761</u>
Note 3D: Other Revenue	<u>95,375</u>	<u>19,561</u>
Note 3E: Grants or Donations	-	-
Note 3F: Revenue from Recovery of Wages Activity	-	-
Note 4: Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	168,458	158,372
Superannuation	23,926	27,903
Leave and other entitlements	4,773	11,521
Separation and redundancies	-	-
Other employee expenses	16,616	17,583
Subtotal employee expenses holders of office	<u>213,773</u>	<u>215,379</u>
Employees other than office holders:		
Wages and salaries	1,054,977	1,136,744
Superannuation	182,623	163,419
Leave and other entitlements	219,692	183,690
Separation and redundancies	-	-
Other employee expenses	112,729	13,491
Subtotal employee expenses other than office holders	<u>1,570,021</u>	<u>1,497,344</u>
Total employee expenses	<u>1,783,794</u>	<u>1,712,723</u>

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Note 4B: Capitation Fees		
Independent Education Union of Australia	<u>93,226</u>	<u>87,732</u>
 Note 4C: ACTU Affiliation Fees		
Independent Education Union of Australia	<u>31,075</u>	<u>28,009</u>
 Note 4D: Administration expenses		
Bank charges	4,485	1,432
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances – meeting and conferences	-	182
Conference and meeting expenses	70,504	72,766
Property expenses	39,421	70,850
Information communications technology	100,237	100,347
Office expenses	91,501	110,787
Unions WA Affiliation expenses	40,212	37,639
Seminars, training and staff professional learning	3,824	38,219
Publications and subscriptions	48,560	63,932
Vehicle expenses	20,861	27,375
Other	154,741	76,685
Subtotal administration expenses	<u>574,346</u>	<u>600,214</u>
 Operating lease rentals:		
Photocopier lease	35,447	34,664
Lease charges paid to Independent Education Union of WA, Union of Employees for use of assets	-	29,930
Total administration expense	<u>609,793</u>	<u>664,808</u>
 Operating lease contracted for but not recognised in the financial statements		
Photocopier lease – minimum lease payments		
- not later than 12 months	6,200	24,800
- between 12 months and five years	-	6,200
- later than five years	-	-
	<u>6,200</u>	<u>31,000</u>

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 4D: Administration expenses (Continued)

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

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

	2019	2018
	\$	\$

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	-	-
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Note 4F: Depreciation

Depreciation

Motor vehicles	5,760	7,809
Office equipment	4,672	1,133

Total depreciation	10,432	8,942
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Amortisation

Right of Use	43,177	-
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Total amortisation	43,177	-
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Total depreciation and amortisation	53,609	8,942
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Note 4G: Finance costs

Interest expenses	16,101	1,270
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Note 4H: Legal costs

Litigation	-	9,532
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Other legal matters	29,559	25,468
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Total legal costs	29,559	35,000
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Note 4I: Other expenses

Penalties – via RO Act or RO Regulations	-	-
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INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
NOTE 5: CURRENT ASSETS		
Note 5A: Cash and Cash Equivalents		
Cash at bank	46,703	173,683
Term deposit	63,703	63,703
Total cash and cash equivalents	110,406	237,386
Note 5B: Trade and Other Receivables		
Receivables from other reporting units		
Independent Education Union of WA, Union of Employees	310,656	215,429
Total receivables from other reporting units	310,656	215,429
Less provision for doubtful debts	-	-
Receivables from other reporting units (net)	310,656	215,429
Other receivables:		
- GST receivable from the Australian Taxation Office	-	-
- Other receivables	-	4,154
Total other receivables	-	4,154
Total trade and other receivables	310,656	219,583
Note 5C: Other Current Assets		
Prepayments	7,108	9,448
Total other current assets	7,108	9,448
Note 6: Non-current Assets		
Note 6A: Plant and equipment		
Motor vehicles		
Cost	34,707	34,707
Accumulated depreciation	(14,870)	(9,110)
Total motor vehicles	19,837	25,597
Office equipment		
Cost	26,014	4,784
Accumulated depreciation	(6,640)	(1,968)
Total office equipment	19,374	2,816
Total plant and equipment	39,211	28,413

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 6A: Plant and equipment (Continued)

Reconciliation of Opening and Closing Balances of Plant and Equipment

	2019			2018		
	Motor Vehicles	Office equipment	Total	Motor Vehicles	Office equipment	Total
Movements during the year	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	25,597	2,816	28,413	16,049	2,505	18,554
Additions during the year	-	21,230	21,230	17,357	1,444	18,801
Disposals during the year	-	-	-	-	-	-
Depreciation for the year	(5,760)	(4,672)	(10,432)	(7,809)	(1,133)	(8,942)
Balance at the end of the year	19,837	19,374	39,211	25,597	2,816	28,413

	2019	2018
	\$	\$

Note 6B: Right of Use

Right of use

Cost	364,815	-
Accumulated amortisation	(43,177)	-
Total right of use	321,638	-

Note 7: Current Liabilities

Note 7A: Trade Payables

Trade creditors and accruals	37,103	38,862
Payables to other reporting units		
Independent Education Union of WA, Union of Employees	-	-
Total trade payables	37,103	38,862

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Note 7B: Other Payables		
Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	-	-
Other legal matters	-	-
GST Payable	52,760	8,710
PAYG withholding	47,132	35,088
Membership paid in advance	9,890	-
Other	68,654	20,988
Total other payables	178,436	64,786
Total trade and other payables	215,539	103,648
Trade and other payables are unsecured and are generally traded on 30 - 90 days credit terms.		
Note 8: Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	51,943	44,668
Long service leave	34,729	27,214
Separation and redundancies	-	-
Other employee provisions	-	-
Subtotal employee provisions – office holders	86,672	71,882
Employees other than office holders:		
Annual leave	49,816	72,246
Long service leave	15,603	41,876
Separation and redundancies	-	-
Other employee provisions	-	-
Subtotal employee provisions – employees other than office holders	65,419	114,122
Total employee provisions	152,091	186,004
Current	116,187	186,004
Non-current	35,904	-
Total employee provisions	152,091	186,004

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Note 9: Non-Current Liabilities		
Note 9A: Lease Liability		
Lease Liability	<u>321,093</u>	-
Current	48,071	-
Non-current	<u>273,022</u>	-
Total lease liability	<u>321,093</u>	-

Note 10: Segment Information

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

Note 11: Cash Flow

Note 11A: Cash Flow Reconciliation

Reconciliation of profit to net cash from operating activities:

(Loss)/Profit for the year	(104,882)	14,150
Adjustments for non-cash items		
Depreciation	53,609	8,942
Changes in assets/liabilities		
- (Increase)/decrease in trade and other receivables and prepayments	6,494	(4,465)
- Increase/(decrease) in trade and other payables	68,169	29,246
- Increase/(decrease) in employee provisions	<u>(33,913)</u>	<u>502</u>
Net cash generated from operating activities	<u>(10,523)</u>	<u>48,375</u>

Note 11B: Cash flow Information

Cash inflows

Transfers from IEUWA savings to cover capitation fees payment	-	-
Other Income	-	-
Total cash inflows	<u>-</u>	<u>-</u>

Cash outflows

Capitation fees to IEUA	(93,226)	(87,732)
Australian Council of Trade Union Affiliation fees & levy	<u>(31,075)</u>	<u>(28,009)</u>
Total cash outflows	<u>(124,301)</u>	<u>(115,741)</u>

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 12: Related Party Disclosures

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

Note 12A: Related Party Transactions for the Period

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

	2019	2018
	\$	\$
Revenue received from the following:		
– Independent Education Union of WA (Union of Employees)	-	-
	-	-
Expenses paid to the following:		
Independent Education Union of Australia	(93,226)	(87,732)
Australian Council of Trade Unions	(31,075)	(28,009)
	(124,301)	(115,741)
Amounts generated by the following:		
Membership fees received by the Independent Education Union of WA (Union of Employees)	1,674,385	880,429
	1,674,385	880,429
Amounts transferred from/(to) the following:		
– From Independent Education Union of WA (Union of Employees)	392,000	665,000
– To Independent Education Union of WA (Union of Employees)	(59,000)	-
	333,000	665,000
Amounts owed by the following:		
– Independent Education Union of WA (Union of Employees)	310,656	215,429
	310,656	215,429

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

	2019	2018
	\$	\$
Short-term employee benefits		
Salary	187,556	188,097
Annual leave accrued	43,833	37,694
Performance bonus	-	-
Total short-term employee benefits	231,389	225,791
Post-employment benefits:		
Superannuation	23,926	27,903
Total post-employment benefits	23,926	27,903
Other long-term benefits:		
Long-service leave	29,308	22,965
Total other long-term benefits	29,308	22,965
Termination benefits	-	-
Share based payments	-	-
Total	284,623	276,659

Note 13: Commitments and Contingencies

Capital commitments

As at 31 December 2019 the Union has no material commitments or contingencies.

Note 14: Remuneration of Auditors

Value of the services provided

– Financial statement audit services	9,300	18,277
– Other services	1,100	1,100
Total remuneration of auditors	10,400	19,377

Other services provided by the auditors included the membership audit.

Note 15: Events after the reporting period

COVID-19 was declared a Pandemic by the World Health Organisation on 11 March 2020. The situation continues to evolve very quickly. Significant economic damage has been seen globally and locally in Australia and Western Australia. The final financial impact of this Pandemic is unknown but may be significant to the operations of the Union.

Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Union, the results of those operations, or the state of affairs of the Union in subsequent financial periods.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial Risk Management

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

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

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	110,406	237,386
Trade and other receivables	310,656	219,583
Total financial assets	421,062	456,969
Financial liabilities		
Trade and other payables	215,539	103,648
Lease liability	321,093	-
Total financial liabilities	536,632	103,648

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

The main purpose of non-derivative financial instruments is to raise finance for the operations. The Union does not have any derivative instruments at 31 December 2019.

Specific Financial Risk Exposures and Management

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

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

(i) Credit risk

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

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

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

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

(ii) Liquidity risk

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

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial Risk Management (Continued)

(ii) Liquidity risk (Continued)

Liquidity risk is managed through:

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	215,539	103,648	-	-	-	-	215,539	103,648
Lease liability	48,071	-	171,812	-	106,688	-	326,571	-
Total expected outflows	263,610	103,648	171,812	-	106,688	-	542,110	103,648
Financial Assets — cash flows realisable								
Cash and cash equivalents	110,406	237,386	-	-	-	-	110,406	237,386
Trade and other receivables	310,656	219,583	-	-	-	-	310,656	219,583
Total anticipated inflows	421,062	456,969	-	-	-	-	421,062	456,969
Net inflow/(outflow) on financial instruments	157,452	353,321	(171,812)	-	(106,688)	-	(121,048)	353,321

(iii) Market risk

(a) Interest rate risk

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

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

(b) Other price risk

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

Sensitivity analysis

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial Risk Management (Continued)

Specific Financial Risk Exposures and Management

Sensitivity analysis

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

	Profit and Loss	Equity
	\$	\$
Year ended 31 December 2019		
+1% in interest rates	(1,113)	(1,113)
-1% in interest rates	1,266	1,266
Year ended 31 December 2018		
+1% in interest rates	-	-
-1% in interest rates	-	-

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

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

Net Fair Values

Fair value estimation

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

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

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 16: Financial Risk Management (Continued)

	Note	2019		2018	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	110,406	110,406	237,386	237,386
Trade and other receivables	(i)	310,656	310,656	219,583	219,583
Total financial assets		421,062	421,062	456,969	456,969
Financial liabilities					
Trade and other payables	(i)	215,539	215,539	103,648	103,648
Lease liability		321,093	321,093	-	-
Total financial liabilities		536,632	536,632	103,648	103,648

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

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

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

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

Information to be provided to members or 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.

Note 18: Going Concern

The financial report has been prepared on the going concern basis which contemplates the continuity of the normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Union incurred a loss for the year of \$104,882 (2018: Profit \$14,150) and had net cash outflows from operating activities of \$10,523 (2018: Cash inflows \$48,375). As at 31 December 2019, the Union had a net working capital of \$48,373 (2018: \$176,765). Current assets include \$310,656 owed from Independent Education Union of Western Australia, Union of Employees. If this amount is not collected on time, the Union might not be able to repay its debts when they fall due. This indicates a material uncertainty that may cast significant doubt about the ability of the Union to continue as a going concern.

The Members of the Committee have prepared a budgeted profit or loss and cash flow forecast for the relevant period, which indicates that the Union will have sufficient profit/cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. However, this is dependent on achieving the forecasted net cashflows from membership income and related expenses.

As at 7 July 2020, the Union had cash and cash equivalents of approximately \$290,000. As per the management accounts for the half year ended 30 June 2020, the Union had earned a profit of \$346,549.

Based on the budget profit or loss and cash flow forecasts and other factors referred to above, the members of the Committee are satisfied that the going concern basis of preparation of the financial report is appropriate.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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OFFICER DECLARATION STATEMENT

I, Bruce Martin, being the President of the INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH, declare that the following activities did not occur during the reporting period ending 31 December 2019.

The reporting unit did not:

1. agree to receive financial support from another reporting unit to continue as a going concern
2. agree to provide financial support to another reporting unit to ensure they continue as a going concern
3. acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
4. receive capitation fees from another reporting unit
5. receive revenue via compulsory levies
6. receive donations or grants
7. receive revenue from undertaking recovery of wages activity
8. pay compulsory levies
9. pay a grant
10. pay a donation
11. pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
12. pay legal costs relating to litigation
13. pay a penalty imposed under the RO Act or the Fair Work Act 2009
14. have a payable with another reporting unit
15. have a payable to employer as consideration for that employer making payroll
16. deductions of membership subscriptions
17. have a payable in respect of legal costs relating to litigation
18. have a payable in respect of legal costs relating to other legal matters
19. have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
20. transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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OFFICER DECLARATION STATEMENT

21. have another entity administer the financial affairs of the reporting unit
22. make a payment to a former related party of the reporting unit



Bruce Martin

President

Dated: 7 July 2020



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS, REGISTERED COMPANY
AUDITORS AND REGISTERED SMSF AUDITORS

Postal Address:

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

Opinion

I have audited the accompanying financial report of Independent Education Union of Australia WA branch ("the Union") which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes, the Committee of Management Statement, the subsection 255(2A) report and the Officer declaration statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Independent Education Union of Australia WA Branch, as at 31 December 2019, 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 Union 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 Union 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.

Emphasis of Matter – Going Concern

We draw attention to Note 18 in the financial report. The conditions disclosed in Note 18 indicate a material uncertainty exists that may cast significant doubt on the Union's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the ordinary course of business at the amounts stated in the Financial report. Our opinion is not modified in respect of this matter.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Union is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and 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 Union'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 Union or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibility

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 Union'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 Union'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 Union 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 Union to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Union audit. I remain solely responsible for my audit opinion.

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

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

Anderson Munro + Wyllie

ANDERSON MUNRO & WYLLIE

Chartered Accountants

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

Martin Shone

MARTIN SHONE

Principal & Registered Company Auditor

RO Registration number AA2017/8

Dated at Perth, Western Australia this 8th day of July 2020