



16 September 2020

Christopher Watt  
Federal Secretary  
Independent Education Union of Australia

Sent via email: [cwatt@ieu.org.au](mailto:cwatt@ieu.org.au)  
CC: [PMiller@vincents.com.au](mailto:PMiller@vincents.com.au)

Dear Christopher Watt,

**Independent Education Union of Australia  
Financial Report for the year ended 31 December 2019 – (FR2019/336)**

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Independent Education Union of Australia (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 1 July 2020. I also acknowledge receipt of the signed officer's declaration statement which was lodged with the ROC on 20 August 2020.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines (**RGs**) have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

**Timescale requirements**

Documents must be lodged with ROC within 14 days after general meeting

Section 268 of the RO Act requires a copy of the full report and the designated officer's certificate to be lodged with the ROC within 14 days after the meeting of the committee of management referred to in section 266. The designated officer's certificate indicates that this meeting occurred on 15 June 2020. If this is correct the documents should have been lodged with the ROC by 29 June 2020.

As indicated above, the full report was lodged on 1 July 2020.

It appears the organisation should have applied to the Commissioner for an extension of time to allow a longer period to lodge the required documents.

Please note that in future financial years if the organisation cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made *prior to* the expiry of the 14 day period.

#### Reports must be signed and dated before being provided to members

Under subsection 265(1)(a) of the RO Act a reporting unit must provide free of charge to its members a full report. A full report consists of:

- (i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and
- (ii) a copy of the general purpose financial report to which the report relates; and
- (iii) a copy of the operating report to which the report relates.

Subsection 253(2) states that the general purpose financial report must consist of:

- (a) financial statement containing
  - (i) a profit and loss statement, or other operating statement; and
  - (ii) a balance sheet; and
  - (iii) a statement of cash flows; and
  - (iv) any other statements required by the Australian Accounting Standards; and
- (b) notes to the financial statements containing:
  - (i) notes required by the Australian Accounting Standards; and
  - (ii) information required by the reporting guidelines (see section 255); and
- (c) any other reports or statements required by the reporting guidelines (see section 255) (including a committee of management statement, subsection 255(2A) report and officer's declaration statement).

The designated officer's certificate states that the full report was provided to members on 30 April 2020.

However, the auditor's report was not signed until 15 June 2020 which is after the date the full report was purportedly provided to members. The auditor's report must be signed and dated before they are provided to members as they form part of a full report. It would therefore appear that members have not been provided with a copy of the full report.

Please provide members with a copy of the auditor's report.

#### **General purpose financial report (GPFR)**

##### Subsection 255(2A) report

Under the subsection 255(2A), the RGs for the purposes of section 253 must require a report that shows the total expenditure incurred by reporting units during the financial year in relation to each of the following:

- (a) remuneration, and other employment-related costs and expenses, in respect of employees;
- (b) advertising;
- (c) operating costs;
- (d) donations to political parties;
- (e) legal costs.

I note that the subsection 255(2A) report in the GPFR does not include reference to legal costs. Please ensure in future years that subsection 255(2A) reports are prepared in accordance with the RO Act.

#### AASB 15 - Disaggregation of revenue from contracts with customers

Australian Accounting Standard AASB 15 Revenue from Contracts with Customers paragraph 114 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

It appears that no such disclosure has been made.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

#### Total Liabilities

The statement of financial position discloses total liabilities of \$286,991 for the 2019 financial report. The sum of total current liabilities and total non-current liabilities is \$486,991. It would appear that the amount reported under total liabilities is incorrect.

Please adjust the comparative figure of total liabilities in next year's financial report to reflect the correct amount.

#### Inconsistency in disclosure of financial information

- a) Note 4C *Affiliation fees* discloses affiliation fees expenses of \$716,262 for the 2019 financial year (2018: \$636,766). The officer's declaration statement, however includes a nil disclosure of paying affiliation fees to other entity.
- b) Note 4D *Administration expenses* discloses conference and meeting expenses of \$213,334 for the 2019 financial year (2018: \$154,797). The officer's declaration statement, however includes a nil disclosure of incurring expenses due to holding a meeting as required under the rules of the organisation.
- c) Note 3D *Other revenue* includes revenue from other operating activities. The total of Note 3D, however, is labelled as 'Total rental revenue'.
- d) Note 12 *Related Party Disclosures* shows revenue received from and expenses paid to other reporting units of the organisation. It is therefore expected that in relation to these transactions, either a disclosure of a receivable/payable and/or a cash inflow/outflow to another reporting unit would appear within the financial report as per requirements under items 15 and 18 of the RGs.

The financial report however, has 'nil' disclosures for having a receivable/payable with another reporting unit (Note 5B and Note 7A respectively) and for cash inflows/outflows (officer's declaration statement)

In future years, please ensure that items within the financial report are disclosed consistently.

#### Officer's declaration statement – to include all nil activity disclosures not elsewhere disclosed

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. I note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the financial statements and/or the body of the notes:

- Receive periodic or membership subscriptions (statement of comprehensive income);
- Receive revenue via compulsory levies (statement of comprehensive income and Note 3B);
- Receive donations or grants (statement of comprehensive income and Note 3E);

- Receive revenue from undertaking recovery of wages activity (statement of comprehensive income and Note 3F);
- Incur fees as consideration for employers making payroll deductions of membership subscriptions (Note 4D);
- Pay capitation fees to another reporting unit (statement of comprehensive income and Note 4B);
- Pay compulsory levies (Note 4D);
- Pay a grant that was \$1,000 or less (Note 4E);
- Pay a grant that exceeded \$1,000 (Note 4E);
- Pay a donation that was \$1,000 or less (Note 4E);
- Pay separation and redundancy expense for holders of office (Note 4A);
- Pay other employment expenses for holders of office (Note 4A);
- Pay separation and redundancy expense for employees (other than holders of offices) (Note 4A);
- Pay other employment expenses for employees (other than holders of offices) (Note 4A);
- Pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit (Note 4D);
- Pay legal costs relating to litigation (Note 4G);
- Have a liability for separation and redundancy for holders of offices (Note 8A);
- Have a liabilities for other employment provisions for holders of offices (Note 8A);
- Have a liability for separation and redundancy for employees (other than holders of offices) (Note 8A); and
- Have a liabilities for other employment provisions for employees (other than holders of offices) (Note 8A);

Please note that nil activities only need to be disclosed once.

I also note that the notes and officer's declaration statement contained nil activity information for all prescribed RG categories except the following:

- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisations or branch (RG 17(a))

Please ensure in future years that the above mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the RGs.

### **Auditor's report**

#### Auditor's report: declaration regarding going concern

Paragraph 30 of the RGs requires an auditor to include in the auditor's statement a declaration that as part of the audit of the financial statement they have concluded that management's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate. This declaration was not included in the auditor's statements.

Please ensure in future years that the auditor's report includes declaration regarding going concern.

## Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 RGs and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 RGs and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie Ngo', written over a horizontal line.

**Kylie Ngo**  
**Registered Organisations Commission**

**Independent Education Union of Australia**  
ABN: 44 401 438 657

## **Financial Statements**

**For the Year Ended 31 December 2019**

**Independent Education Union of Australia**

ABN: 44 401 438 657

**Financial Statements for the year ended 31 December 2019**

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Independent Education Union of Australia


ABN: 44 401 438 657

## Certificate by Prescribed Designated Officer

Certificate for the year ended 31 December 2019

I, Chris Watt, being the *Secretary of the Independent Education Union of Australia* certify:

- that the documents lodged herewith are copies of the full report for the *Independent Education Union of Australia* 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 30/04/20, and
- that the full report was presented to a meeting of the reporting unit on 15/06/20 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:  .....

Name of prescribed designated officer: Chris Watt

Title of prescribed designated officer: FEDERAL SECRETARY

Dated: 01/07/20 .....



**Independent Audit Report to the members of Independent Education  
Union of Australia**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Independent Education Union of Australia (the Registered Organisation), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies, the Committee of Management, the subsection 255(2A) report and the officer declaration statement.

In our opinion, the accompanying financial report of the Registered Organisation presents fairly, in all material aspects, the financial position of Independent Education Union of Australia as at 31 December 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (i) the Australian Accounting Standards; and
- (ii) 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).

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Organisation in accordance with the ethical requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Committee of Management for the Financial Report**

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

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



### Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Registered Organisation'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 Managements' 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 Registered Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Organisation 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. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. I declare that I am an auditor registered under the Registered Organisations Act.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. We did not locate any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act. Therefore our opinion on the financial report is not modified.

Vincent's Audit Pty Ltd

Phillip W Miller CA  
Director

Canberra

Dated this 15 day of June 2020...

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/24

## Report required under subsection 255(2A)

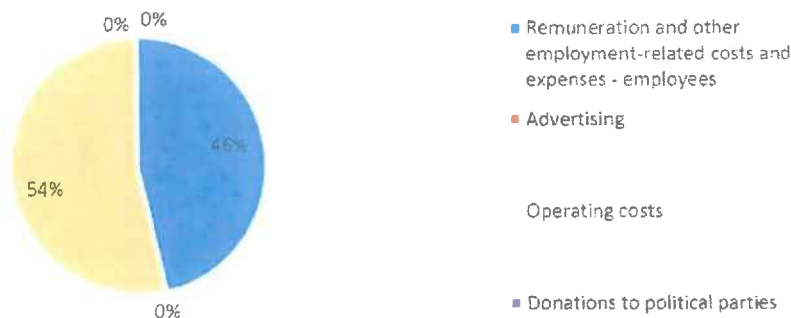
for the year ended 31 December 2019

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.

### 2019 - Expenditure as required under s. 255(2A) RO Act



### 2018 - Expenditure as required under s. 255(2A) RO Act



Signature of designated officer: .....

Name and title of designated officer: Chris Watt, Secretary

Dated: ..... 30/04/20 .....

## Independent Education Union of Australia

ABN: 44 401 438 657

# Operating report

*for the year ended 31 December 2019*

The committee of management presents its operating report on the reporting unit for the year ended 31 December 2019.

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

### Principal Activities

- 1) Support and advice to branches regarding political, industrial, legal and professional agendas. Ensuring ongoing advice to them on the Federal Government's industrial legislation.
- 2) Representation of the industrial and professional interests of the members in a broad range of federal spheres. This includes the ACTU and its committees; participation in forums on educational and professional issues of relevance to IEU members; representation to Government Ministers and Shadow Ministers on government policies relevant to the professional and industrial interests of our members; representation of the Union's interests at the Fair Work Commission in relation to rules matters and the defence of members' industrial rights in industrial disputes.
- 3) Submissions to national inquiries on school funding, educational, industrial and human rights issues relevant to the membership and the broader community. Appearance before such inquiries on behalf of the Union and its membership and participation in the public debate on these matters.
- 4) Research in relevant areas of public policy such as the funding of schooling, industrial, legal and constitutional matters, educational issues, and human rights concerns to inform our own policy development. Oversight of the comparative salaries and conditions of various categories of staff in non-government schools across the jurisdictions. Monitoring of Fair Work decisions and decisions from other jurisdictions.
- 5) Protection and carriage of the Union's Rules.
- 6) Negotiation and prosecution of claims for improved salaries and conditions for workers on Federal Awards through Fair Pay Commission processes.

**Results of these activities**

- 1) Sustained membership of the Union's Branches
- 2) A proactive membership industrially and professionally
- 3) Continued public profile of the Union on behalf of teachers and support staff in non-government education
- 4) Improvements in the industrial and professional conditions of the membership

**Significant changes in the nature of these activities**

- 1) There have been no significant changes in the nature of these activities over the past year.

**Significant changes in Financial affairs**

- 1) There have been no significant changes in the financial activities over the past year.

**Right of members to resign**

A member may resign from the Union in accord with Rule 21.

## RULE 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:
- a) where the member ceases to be eligible to become a member of the Union:
    - (i) on the day on which the notice is received by the Union; or
    - (ii) 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 member;whichever is later; or
  - b) in any other case
    - (i) at the end of two weeks after the notice is received by the organisation; or
    - (ii) on the day specified in the notice;whichever is the 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.

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

Debra James	Federal Council member, Federal Vice President, Secretary IEUA VIC/TAS Branch Director of Catholic Superannuation Fund Director of Togethr Trustees
Cathy Hickey	Federal Council member, Director NGS Super Fund
Terry Burke	Federal Council member, Federal Deputy President, Secretary IEUA QNT Branch
Glen Seidel	Federal Council member, Federal Executive member, Secretary IEU(SA) Branch Director NGS Super Fund
Gloria Taylor	Federal Council member, Federal Executive member, Deputy Secretary IEU NSW/ACT Branch Director NGS Super Fund
John Quessy	Federal Council member, Federal President, Secretary IEUA NSW/ACT Branch Alternate Director NGS Super Fund
Christine Wilkinson	Federal Council member, President IEUA NSW/ACT Branch Director NGS Super Fund
Angela Briant	Federal Council member, Federal Executive member, Secretary IEU WA Branch Director WA Super

**Number of members**

There were 74,651 members on the register of members on 31st December 2019.

**Number of employees**

As at 31 December 2019, the number of employees employed on a full-time equivalent basis was 4.4 FTE.


**Names of Committee of Management members and period positions held during the financial year**

The following persons are on the Federal Executive of the Union. The period of time during the reporting period for which they have held their position is indicated:

Chris Watt	Federal Secretary	12 months
Christine Cooper	Assistant Federal Secretary	12 months
Anthony Odgers	Assistant Federal Secretary	12 months
John Quessy	President	12 months
Deb James	Deputy President	12 months
Terry Burke	Vice President	12 months
Glen Seidel	Vice President	12 months
Angela Briant	Delegate	12 months
Gloria Taylor	Delegate	10 months
Mark Northam	Delegate	2 months

The Operating report for the period ended 31st December 2019 was prepared by Chris Watt, Federal Secretary.

Signature:

Signature of designated officer:  .....

Name and title of designated officer: Chris Watt, Federal Secretary

Dated: 30/04/2020 .....

Signature of designated officer:  .....

Name and title of designated officer: Debra James, Federal President

Dated: 30 April 2020 .....



## Committee of management statement

for the year ended 31 December 2019

On 30 April 2020 the Federal Executive of the *Independent Education Union of Austria* passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2019:

The Federal Executive declares that in its opinion:

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

Signature of designated officer:  .....

Name and title of designated officer: Chris Watt, Federal Secretary

Dated: 30/04/2020 .....

## Statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 \$	2018 \$
<b>Revenue</b>			
Membership subscription*		-	-
Capitation fees and other revenue from another reporting unit*	3A	1,488,880	1,380,234
Levies	3B	-	-
Investment income	3C	8,755	2,974
Other revenue	3D	496,293	440,641
<b>Total revenue</b>		<b>1,993,928</b>	<b>1,823,849</b>
<b>Other Income</b>			
Grants and/or donations*	3E	-	-
Revenue from recovery of wages activity*	3F	-	-
<b>Total other income</b>		<b>-</b>	<b>-</b>
<b>Total income</b>		<b>1,993,928</b>	<b>1,823,849</b>
<b>Expenses</b>			
Employee expenses	4A	(884,230)	(817,391)
Capitation fees and other expense to another reporting unit*	4B	-	-
Affiliation fees	4C	(646,262)	(636,766)
Administration expenses	4D	(325,262)	(280,970)
Grants or donations	4E	(100,000)	(17,500)
Depreciation and amortisation	4F	(1,105)	(882)
Legal costs	4G	(46,811)	-
Audit fees	13	(8,100)	(8,000)
Other expenses	4H	(3,000)	(1,425)
<b>Total expenses</b>		<b>(2,014,770)</b>	<b>(1,762,934)</b>
<b>Surplus (deficit) for the year</b>		<b>(20,842)</b>	<b>60,915</b>
<b>Other comprehensive income</b>			
Items that will be subsequently reclassified to profit or loss			
Gain/(loss) on available for sale investments		-	-
Gain/(loss) on debt instruments at fair value through other comprehensive income(FVTOCI)		-	-
Items that will not be subsequently reclassified to profit or loss			
Gain/(loss) on revaluation of land & buildings		-	-
Gain/(loss) on equity instruments designated at FVTOCI		-	-
<b>Total comprehensive income for the year</b>		<b>(20,842)</b>	<b>60,915</b>

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

The Association has initially applied AASB 15 and AASB 1058 using the cumulative effect method and not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related Interpretations. The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

\*As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

# Statement of financial position

as at 31 December 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	480,140	417,140
Trade and other receivables*	5B	9,269	2,416
Other current assets	5C	4,405	21,344
<b>Total current assets</b>		<b>493,814</b>	<b>440,900</b>
<b>Non-current Assets</b>			
Plant and equipment	6A	7,143	3,533
<b>Total non-current assets</b>		<b>7,143</b>	<b>3,533</b>
<b>Total assets</b>		<b>500,957</b>	<b>444,433</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables*	7A	39,547	37,311
Other payables*	7B	29,100	35,284
Employee provisions	8A	392,583	325,591
<b>Total current liabilities</b>		<b>461,230</b>	<b>398,186</b>
<b>Non-current Liabilities</b>			
Employee provisions	8A	25,761	11,439
<b>Total non-current liabilities</b>		<b>25,761</b>	<b>11,439</b>
<b>Total liabilities</b>		<b>286,991</b>	<b>409,625</b>
<b>Net assets</b>		<b>13,966</b>	<b>34,808</b>
<b>EQUITY</b>			
Retained earnings	9	13,966	34,808
<b>Total equity</b>		<b>13,966</b>	<b>34,808</b>

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

The Association has initially applied AASB 15 and AASB 105B using the cumulative effect method and not restated comparatives. The comparatives have been prepared using AASB 111, AASB 118, AASB 1004 and related interpretations. The Association has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

\*As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

## Statement of changes in equity

*for the year ended 31 December 2019*

	Notes	Retained earnings \$	Total equity \$
Balance as at 1 January 2018		(26,107)	(26,107)
Surplus / (deficit)		60,915	60,915
Closing balance as at 31 December 2018		34,808	34,808
<b>Balance as at 1 January 2019</b>		<b>34,808</b>	<b>34,808</b>
Surplus / (deficit)		(20,842)	(20,842)
<b>Closing balance as at 31 December 2019</b>		<b>13,965</b>	<b>13,965</b>

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

## Statement of cash flows

for the year ended 31 December 2019

	2019	2018
	\$	\$
Notes		
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Receipts from customers	2,193,775	2,002,959
Proceeds from interest received classified as operating	8,755	2,974
<b>Cash used</b>		
Payments to suppliers	(1,174,882)	(983,690)
Payments to employees	(798,638)	(766,540)
Payments to ATO	(124,515)	(111,737)
Lease payments from short-term leases	(35,100)	(35,100)
Lease payments for leases of low-value assets	(1,680)	(1,680)
<b>Net cash from (used by) operating activities</b>	10B <b>67,715</b>	<b>107,186</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash received</b>		
Proceeds from sale of plant and equipment	-	-
Proceeds from sale of land and buildings	-	-
<b>Cash used</b>		
Purchase of plant and equipment	(4,715)	-
Purchase of land and buildings	-	-
<b>Net cash from (used by) investing activities</b>	<b>(4,715)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash received</b>		
Contributed equity	-	-
Other	-	-
<b>Cash used</b>		
Repayment of borrowings	-	-
Other	-	-
<b>Net cash from (used by) financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>63,000</b>	<b>107,186</b>
Cash & cash equivalents at the beginning of the reporting period	<b>417,140</b>	<b>309,954</b>
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	5A <b>480,140</b>	<b>417,140</b>

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

## Index to the notes of the financial statements

Note 1	Summary of significant accounting policies
Note 2	Events after the reporting period
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## **Note 1 Summary of significant accounting policies**

### **1.1 Basis of preparation of the financial statements**

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

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

### **1.2 Comparative amounts**

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

### **1.3 Significant accounting judgements and estimates**

There are no significant accounting judgements and estimates relevant to the Registered Organisation for the year ended 31 December 2019.

### **1.4 Adoption of new and revised accounting standards**

#### ***Adoption of New Australian Accounting Standard requirements***

No accounting standard has been adopted earlier than the application date stated in the standard.

The Registered Organisation has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January 2019.

The Registered Organisation has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 January 2019.

No changes to the Registered Organisation's accounting policies and no impact on these financial statements from applying AASB 15 and AASB 1058.

The Registered Organisation has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 January 2019 and therefore the comparative information for the year ended 31 December 2018 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

The impact of adopting AASB 16 is described below:

#### Registered Organisation as a lessee

Under AASB 117, the Registered Organisation assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Registered Organisation or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Registered Organisation has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

AASB 16 includes a number of practical expedients which can be used on transition, the Registered Organisation has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Registered Organisation's incremental borrowing rate at 1 January 2019;
- right-of-use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 31 December 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 31 December 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are the same value as the leased asset and liability on 31 December 2019 2019.

#### ***Financial report impact of adoption of AASB 16***

The company has not recognised any right of use assets and lease liabilities as at 1 January 2019 for leases previously classified as operating leases.



## **AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements**

This Standard amends AASB 1054 to require not-for-profit private sector entities that are mandated to apply AASB 1054 (including those required by legislation to do so) and are preparing special purpose financial statements to disclose information that enables users to understand whether the material accounting policies applied in the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

## **AASB 1059 Service Concession Arrangements: Grantors**

This Standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity. The Standard is based on the International Public Sector Accounting Standard IPSAS 32 Service Concession Arrangements: Grantor and is broadly consistent with AASB Interpretation 12 Service Concession Arrangements, which sets out the accounting for the operator of such arrangements, in relation to its principles for recognising service concession assets.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

## **AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework**

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

### **AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business**

The Standard amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

### **AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material**

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

### **AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059**

This Standard amends AASB 16 and AASB 1059 mainly to provide practical expedient to grantors of service concession arrangements so that AASB 16 need not be applied to assets that would be recognised as service concession assets under AASB 1059 and to clarify measurement requirements of the liability of grantors that use the modified retrospective approach upon initial adoption of AASB 1059.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

### **AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform**

These amendments were issued in response to the effects of Interbank Offered Rates reform on financial reporting and provide mandatory temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk free interest rate.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

### **AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia**

This Standard amends AASB 1054 by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 on the potential effect of an IFRS Standard that has not yet been issued by the AASB so that such entity complying with Australian Accounting Standards can assert compliance with IFRS Standards.

The amendments apply retrospectively and are effective from 1 January 2020, with earlier application permitted.

*These amendments have no impact on the financial statements of the Independent Education Union of Australia*

## **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.

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 loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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.

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Registered Organisation expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Registered Organisation have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Other income is recognised on an accruals basis when the Registered Organisation is entitled to it.

## **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.

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

Provision is made for separation and redundancy benefit payments. The Independent Education Union of Australia recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

## **1.9 Leases**

### **For current year**

At inception of a contract, the Registered Organisation assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

The Registered Organisation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

The Registered Organisation has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Registered Organisation's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Registered Organisation's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### **Exceptions to lease accounting**

The Registered Organisation has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets which is not more than AUD\$10,000 per asset.

The Registered Organisation recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

### **For comparative year**

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

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

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

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### **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 a Independent Education Union of Australia entity becomes a party to the contractual provisions of the instrument.

## 1.13 Financial assets

### Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Registered Organisation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Independent Education Union of Australia initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Registered Organisation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Independent Education Union of Australia commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through profit or loss

### Financial assets at amortised cost

The Independent Education Union of Australia measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Registered Organisation's financial assets at amortised cost includes trade receivables.

### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

### **Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Independent Education Union of Australia has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Independent Education Union of Australia has transferred substantially all the risks and rewards of the asset, or
  - b) the Independent Education Union of Australia has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Independent Education Union of Australia has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Independent Education Union of Australia continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.



## Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## Impairment

### (i) Trade receivables

For trade receivables that do not have a significant financing component, the Independent Education Union of Australia applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Independent Education Union of Australia does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Independent Education Union of Australia has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### (ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Independent Education Union of Australia recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Independent Education Union of Australia expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Independent Education Union of Australia considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Independent Education Union of Australia may also consider a financial asset to be in default when internal or external information indicates that the Independent Education Union of Australia is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **1.14 Financial Liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Independent Education Union of Australia's financial liabilities include trade and other payables.

### **Subsequent measurement**

#### **Financial liabilities at amortised cost**

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts 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 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:

	2019	2018
Office Equipment	20 - 30%	20 - 30%

#### *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 of Australia were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### **1.18 Taxation**

The Independent Education Union of Australia 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 of Australia measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, 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 15A.

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

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

The principal or the most advantageous market must be accessible by the Independent Education Union of Australia. 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 of Australia uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

## **Note 2        Events after the reporting period**

There were no events that occurred after 31 December 2019, prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Independent Education Union of Australia.

## **Note 3                Income**

### **Note 3A: Capitation fees and other revenue from another reporting unit\***

#### **Capitation fees:**

	2019	2018
	\$	\$
Capitation fees	1,488,880	1,380,234
<b>Subtotal capitation fees</b>	<u>1,488,880</u>	<u>1,380,234</u>
<b>Other revenue from another reporting unit:</b>		
Subtotal other revenue from another reporting unit	-	-
<b>Total capitation fees and another revenue from other reporting unit</b>	<u>1,488,880</u>	<u>1,380,234</u>

#### **Note 3B: Levies\***

Levies	-	-
<b>Total levies</b>	<u>-</u>	<u>-</u>

#### **Note 3C: Investment income**

Interest income	8,755	2,974
<b>Total investment income</b>	<u>8,755</u>	<u>2,974</u>

\* As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

**Note 3D: Other revenue**

Revenue from other operating activities	496,293	440,641
<b>Total rental revenue</b>	<u>496,293</u>	<u>440,641</u>

**Note 3E: Grants or donations\***

Grants	-	-
Donations	30,000	-
<b>Total grants or donations</b>	<u>30,000</u>	<u>-</u>

**Note 3F: Revenue from recovery of wages activity**

Amounts recovered from employers in respect of wages	-	-
Interest received on recovered money	-	-
<b>Total revenue from recovery of wages activity</b>	<u>-</u>	<u>-</u>

**Note 4 Expenses**

**Note 4A: Employee expenses\***

<b>Holders of office:</b>		
Wages and salaries	558,636	538,416
Superannuation	83,428	79,349
Leave and other entitlements	61,155	13,862
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	<u>703,219</u>	<u>631,627</u>
<b>Employees other than office holders:</b>		
Wages and salaries	139,552	135,185
Superannuation	21,300	20,316
Leave and other entitlements	20,159	30,263
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses employees other than office holders</b>	<u>181,011</u>	<u>185,764</u>
<b>Total employee expenses</b>	<u>884,230</u>	<u>817,391</u>

\* As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

	2019	2018
	\$	\$
<b>Note 4B: Capitation fees and other expense to another reporting unit*</b>		
Capitation fees	-	-
<b>Total capitation fees and other expense to another reporting unit</b>	<b>-</b>	<b>-</b>
<b>Note 4C: Affiliation fees*</b>		
Australian Council of Trade Unions	514,388	435,176
International – Education International	183,646	183,407
The Council of Pacific Education	15,000	15,000
Australian People For Health Education & Development Abroad	3,278	3,183
<b>Total affiliation fees/subscriptions</b>	<b>716,262</b>	<b>636,766</b>
<b>Note 4D: Administration expenses</b>		
Total paid to employers for payroll deductions of membership subscriptions*	-	-
Compulsory levies*	-	-
Fees/allowances - meeting and conferences*	-	-
Conference and meeting expenses*	213,334	154,797
Contractors/consultants	-	-
Communication and website expenses	14,047	10,057
Office expenses	59,981	78,440
Information communications technology	-	-
Other	-	-
<b>Subtotal administration expense</b>	<b>287,362</b>	<b>243,294</b>
Operating lease rentals:		
Minimum lease payments	37,900	37,676
<b>Total administration expenses</b>	<b>325,262</b>	<b>280,970</b>

\* As required by the reporting guidelines, item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.



	2019	2018
	\$	\$
<b>Note 4E: Grants or donations*</b>		
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	30,000	17,500
<b>Total grants or donations</b>	<u>100,000</u>	<u>17,500</u>

**Note 4F: Depreciation and amortisation**

Depreciation		
Land & buildings	-	-
Property, plant and equipment	1,105	882
<b>Total depreciation</b>	<u>1,105</u>	<u>882</u>
Amortisation		
Intangibles	-	-
<b>Total amortisation</b>	<u>-</u>	<u>-</u>
<b>Total depreciation and amortisation</b>	<u>1,105</u>	<u>882</u>

**Note 4G: Legal costs\***

Litigation	-	-
Other legal costs	46,811	-
<b>Total legal costs</b>	<u>46,811</u>	<u>-</u>

**Note 4H: Other expenses**

Other expenses*	3,000	1,425
<b>Total other expenses</b>	<u>3,000</u>	<u>1,425</u>

\* As required by the reporting guidelines, Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

**Note 5 Current Assets**

**Note 5A: Cash and cash equivalents**

Cash at bank and in hand	307,706	247,155
Business investment account	172,434	169,985
<b>Total cash and cash equivalents</b>	<b>480,140</b>	<b>417,140</b>

**Note 5B: Trade and other receivables**

Receivables from other reporting unit*	-	-
<b>Total receivables from other reporting unit[s]</b>	<b>-</b>	<b>-</b>

**Other receivables:**

Other trade receivables	9,269	2,416
<b>Total other receivables</b>	<b>9,269</b>	<b>2,416</b>
<b>Total trade and other receivables (net)</b>	<b>9,269</b>	<b>2,416</b>

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 Jan	-	-
Provision for expected credit losses	-	-
Write-off	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>

**Note 5C: Other current assets**

Prepayments	4,405	21,344
<b>Total other current assets</b>	<b>4,405</b>	<b>21,344</b>

\* As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

**Note 6 Non-current Assets**

**Note 6A: Plant and equipment**

Plant and equipment:		
at cost	29,921	25,206
accumulated depreciation	22,778	(21,673)
<b>Total plant and equipment</b>	<u>7,143</u>	<u>3,533</u>

*Reconciliation of opening and closing balances of plant and equipment*

<b>As at 1 Jan</b>		
Gross book value	25,206	25,206
Accumulated depreciation and impairment	(21,673)	(20,791)
<b>Net book value 1 Jan</b>	<u>3,533</u>	<u>4,415</u>
<b>Additions:</b>		
By purchase	4,715	-
Depreciation expense	(1,105)	(882)
<b>Net book value 31 December</b>	<u>3,610</u>	<u>3,533</u>
<b>Net book value as of 31 December represented by:</b>		
Gross book value	29,921	25,206
Accumulated depreciation and impairment	(22,778)	(21,673)
<b>Net book value 31 December</b>	<u>7,143</u>	<u>3,533</u>

	2019	2018
	\$	\$

**Note 7      Current Liabilities**

**Note 7A: Trade payables**

Trade creditors and accruals	39,547	37,311
<b>Subtotal trade creditors</b>	<u>39,547</u>	<u>37,311</u>
Payables to other reporting unit[s]*:		
<b>Subtotal payables to other reporting unit[s]</b>	-	-
<b>Total trade payables</b>	<u>39,547</u>	<u>37,311</u>

Settlement is usually made within 30 days.

**Note 7B: Other payables**

Wages and salaries	-	-
Superannuation	7,635	5,890
GST payable	21,465	29,394
<b>Total other payables</b>	<u>29,100</u>	<u>35,284</u>
Total other payables are expected to be settled in:		
No more than 12 months	29,100	35,284
More than 12 months	-	-
<b>Total other payables</b>	<u>29,100</u>	<u>35,284</u>

\* As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

**Note 8 Provisions**

**Note 8A: Employee provisions\***

<b>Office holders:</b>		
Annual leave	139,011	108,068
Long service leave	228,911	198,699
Separations and redundancies	-	-
Other	-	-
<b><i>Subtotal employee provisions—office holders</i></b>	<b>367,922</b>	<b>306,767</b>
<b>Employees other than office holders:</b>		
Annual leave	24,661	18,824
Long service leave	25,761	11,439
Separations and redundancies	-	-
Other	-	-
<b><i>Subtotal employee provisions—employees other than office holders</i></b>	<b>50,422</b>	<b>30,263</b>
<b>Total employee provisions</b>	<b>418,344</b>	<b>337,030</b>
Current	392,583	325,591
Non-current	25,761	11,439
<b>Total employee provisions</b>	<b>418,344</b>	<b>337,030</b>

**Note 9 Equity**

**Note 9A: General funds**

Retained earnings		
<b>Balance as at start of year</b>	<b>34,808</b>	<b>(26,107)</b>
Current year earnings	(20,842)	60,915
<b>Balance as at end of year</b>	<b>13,966</b>	<b>34,808</b>

\* As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

## 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	480,140	417,140
Balance sheet	480,140	(417,140)
Difference	<u>-</u>	<u>-</u>

### Note 10B: Reconciliation of profit/(deficit) to net cash from operating activities:\*

Profit/(deficit) for the year	(20,842)	60,915
<b>Adjustments for non-cash items</b>		
Depreciation/amortisation	1,105	882
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in net receivables	(6,853)	-
(Increase)/decrease in prepayments	16,939	(19,408)
Increase/(decrease) in trade payables	(1,385)	612
Increase/(decrease) in other payables	(2,563)	20,060
Increase/(decrease) in other provisions	81,314	44,125
<b>Net cash from (used by) operating activities</b>	<u>67,715</u>	<u>107,186</u>

### Note 10C: Cash flow information\*

<b>Cash inflows</b>		
Receipts from customers	2,193,775	2,002,959
Interest income	8,755	2,974
<b>Total cash inflows</b>	<u>2,202,530</u>	<u>2,005,933</u>
<b>Cash outflows</b>		
Payments to suppliers	(1,211,662)	(1,020,470)
Payments to employees	(798,638)	(766,540)
Payments to the ATO	(124,515)	(111,737)
<b>Total cash outflows</b>	<u>(2,134,815)</u>	<u>(1,898,747)</u>

\* As required by the reporting guidelines. Item to remain even if 'nil' unless the reporting unit opts to disclose it in the officer declaration statement.

	2019	2018
	\$	\$

**Note 11 Contingent Liabilities, Assets and Commitments**

In the opinion of the Directors, the Registered Organisation did not have any contingencies at 31 December 2019 (31 December 2018: None).

**Note 11A: Commitments and contingencies**

**Lease commitments—as lessee**

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

Within one year	3,745	1,680
After one year but not more than five years	-	820
More than five years	-	-
	<u>3,745</u>	<u>2,500</u>

Periodic lease on monthly basis is in place for the office premises and a rental for photocopy machine.

**Note 11B: Lease impact in the statement of profit and loss and other comprehensive income**

Variable lease payments not included in the measurement of lease liabilities	35,100	35,100
Expenses relating to leases of low-value assets	1,680	1,680
Total cash outflow for leases	<u>35,580</u>	<u>35,580</u>

2019	2018
\$	\$

## Note 12 Related Party Disclosures

### Note 12A: Related party transactions for the reporting period

Transactions with related parties include capitation fees charged to State Branches of the Independent Education Union (Accrual basis). Some State Branches of the Independent Education Union have reporting periods that differ from that of the Registered Organisation, therefore, related party transaction balances may vary from those of the related State Branches.

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

Revenue received from IEUA - ACT/NSW Branch includes the following:

Capitation Fees	600,323	555,441
ACTU Levy	200,108	177,325
Payroll Tax	41,755	42,648
Postage and Courier	639	728
Expenses Reimbursement	-	4,313
	<u>          </u>	<u>          </u>

Revenue received from IEUA - VIC/TAS Branch includes the following:

Capitation Fees	395,251	361,041
ACTU Levy	131,750	115,263
	<u>          </u>	<u>          </u>

Revenue received from IEUA - SA Branch includes the following:

Capitation Fees	70,041	65,463
ACTU Levy	22,347	20,899
	<u>          </u>	<u>          </u>

Revenue received from IEUA – QNT Branch includes the following:

Capitation Fees	330,038	310,556
ACTU Levy	110,013	99,145
	<u>          </u>	<u>          </u>

Revenue received from IEUA - WA Branch includes the following:

Capitation Fees	93,226	87,732
ACTU Levy	31,075	28,009
	<u>          </u>	<u>          </u>

Expenses paid to IEUA - ACT/NSW Branch includes the following:

Reimbursements	(1,336)	(282)
Rental	(35,102)	(35,102)
	<u>          </u>	<u>          </u>



**Note 12A: Related party transactions for the reporting period (Cont'd)**

	2019	2018
	\$	\$
Expenses paid to IEUA - QNT Branch includes the following:		
Payroll Tax	(9,904)	(9,303)
Payroll Tax	<u>-</u>	<u>6,283</u>
Expenses paid to IEUA – WA Branch includes the following:		
Reimbursements	<u>(2,000)</u>	<u>-</u>
Expenses paid to IEUA – VIC/TAS Branch includes the following:		
Payroll Tax	<u>(7,340)</u>	<u>-</u>
Amount owed to IEUA - QNT Branch includes the following:		
Payroll Tax	<u>-</u>	<u>(833)</u>

**Note 12B: Key management personnel remuneration for the reporting period**

<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	558,636	539,600
Annual leave accrued	<u>30,943</u>	<u>(636)</u>
	<u>589,579</u>	<u>538,964</u>
<b>Post-employment benefits:</b>		
Superannuation	<u>83,428</u>	<u>79,349</u>
<b>Total post-employment benefits</b>	<u>83,428</u>	<u>79,349</u>
<b>Other long-term benefits:</b>		
Long-service leave	<u>30,213</u>	<u>81,871</u>
<b>Total other long-term benefits</b>	<u>30,213</u>	<u>81,871</u>
<b>Total</b>	<u>703,220</u>	<u>700,184</u>

**Note 13 Remuneration of Auditors**

<b>Value of the services provided</b>		
Financial statement audit services	8,100	8,000
<b>Total remuneration of auditors</b>	<u>8,100</u>	<u>8,000</u>

## Note 14 Financial Instruments

The Registered Organisation is exposed to a variety of financial risks through its use of financial instruments.

The Registered Organisation's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Registered Organisation is exposed to are described below:

### Specific risks

- Liquidity risk
- Credit risk
- Market risk – interest rate risk

### Financial instruments used

The principal categories of financial instrument used by the Registered Organisation are:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

## Note 14A: Categories of Financial Instruments

### *Financial assets*

	2019	2018
	\$	\$
Cash and cash equivalents	480,140	417,140
Trade and other receivables	9,269	2,416
<b>Carrying amount of financial assets</b>	<b>489,409</b>	<b>419,556</b>

### *Financial liabilities*

Financial liabilities at fair value		-
Trade payables	-	1,749
Other payables	3,239	1,558
<b>Carrying amount of financial liabilities</b>	<b>3,239</b>	<b>3,307</b>

	2019	2018
	\$	\$
<b>Note 14B: Net income and expense from financial assets</b>		
<b>Loans and receivables/amortised cost</b>		
Interest revenue	8,755	2,974
<b>Sub-total net income/(expense) from financial assets</b>	<b>8,755</b>	<b>2,974</b>

**Note 14C: Net income and expense from financial liabilities**

The net income/expense from financial liabilities not at fair value from profit and loss is nil(2018:nil).

**Note 14D: Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Registered Organisation.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to members, including outstanding receivable and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**Trade receivables**

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

On a geographical basis, the Registered Organisation has significant credit risk exposures in Australia only.

	2019	2018
	\$	\$

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

<b>Financial assets</b>		
Cash at bank	480,140	417,140
Other receivables	9,269	2,416
<b>Total</b>	<b>489,409</b>	<b>419,556</b>
<b>Financial liabilities</b>		
Trade payables	3,239	4,624
<b>Total</b>	<b>3,239</b>	<b>4,624</b>

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

<b>31 December 2019</b>	<b>Trade and other receivables</b>					
	<b>Days past due</b>					
	<b>Current</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt;91 days</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	0%	-
Estimate total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-
<b>31 December 2018</b>	<b>Trade and other receivables</b>					
	<b>Days past due</b>					
	<b>Current</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt;91 days</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	0%	-
Estimate total gross carrying amount at default	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

The Registered Organisation's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 14D.

#### Note 14E: Liquidity risk

Liquidity risk is the risk that the Registered Organisation will encounter difficulty in meeting its financial obligations as they fall due.

The Registered Organisation's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Registered Organisation maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by ability to sell long-term financial assets.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period is identified monthly.

At the reporting date, these reports indicate that the Registered Organisation expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Registered Organisation does not have any contractual liability such as bank loans, finance lease etc.

#### Contractual maturities for financial liabilities 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Office Equipment	-	1,680	421	-	-	2,101
Office Space	-	2,925	-	-	-	2,925
<b>Total</b>	<b>-</b>	<b>4,605</b>	<b>421</b>	<b>-</b>	<b>-</b>	<b>5,026</b>

#### Contractual maturities for financial liabilities 2018

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Office Equipment	-	1,680	1,680	421	-	3,781
Office Space	-	2,925	-	-	-	2,925
<b>Total</b>	<b>-</b>	<b>4,605</b>	<b>1,680</b>	<b>421</b>	<b>-</b>	<b>6,706</b>

## Note 14F: Market risk

Market risks is the risk that the fair value for future cash flows of a financial instrument will fluctuate because of changes in market prices.

### *Interest rate risk*

The Registered Organisation is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which results from its operations.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2018: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the cash & cash equivalents held at each reporting date. All other variables are held constant.

### Sensitivity analysis of the risk that the entity is exposed to for 2019

Risk variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate risk	4,801	+1.00%	4,801 (4,801)
Interest rate risk	4,801	-1.00%	(4,801) 4,801

### Sensitivity analysis of the risk that the entity is exposed to for 2018

Risk variable	Change in risk variable %	Effect on	
		Profit and loss	Equity
		\$	\$
Interest rate risk	4,171	+1.00%	4,171 (4,171)
Interest rate risk	4,171	-1.00%	(4,171) 4,171

## 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 31 December 2019 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 Independent Education Union of Australia based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2019 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 Registered Organisation's financial assets and liabilities:

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
<b>Financial assets</b>				
Cash and cash equivalent	480,140	480,140	417,140	417,140
Other trade receivables	9,269	9,269	2,416	2,416
<b>Total</b>	<b>489,409</b>	<b>489,409</b>	<b>419,556</b>	<b>419,556</b>
<b>Financial liabilities</b>				
Trade creditor	3,239	3,239	4,624	4,624
<b>Total</b>	<b>3,239</b>	<b>3,239</b>	<b>4,624</b>	<b>4,624</b>

**Note 15B: Financial and non-financial assets and liabilities fair value hierarchy**

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

**Fair value hierarchy – 31 December 2019**

	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Assets measured at fair value</b>			
Cash and cash equivalent	480,140	-	-
Other trade receivables	-	9,269	-
<b>Total</b>	<b>480,140</b>	<b>9,269</b>	<b>-</b>
<b>Liabilities measured at fair value</b>			
Trade creditor	-	3,239	-
<b>Total</b>	<b>-</b>	<b>3,239</b>	<b>-</b>

**Fair value hierarchy – 31 December 2018**

	Level 1	Level 2	Level 3
	\$	\$	\$
<b>Assets measured at fair value</b>			
Cash and cash equivalent	417,140	-	-
Other trade receivables	-	2,416	-
<b>Total</b>	<b>417,140</b>	<b>2,416</b>	<b>-</b>
<b>Liabilities measured at fair value</b>			
Trade creditor	-	4,624	-
<b>Total</b>	<b>-</b>	<b>4,624</b>	<b>-</b>



**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).

## Officer declaration statement

I, Chris Watt, being the Federal Secretary of the Independent Education Union of Australia, declare that the following activities did not occur during the reporting period ending 31 December 2019

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- 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)
- 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
- receive periodic or membership subscriptions
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay separation and redundancy to employees (other than holders of office)
- pay other employee expenses to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions

- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer: .....

Dated: .....

## Officer declaration statement

I, Chris Ward, being the Federal Secretary of the Independent Education Union of Australia, declare that the following activities did not occur during the reporting period ending December 2018:

The reporting unit did not:

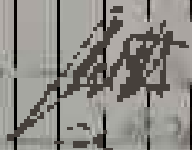
- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support, not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support, not dollar amount)
- acquire an asset or liability due to an arrangement under Part 2 of Chapter 3 of the RTO Act & restructure of the branches of an organisation, a determination by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive revenues via compulsory levies
- receive <sup>donations</sup> or grants
- receive <sup>income</sup> from undertaking recovery of wages activity
- <sup>have fees or subscriptions</sup> contributions for employers making payroll deductions or membership

- pay capitation fees or any other expenses to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay separation and redundancy to employees (other than holders of office)
- pay other employee expenses to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the <sup>union</sup> ~~association~~
  - pay <sup>legal costs</sup> relating to litigation
  - pay <sup>a penalty</sup> imposed under the RTO Act or the Fair Work Act 2009
  - have a payable to an employer for that employer making payroll deductions of membership subscriptions

- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- transfer to or withdraw from, a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting unit and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer \_\_\_\_\_

Dated: \_\_\_\_\_



20/12/20