



6 June 2019

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

Sent via email: [gseidel@ieusa.org.au](mailto:gseidel@ieusa.org.au)  
[snoble@independentaudit.com.au](mailto:snoble@independentaudit.com.au)

Dear Glen Seidel,

**Independent Education Union (South Australia) Branch  
Financial Report for the year ended 31 December 2018 – (FR2018/360)**

I acknowledge receipt of the financial report of the Independent Education Union (South Australia) Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 17 May 2019.

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 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 2019 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.

**General purpose financial report (GPFR)**

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

Item 21 of the reporting guidelines (**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 body of the notes:

- "Agreeing to receive financial support from another reporting unit to continue as a going concern" and "agreeing to provide financial support to another reporting unit to ensure they continue as going concern" are disclosed in both Note 1.21 and the officer's declaration statement;
- "Receiving capitation fees from another reporting unit" is disclosed in the statement of comprehensive income, Note 3A and the officer's declaration statement;
- "Receiving revenue via compulsory levies" is disclosed in the statement of comprehensive income, Note 3B and the officer's declaration statement;

- "Receiving donations or grants" is disclosed in the statement of comprehensive income, Note 3D and the officer's declaration statement;
- "Incurring fees as consideration for employers making payroll deductions of membership subscriptions" and "paying compulsory levies" are disclosed in both Note 4D and the officer's declaration statement;
- "Paying a grant that was \$1,000 or less", "paying a grant that exceeded \$1,000" and "paying a donation that exceeded \$1,000" are disclosed in both Note 4E and the officer's declaration statement;
- "Paying a penalty imposed under the RO Act or the *Fair Work Act 2009*" is disclosed in both Note 4I and the officer's declaration statement;
- "Having a receivable with another reporting unit" is disclosed in both Note 5B and the officer's declaration statement;
- "Having a payable in respect of legal costs relating to litigation" is disclosed in both Note 7B and the officer's declaration statement; and
- "Having a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch" is disclosed in both Note 9A and the officer's declaration statement.

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

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

- Paying legal costs relating to other legal matters (RG14(j)(ii))

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

#### Inconsistency in disclosure of financial information

Note 4H *Legal costs* discloses litigation expenses of \$72,229 for the 2018 financial year (2017: \$6,706). The officer's declaration statement, however includes a nil disclosure of paying legal costs relating to litigation.

The statement of changes in equity discloses a balance of retained earnings of (\$102,319) for the 2018 financial year (2017: \$15,422). The officer's declaration statement includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.

Note 12A *Related Party Transactions for the Reporting Period* discloses that 'IEU (SA) Branch pays capitation fees to Independent Education Union of Australia (IEUA) on behalf of members'. Note 4B *Capitation fees* discloses capitation fee expense to the IEUA of \$65,463 for the 2018 financial year (2017: \$58,702). The officer's declaration statement, however, includes a nil disclosure of providing cash flows to another reporting unit and/or controlled entity.

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

#### Notes to the Cash Flow Statement

RG 24 states:

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

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

Note 10B *Cash flow information* discloses the total cash inflows and outflows of the reporting unit. This does not reflect the disclosure requirement under RG 24.

Please ensure in future years that the notes to the Cash Flow Statement disclose separately the source of a cash inflow or the application of a cash outflow to another reporting unit (e.g. cash outflow to Independent Education Union Australia) and/or controlled entity of the reporting unit.

#### Recovery of wages disclosure

Please note that under the 5<sup>th</sup> edition of the RGs made under section 255 of the RO Act issued 4 May 2018 a recovery of wages activity statement is no longer required. Furthermore, the RGs no longer require a statement in regard to recovery of wages activity in the committee of management statement.

In place of the former requirements, item 13(e) of the 5<sup>th</sup> edition RGs requires the disclosure of any revenue derived from undertaking recovery of wages activity in either the statement of comprehensive income or the notes to the financial statements. RG 21 states that if any activity described within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included in the financial statements, the notes or in an officer's declaration statement.

### **Auditor's report**

#### Registered auditor's details

Item 29(b) of the RGs state that the auditor's statement must specify the registered auditor's name and registration number. The auditor's statement provided states the name of the registered auditor but not the registration number.

Please ensure that in future years the auditor's statement includes both the name and registration number of the registered auditor.

#### Audit scope to include subsection 255(2A) report and officer's declaration statement

A GPFR prepared under section 253 of the RO Act includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by RG 22.

Where nil activity disclosures are contained in an officer's declaration statement, in accordance with RG 21, the officer's declaration statement also forms part of a GPFR prepared under section 253 of the RO Act (see subsection 253(2)(c) of the RO Act)

The subsection 255(2A) report and the officer's declaration statement must be identified by titles in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A subsection 255(2A) report and an officer's declaration statement were included in the copy of the documents lodged with the ROC but the auditor did not refer to the statements in the auditor's report.

Please ensure in future years that the subsection 255(2A) report and the officer's declaration statement are audited before provided to members and lodged with the ROC.

### **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 reporting guidelines 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 read 'Kylie', with a horizontal line underneath.

**Kylie Ngo**

**Registered Organisations Commission**

# **Independent Education Union (SA) Branch**

**Financial statements for the year ended 31 December  
2018**

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# **Independent Audit Report**

## **to the Members of Independent Education Union (SA) Branch**

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

#### **Opinion**

I have audited the financial report of Independent Education Union (SA) Branch (the Reporting Unit), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; and the Executive Committee Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Independent Education Union (SA) Branch as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

#### **Basis for Opinion**

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

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

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

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

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

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

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

## **Responsibilities of Executive Committee for the Financial Report**

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

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

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

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

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

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



am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

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

Australian Independent Audit Services



Stephen J. Noble  
Partner

Adelaide  
5 April 2019

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

**Independent Education Union (SA) Branch**


s.268 *Fair Work (Registered Organisations) Act 2009*

**Certificate By Prescribed Designated Officer**

Certificate for the year ended 31 December 2018

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

- that the documents lodged herewith are copies of the full report for the Independent Education Union (SA) Branch for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 18 April 2019; and
- that the full report was presented to a general meeting of members of the reporting unit on 16 May 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:  .....

Name of prescribed designated officer: Glen Seidel .....

Title of prescribed designated officer: Secretary .....

Dated: 17 May 2019 .....

## **Independent Education Union (SA) Branch**

### **Operating Report**

*for the year ended 31 December 2018*

The Executive Committee presents its operating report on the Reporting Unit for the year ended 31 December 2018.

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

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

#### **Significant changes in financial affairs**

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

#### **Right of members to resign**

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

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

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

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

#### **Number of members**

Total members of Independent Education Union (SA) Branch as at 31 December 2018: 3,796.

#### **Number of employees**

Total employees of Independent Education Union (SA) Branch as at 31 December 2018: 12.


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

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

Glen Seidel (Secretary)  
Jenny Gilchrist (President)  
Evaldas (Val) Reinke (Treasurer)  
Anthony Haskell (Vice President)  
Noel Karcher (Vice President)  
David Freeman  
John Coop  
Michael Francis  
Sheryl Hoffmann  
Sue Bailey  
Gerry Conley  
Britta Jureckson

Members of the Executive Committee held positions for the entire reporting period.

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

Signature of designated officer:  .....

Name and title of designated officer: Glen SEIDEL, Secretary

Dated: 5 April 2019

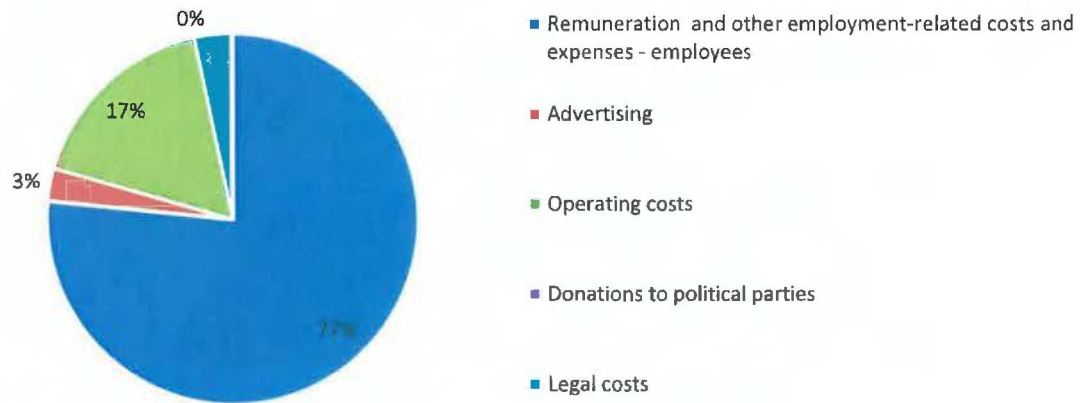
**Independent Education Union (SA) Branch**

**Report Required Under Subsection 255(2A)**

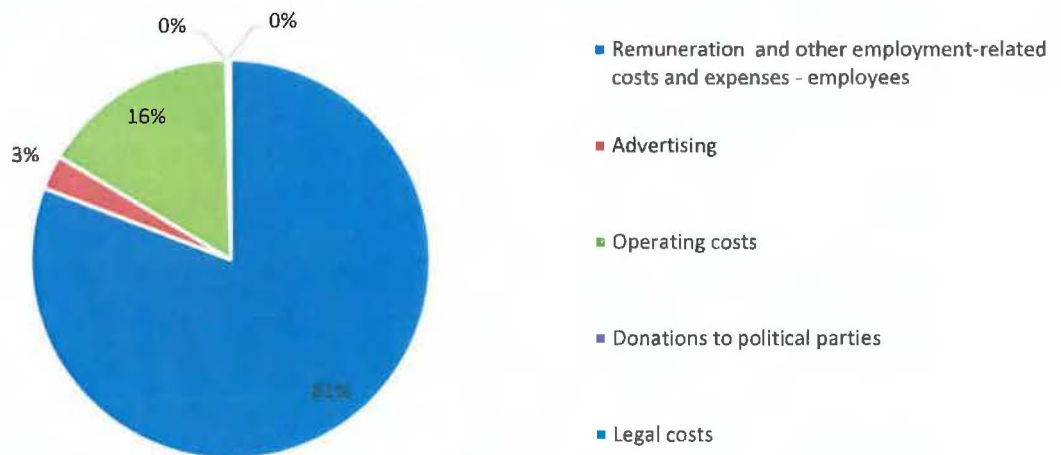
for the year ended 31 December 2018

The Executive Committee presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

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



2017 - Expenditure as required under s. 255(2A) RO Act



Signature of designated officer:   
Name and title of designated officer: Glen SEIDEL, Secretary  
Dated: 5 April 2019

**Independent Education Union (SA) Branch**

**Executive Committee Statement**

*for the year ended 31 December 2018*

On 21 March 2019 the Executive Committee of the Independent Education Union (SA) Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

The Executive Committee declares that in its opinion:

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

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

Signature of designated officer:  .....

Name and title of designated officer: *Glen SEIDEL, Secretary* .....

Dated: *5 April 2019* .....

**Independent Education Union (SA) Branch**  
**Statement of Comprehensive Income**  
*for the year ended 31 December 2018*

	Notes	2018 \$	2017 \$
<b>Revenue</b>			
Membership subscription		2,036,862	2,004,111
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	9,649	14,962
Other revenue		29,350	27,590
<b>Total revenue</b>		<u>2,075,861</u>	<u>2,046,663</u>
<b>Other Income</b>			
Grants and donations	3D	-	-
Other income		701	2,869
Gain on transfer of net assets	12A	-	31,161
<b>Total other income</b>		<u>701</u>	<u>34,030</u>
<b>Total income</b>		<u>2,076,562</u>	<u>2,080,693</u>
<b>Expenses</b>			
Employee expenses	4A	1,644,631	1,631,299
Capitation fees	4B	65,463	58,702
Affiliation fees	4C	23,430	19,090
Administration expenses	4D	324,897	285,755
Grants and donations	4E	200	-
Depreciation	4F	25,648	28,536
Finance costs	4G	20,026	18,743
Legal costs	4H	72,229	6,706
Audit fees	13	17,779	16,000
Net losses from disposal of assets		-	440
Other expenses	4I	-	-
<b>Total expenses</b>		<u>2,194,303</u>	<u>2,065,271</u>
<b>Surplus (deficit) for the year</b>		<u>(117,741)</u>	<u>15,422</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(117,741)</u>	<u>15,422</u>

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

**Independent Education Union (SA) Branch**  
**Statement of Financial Position**  
*as at 31 December 2018*

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	542,452	663,577
Trade and other receivables	5B	12,833	12,498
Other current assets	5C	3,618	6,103
<b>Total current assets</b>		<u>558,903</u>	<u>682,178</u>
<b>Non-Current Assets</b>			
Plant and equipment	6A	15,721	38,701
<b>Total non-current assets</b>		<u>15,721</u>	<u>38,701</u>
<b>Total assets</b>		<u>574,624</u>	<u>720,879</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	7A	81,706	88,479
Other payables	7B	94,116	118,480
Employee provisions	8A	485,411	498,498
<b>Total current liabilities</b>		<u>661,233</u>	<u>705,457</u>
<b>Non-Current Liabilities</b>			
Employee provisions	8A	15,710	-
<b>Total non-current liabilities</b>		<u>15,710</u>	<u>-</u>
<b>Total liabilities</b>		<u>676,943</u>	<u>705,457</u>
<b>Net assets</b>		<u>(102,319)</u>	<u>15,422</u>
<b>EQUITY</b>			
General funds	9A	-	-
Retained earnings (accumulated deficit)		(102,319)	15,422
<b>Total equity</b>		<u>(102,319)</u>	<u>15,422</u>

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



**Independent Education Union (SA) Branch**  
**Statement of Changes in Equity**  
*for the year ended 31 December 2018*

	Notes	General funds \$	Retained earnings \$	Total equity \$
<b>Balance as at 1 January 2017</b>		-	-	-
Surplus / (deficit)		-	15,422	15,422
Other comprehensive income		-	-	-
<b>Closing balance as at 31 December 2017</b>		-	15,422	15,422
Surplus / (deficit)		-	(117,741)	(117,741)
Other comprehensive income		-	-	-
<b>Closing balance as at 31 December 2018</b>		-	(102,319)	(102,319)

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

**Independent Education Union (SA) Branch****Statement of Cash Flows***for the year ended 31 December 2018*

	Notes	2018 \$	2017 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from members	10B	2,239,302	2,117,234
Interest	10B	9,649	14,962
<b>Cash used</b>			
Employees and suppliers	10B	(2,367,408)	(1,975,323)
<b>Net cash from (used by) operating activities</b>	10A	<u>(118,457)</u>	<u>156,873</u>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of plant and equipment	10B	(2,668)	-
<b>Net cash from (used by) investing activities</b>		<u>(2,668)</u>	<u>-</u>
<b>Net increase (decrease) in cash held</b>			
		<u>(121,125)</u>	<u>156,873</u>
Cash & cash equivalents at the beginning of the reporting period		663,577	-
Cash transferred from Independent Education Union (SA) Inc. for nil consideration		-	506,704
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	5A	<u>542,452</u>	<u>663,577</u>

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

# Notes of the Financial Statements

## Note 1 Summary of significant accounting policies

### 1.1 Basis of preparation of the financial statements

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

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

### 1.2 Comparative amounts

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

### 1.3 Significant accounting judgements and estimates

There are no accounting assumptions or estimates identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

### 1.4 New Australian Accounting Standards

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

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

#### ***Future Australian Accounting Standards Requirements***

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the Independent Education Union (SA) Branch include:

<b>Standard name</b>	<b>Summary</b>	<b>Application date</b>	<b>Impact</b>
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are	1 January 2019	The impact of AASB 1058 and AASB 2016-8 is not likely to change historical income recognition.
AASB 2016-8 Amendments to Australian Accounting Standards –			

<p>Australian Implementation Guidance for Not-For-Profit Entities</p>	<p>required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.</p>		
<p>AASB 16 Leases</p>	<p>AASB16 requires lessees to account for all leases under a single onbalance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).</p> <p>At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense onthe lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the</p>	<p>1 January 2019</p>	<p>The changes in recognition of leases is currently being reviewed. The impact of AASB 16 has not yet been quantified.</p>

	<p>remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>		
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### 1.5 Transfer of assets and liabilities from Independent Education Union (SA) Inc. to Independent Education Union (SA) Branch

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

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

### 1.6 Revenue

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

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

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

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

### 1.7 Gains

#### **Sale of assets**

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

### 1.8 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.

### **1.9 Employee benefits**

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

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

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

### **1.10 Leases**

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

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

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

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

### **1.11 Borrowing costs**

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

### **1.12 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.

### **1.13 Financial Instruments**

Financial assets and financial liabilities are recognised when the Independent Education Union (SA) Branch becomes a party to the contractual provisions of the instrument.

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

acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **1.14 Financial assets**

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

##### ***Fair value through profit or loss***

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

A financial asset is classified as held for trading if:

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

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

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

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

##### ***Held-to-maturity investments***

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

##### ***Available-for-sale***

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other

comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

### ***Loan and receivables***

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

### ***Effective interest method***

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

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

### ***Impairment of financial assets***

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

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the



estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

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

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

### ***Derecognition of financial assets***

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

## **1.15 Financial Liabilities**

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

### ***Fair value through profit or loss***

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

A financial liability is classified as held for trading if:

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

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

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

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

#### ***Other financial liabilities***

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

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

#### ***Derecognition of financial liabilities***

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

### **1.16 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.

### **1.17 Land, Buildings, Plant and Equipment**

#### ***Asset Recognition Threshold***

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

#### ***Depreciation***

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

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

	2018	2017
Plant and equipment	1 to 7 years	1 to 7 years

### ***Derecognition***

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

### **1.18 Impairment of non-financial assets**

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

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

### **1.19 Taxation**

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

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

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

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

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

### **1.20 Fair value measurement**

The Independent Education Union (SA) Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 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 (SA) Branch. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Independent Education Union (SA) Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

## **1.21 Going concern**

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

The Independent Education Union (SA) Branch has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

	2018	2017
	\$	\$

**Note 2      Events after the reporting period**

There were no events that occurred after 31 December 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Independent Education Union (SA) Branch.

**Note 3      Income**

**Note 3A: Capitation fees**

<b>Total capitation fees</b>	-	-
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**Note 3B: Levies**

<b>Total levies</b>	-	-
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**Note 3C: Interest**

Deposits	9,649	14,962
<b>Total interest</b>	<b>9,649</b>	<b>14,962</b>

**Note 3D: Grants or donations**

Grants	-	-
Donations	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

	2018 \$	2017 \$
<b>Note 4      Expenses</b>		
<b>Note 4A: Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	176,289	172,208
Superannuation	25,009	24,333
Leave and other entitlements	(19,426)	23,894
Separation and redundancies	-	-
Other employee expenses	6,143	8,301
<b>Subtotal employee expenses holders of office</b>	<u>188,015</u>	<u>228,736</u>
<b>Employees other than office holders:</b>		
Wages and salaries	1,155,848	1,138,322
Superannuation	162,172	161,294
Leave and other entitlements	22,048	(8,191)
Separation and redundancies	-	-
Other employee expenses	116,548	111,138
<b>Subtotal employee expenses employees other than office holders</b>	<u>1,456,616</u>	<u>1,402,563</u>
<b>Total employee expenses</b>	<u>1,644,631</u>	<u>1,631,299</u>
<b>Note 4B: Capitation fees</b>		
Independent Education Union Australia	65,463	58,702
<b>Total capitation fees</b>	<u>65,463</u>	<u>58,702</u>
<b>Note 4C: Affiliation fees</b>		
Australian Council of Trade Unions	22,795	18,790
Other	635	300
<b>Total affiliation fees/subscriptions</b>	<u>23,430</u>	<u>19,090</u>

	2018	2017
	\$	\$

**Note 4D: Administration expenses**

Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	35,256	41,390
Contractors/consultants	3,203	5,475
Property expenses	39,071	22,071
Office expenses	40,496	46,375
Information communications technology	20,965	16,102
Staff / Exec mobility and meals	76,561	59,300
Promotional material / benefits	60,764	55,662
Training and development	19,998	18,175
Other	28,583	21,205
<b>Total administration expenses</b>	<b>324,897</b>	<b>285,755</b>

**Note 4E: Grants or donations**

Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	200	-
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<b>200</b>	<b>-</b>

**Note 4F: Depreciation**

Depreciation		
Plant and equipment	25,648	28,536
<b>Total depreciation</b>	<b>25,648</b>	<b>28,536</b>

	2018	2017
	\$	\$
<b>Note 4G: Finance costs</b>		
Merchant / payment fees	20,026	18,743
<b>Total finance costs</b>	<u>20,026</u>	<u>18,743</u>
<b>Note 4H: Legal costs</b>		
Litigation	72,229	6,706
<b>Total legal costs</b>	<u>72,229</u>	<u>6,706</u>
<b>Note 4I: Other expenses</b>		
Penalties - via RO Act or RO Regulations	-	-
<b>Total other expenses</b>	<u>-</u>	<u>-</u>



	2018	2017
	\$	\$

**Note 5 Current Assets**

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

Cash at bank	31,231	163,277
Cash on hand	300	300
Short term deposits	510,921	500,000
<b>Total cash and cash equivalents</b>	<u>542,452</u>	<u>663,577</u>

**Note 5B: Trade and Other Receivables**

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

**Other receivables:**

Other trade receivables	2,275	500
Accrued interest	10,558	11,998
<b>Total other receivables</b>	<u>12,833</u>	<u>12,498</u>
<b>Total trade and other receivables (net)</b>	<u>12,833</u>	<u>12,498</u>

**Note 5C: Other Current Assets**

Prepayments	3,618	6,103
<b>Total other current assets</b>	<u>3,618</u>	<u>6,103</u>

	2018	2017
	\$	\$

**Note 6      Non-current Assets**

**Note 6A: Plant and equipment**

Plant and equipment:		
at cost	278,590	275,922
accumulated depreciation	(262,869)	(237,221)
<b>Total plant and equipment</b>	<u>15,721</u>	<u>38,701</u>

***Reconciliation of Opening and Closing Balances of Plant and Equipment***

<b>As at 1 January</b>	
Gross book value	275,922
Accumulated depreciation and impairment	(237,221)
<b>Net book value 1 January</b>	<u>38,701</u>
Additions:	
By purchase	2,668
Impairments	-
Depreciation expense	(25,648)
Disposals:	
By sale	-
<b>Net book value 31 December</b>	<u>15,721</u>
<b>Net book value as of 31 December represented by:</b>	
Gross book value	278,590
Accumulated depreciation and impairment	(262,869)
<b>Net book value 31 December</b>	<u>15,721</u>

	2018	2017
	\$	\$

**Note 7      Current Liabilities**

**Note 7A: Trade payables**

Trade creditors	5,154	9,846
ATO payable	76,552	78,633
<b>Subtotal trade creditors</b>	<b>81,706</b>	<b>88,479</b>
<b>Payables to other reporting unit[s]</b>		
<b>Subtotal payables to other reporting unit[s]</b>	-	-
<b>Total trade payables</b>	<b>81,706</b>	<b>88,479</b>

Settlement is usually made within 30 days.

**Note 7B: Other payables**

Accrued expenses	47,257	61,821
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Membership fees in advance	47,442	59,546
Other	(583)	(2,887)
<b>Total other payables</b>	<b>94,116</b>	<b>118,480</b>
Total other payables are expected to be settled in:		
No more than 12 months	94,116	118,480
More than 12 months	-	-
<b>Total other payables</b>	<b>94,116</b>	<b>118,480</b>

	2018	2017
	\$	\$
<b>Note 8 Provisions</b>		
<b>Note 8A: Employee Provisions</b>		
<b>Office Holders:</b>		
Annual leave	96,156	110,711
Long service leave	93,486	89,368
Separation and redundancies	-	-
Other employee provisions	-	-
<b>Subtotal employee provisions—office holders</b>	189,642	200,079
<b>Employees other than office holders:</b>		
Annual leave	127,358	187,674
Long service leave	184,121	110,745
Separation and redundancies	-	-
Other employee provisions	-	-
<b>Subtotal employee provisions—employees other than office holders</b>	311,479	298,419
<b>Total employee provisions</b>	501,121	498,498
Current	485,411	498,498
Non Current	15,710	-
<b>Total employee provisions</b>	501,121	498,498

#### Note 9 Equity

#### Note 9A: Other Specific disclosures – Funds

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

	2018	2017
	\$	\$

## Note 10 Cash Flow

### Note 10A: Cash Flow Reconciliation

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

##### Cash and cash equivalents as per:

Cash flow statement	542,452	663,577
Balance sheet	542,452	663,577
<b>Difference</b>	<u>-</u>	<u>-</u>

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

Profit/(deficit) for the year	(117,741)	15,422
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##### Adjustments for non-cash items

Depreciation	25,648	28,536
Gain on transfer of net assets from Independent Education Union (SA) Inc.	-	(31,161)
Net transactions received / paid by IEU (SA) Inc. on behalf of IEU (SA) Branch (net owing to Branch written off)	-	(60,428)
Loss on disposal of assets	-	443

##### Changes in assets/liabilities

(Increase)/decrease in net receivables	(335)	(12,498)
(Increase)/decrease in prepayments	2,485	(6,103)
Increase/(decrease) in trade and other payables	(31,137)	206,959
Increase/(decrease) in employee provisions	2,623	15,703*
<b>Net cash from (used by) operating activities</b>	<u>118,457</u>	<u>156,873</u>

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

### Note 10B: Cash flow information

#### Cash inflows

Independent Education Union (SA) Branch	2,248,951	2,132,196
<b>Total cash inflows</b>	<u>2,248,951</u>	<u>2,132,196</u>

#### Cash outflows

Independent Education Union (SA) Branch	(2,370,076)	(1,975,323)
<b>Total cash outflows</b>	<u>(2,370,076)</u>	<u>(1,975,323)</u>

2018	2017
\$	\$

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

Management confirmed there were no contingent liabilities, assets or commitments at the reporting date and up until the date of signing the 31 December 2018 financial statements.

**Note 12      Related Party Disclosures**

**Note 12A: Related Party Transactions for the Reporting Period**

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

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

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

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

Such outgoings include, but are not limited to:

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

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

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

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

---

**Expenses paid to Independent Education Union (SA)**

**Inc. includes the following:**

Rent and vehicle reimbursement	20,555	18,375
Other administrative reimbursement	10,000	3,613

**Expenses paid to Independent Education Union of**

**Australia includes the following:**

Capitation fees	65,463	58,702
ACTU affiliation fees	22,795	18,790

	2018	2017
<b>Expenses paid to Independent Education Union of Australia NSW/ACT Branch includes the following:</b>	\$	\$
Publications/Subscriptions	407	498
Speaker Costs	355	-

**Net assets transferred from Independent Education Union (SA) Inc. includes the following:**

Cash at bank	-	506,404
Petty cash	-	300
Plant and equipment (WDV)	-	67,680
Provision for employee benefits (AL & LSL)	-	(482,795)
Net transactions received / paid by IEU (SA) Inc. on behalf of IEU (SA) Branch (net owing to Branch written off)	-	(60,428)
<b>Net assets transferred</b>	<b>-</b>	<b>31,161</b>

**Terms and conditions of transactions with related parties**

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, the Independent Education Union (SA) Branch has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

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

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

**Short-term employee benefits**

Salary (including annual leave taken)	176,289	172,208
Annual leave accrued	(23,340)	16,030
Honorarium – J Gilchrist	5,200	5,100
<b>Total short-term employee benefits</b>	<b>158,149</b>	<b>193,338</b>

**Post-employment benefits:**

Superannuation	25,009	24,333
<b>Total post-employment benefits</b>	<b>25,009</b>	<b>24,333</b>

**Other long-term benefits:**

Long-service leave	3,914	7,863
<b>Total other long-term benefits</b>	<b>3,914</b>	<b>7,863</b>

<b>Total</b>	<b>187,072</b>	<b>225,534</b>
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2018	2017
\$	\$

**Note 12C: Transactions with key management personnel and their close family members**

**Other transactions with key management personnel**

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

**Note 13 Remuneration of Auditors**

**Value of the services provided**

Financial statement audit services	15,779	13,500
Other services	2,000	2,500
<b>Total remuneration of auditors</b>	<u>17,779</u>	<u>16,000</u>

A fee of \$165 incl GST was charged by SJN Chartered Accountants (a business with common ownership to Australian Independent Audit Services) for assistance provided in respect to an employee's termination payment.

**Note 14 Financial Instruments**

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

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

**Note 14A: Categories of Financial Instruments**

**Financial Assets**

Held-to-maturity investments:

Cash and cash equivalents	542,452	663,577
<b>Total</b>	<u>542,452</u>	<u>663,577</u>

Loans and receivables:

Trade and other receivables	12,833	12,498
<b>Total</b>	<u>12,833</u>	<u>12,498</u>

<b>Carrying amount of financial assets</b>	<u>555,285</u>	<u>676,075</u>
--	----------------	----------------

**Financial Liabilities**

Other financial liabilities:

Trade and other payables	128,380	147,413
<b>Total</b>	<u>128,380</u>	<u>147,413</u>

<b>Carrying amount of financial liabilities</b>	<u>128,380</u>	<u>147,413</u>
---	----------------	----------------



	2018	2017
	\$	\$
<b>Note 14B: Net Income and Expense from Financial Assets</b>		
<b>Held-to-maturity</b>		
Interest revenue	9,649	14,962
<b>Net gain/(loss) held-to-maturity</b>	9,649	14,962
<b>Loans and receivables</b>		
<b>Net gain/(loss) from loans and receivables</b>	-	-
<b>Net gain/(loss) from financial assets</b>	<u>9,649</u>	<u>14,962</u>

The net income from financial assets not at fair value from profit and loss is \$9,649.

#### **Note 14C: Net Income and Expense from Financial Liabilities**

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

The net expense from financial liabilities not at fair value from profit and loss is Nil.

#### **Note 14D: Credit Risk**

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

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

<b>Financial assets</b>		
Cash and cash equivalents	542,452	663,577
Trade and other receivables	12,833	12,498
<b>Total</b>	<u>555,285</u>	<u>676,075</u>
<b>Financial liabilities</b>		
Trade and other payables	128,380	147,413
<b>Total</b>	<u>128,380</u>	<u>147,413</u>

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

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

	Not Past Due Nor Impaired 2018	Past due or impaired 2018	Not Past Due Nor Impaired 2017	Past due or impaired 2017
			\$	\$
Trade and other receivables	10,558	2,275	11,998	500
<b>Total</b>	<u>10,558</u>	<u>2,275</u>	<u>11,998</u>	<u>500</u>

Executive Committee is confident of recovery in respect to amounts past due at 31 December 2018.

**Ageing of financial assets that were past due but not impaired for 2018**

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade and other receivables	-	75	2,200	-	2,275
<b>Total</b>	-	75	2,200	-	2,275

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

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

**Note 14E: Liquidity Risk**

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

**Contractual maturities for financial liabilities 2018**

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	128,380	-	-	-	128,380
<b>Total</b>	-	128,380	-	-	-	128,380

**Contractual maturities for financial liabilities 2017**

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

**Note 14F: Market Risk**

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

## Note 15 Fair Value Measurement

### Note 15A: Financial Assets and Liabilities

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

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

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

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

	<b>Carrying amount 2018 \$</b>	<b>Fair value 2018 \$</b>	<b>Carrying amount 2017 \$</b>	<b>Fair value 2017 \$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	542,452	542,452	663,577	663,577
Trade and other receivables	12,833	12,833	12,498	12,498
<b>Total</b>	<b>555,285</b>	<b>555,285</b>	<b>676,075</b>	<b>676,075</b>
<b>Financial Liabilities</b>				
Trade and other payables	128,380	128,380	147,413	147,413
<b>Total</b>	<b>128,380</b>	<b>128,380</b>	<b>147,413</b>	<b>147,413</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).

## Independent Education Union (SA) Branch Officer Declaration Statement

I, Glen Seidel, being the Secretary of the Independent Education Union (SA) Branch, declare that the following activities did not occur during the reporting period ending 31 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 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 capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- 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 to another reporting unit~~
- ~~pay 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 a donation that exceeded \$1,000
- ~~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 legal costs relating to other legal matters~~
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- ~~have a payable with other reporting unit(s)~~
- 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 fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- 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:



21 January 2019

Mr Glen Seidel  
Branch Secretary  
Independent Education Union - South Australia Branch  
By Email: [enquiries@ieusa.org.au](mailto:enquiries@ieusa.org.au)

Dear Mr Seidel,

**Re: Lodgement of Financial Report - [FR2018/360]  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Independent Education Union - South Australia Branch (the reporting unit) ended on 31 December 2018. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, namely on or before 31 March 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty. Currently penalties are up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual and may be imposed upon your organisation and/or an officer whose conduct led to the contravention.

### **Financial report**

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on its rules) no later than 30 June 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported (see attached *Loans Grants and Donations* fact sheet FS 009). The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement.

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty, as set out above, being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

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

A general purpose financial report prepared under section 253 of the RO Act must also include the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. A copy of the latest reporting guidelines for the purpose of section 253 is available on our [website](#).

It should be noted that the subsection 255(2A) report must be identified by title in the auditor's report in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

A [fact sheet](#) is available on our website which provides guidance on the reporting requirements under subsection 255(2A) of the RO Act.

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

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

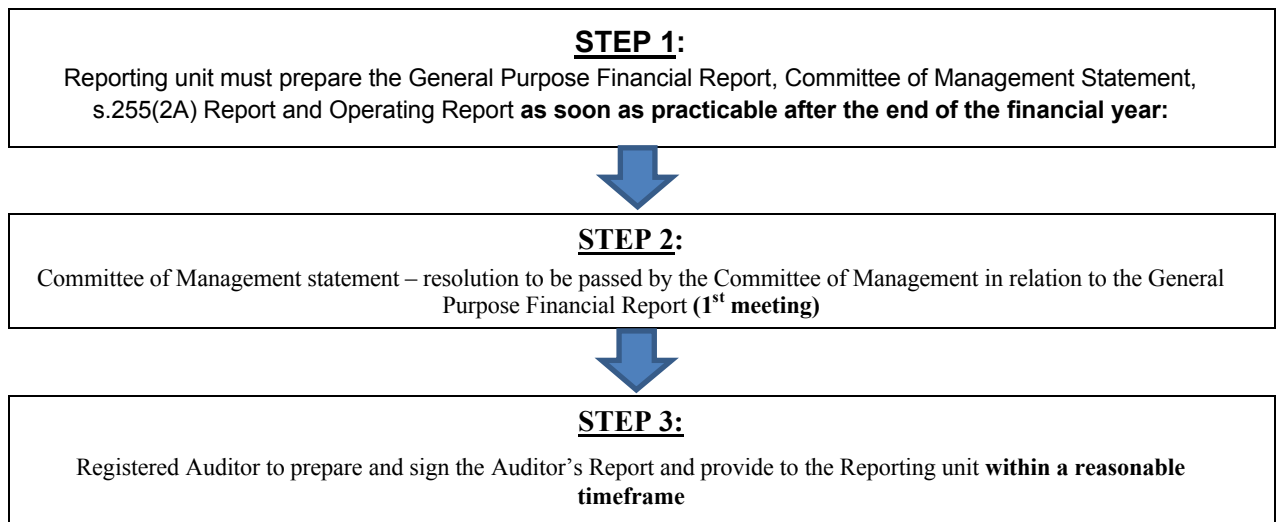


## Fact sheet

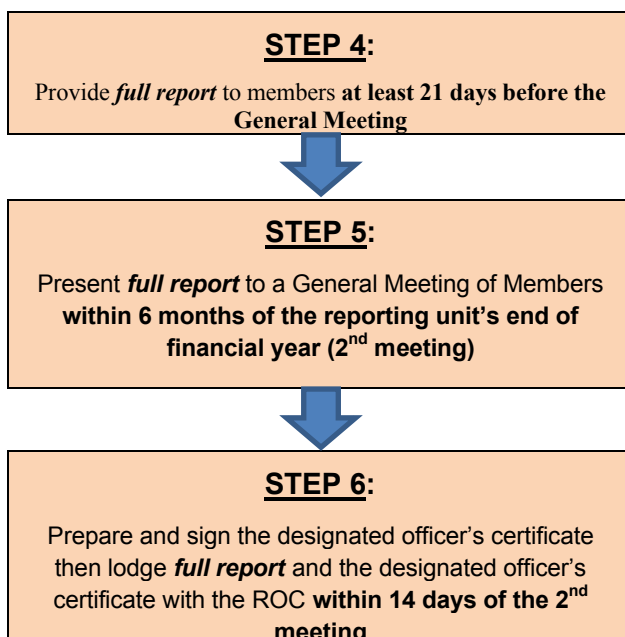
### Summary of financial reporting timelines – s.253 financial reports

General Information:

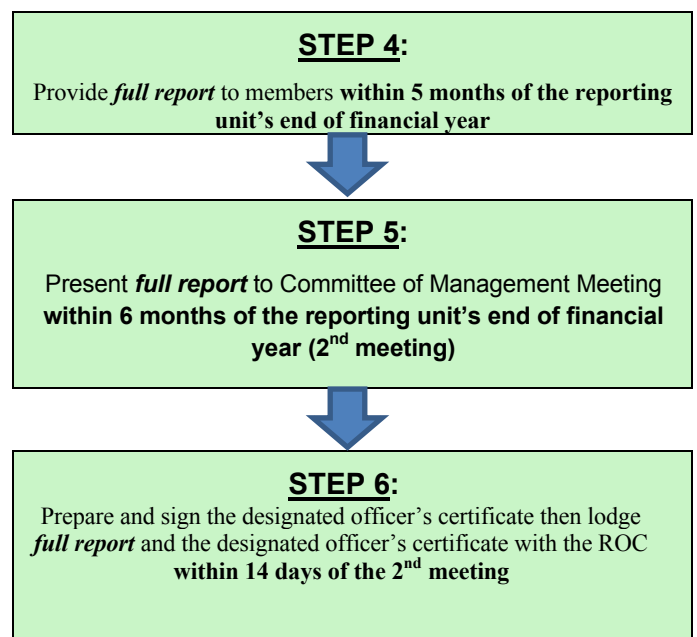
- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT  
AT **GENERAL MEETING OF MEMBERS**  
(this is the default process in the RO Act)





















IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT  
**COMMITTEE OF MANAGEMENT MEETING**  
(Special rules must be in the rulebook to use this process)





## Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
<p> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p> The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p> The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting</p>
<p> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p> Any auditor can audit a financial report</p>	<p> Only registered auditors can audit the financial report</p>
<p> The Committee of Management statement can be signed at any time</p>	<p> The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated</p>
<p> Any reporting unit can present the Full Report to a second COM meeting</p>	<p> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p> Everything can be done at one Committee of Management meeting</p>	<p> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## **Fact sheet**

### **Loans, Grants & Donations**

#### **The Loans, Grants & Donations Requirements**

The Fair Work (Registered Organisations) Act 2009 (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within 90 days of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

#### **The Loans, Grants & Donations Statement**

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,\* and
- the arrangements for repaying the loan.\*

\*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

**Common misconceptions**

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
<p><b>X</b> Only reporting units must lodge the Statement.</p>	<p><b>✓</b> All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.</p>
<p><b>X</b> Employees can sign the Statement.</p>	<p><b>✓</b> The statement must be signed by an elected officer of the relevant branch.</p>
<p><b>X</b> Statements can be lodged with the financial report.</p>	<p><b>✓</b> The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.</p>

**Grants & Donations within the Financial Report**

Item 14(e) of the Commissioner’s Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

**Note 4E: Grants or donations\***

Grants:	2017	2016
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	-	-
<b>Total grants or donations</b>	-	-

The Commissioner’s Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer’s declaration statement, even if the figures are NIL.

## Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

### Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au)

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