



20 August 2020

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

Sent via email: gseidel@ieusa.org.au
CC: snoble@independentaudit.com.au

Dear Glen Seidel,

**Independent Education Union (South Australia) Branch
Financial Report for the year ended 31 December 2019 – (FR2019/332)**

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Independent Education Union (South Australia) Branch (**reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 19 June 2020.

The financial report has now been filed.

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

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

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

General purpose financial report (GPFR)

New Australian Accounting Standards

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

The GPFR does not appear to have included the disclosures required, not only by AASB 108, but also the disclosures required by AASB 15 and AASB 1058. It therefore appears that the reporting

unit has not adopted either AASB 15 or AASB 1058 in the financial year ended 31 December 2019.

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

Nil activities disclosure

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

- "Receive capitation fees from another reporting unit" is disclosed in both the statement of comprehensive income and Note 3A;
- "Receive revenue via compulsory levies" is disclosed in both the statement of comprehensive income and Note 3B;
- "Receive donations or grants" is disclosed in both the statement of comprehensive income and Note 3D; and
- "Have a payable to employer as consideration for that employer making payroll deductions of membership subscriptions" is disclosed in both Note 7B 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 the following:

- Receive any other revenue from another reporting unit (RG 13(b)).

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

Auditor's report

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 granted by the ROC.

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

Reporting Requirements

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

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

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

Yours sincerely,

Kylie Ngo
Registered Organisations Commission

Independent Education Union (SA) Branch

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

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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 2019

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 21st May 2020; and
- that the full report was presented to a general meeting of members of the reporting unit on 18th June 2020 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: 18 June 2020

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 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, notes to the financial statements, including a summary of significant accounting policies, the Executive Committee Statement, the subsection 255(2A) report and the Officer Declaration Statement.

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

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

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

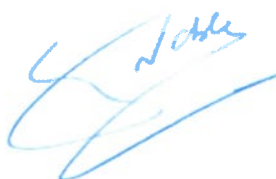
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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.



Stephen J. Noble
Director

Adelaide
27 March 2020

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

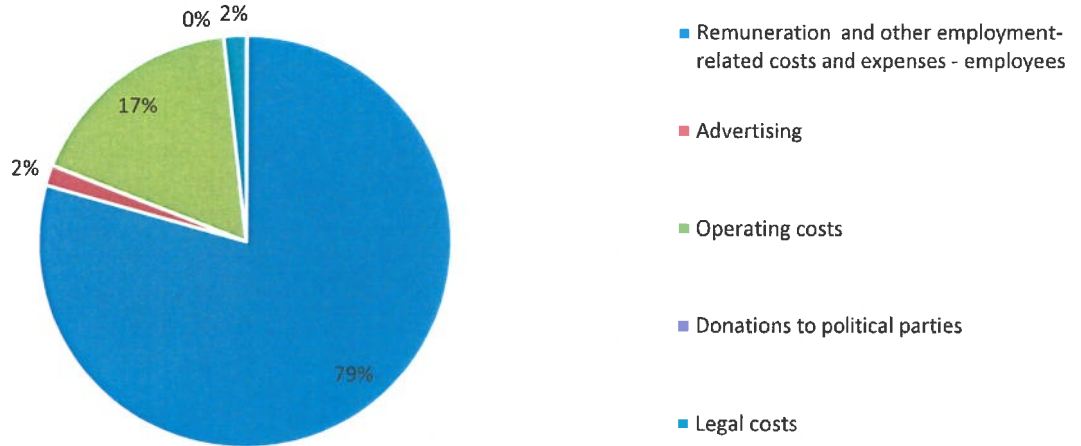
Independent Education Union (SA) Branch

Report Required Under Subsection 255(2A)

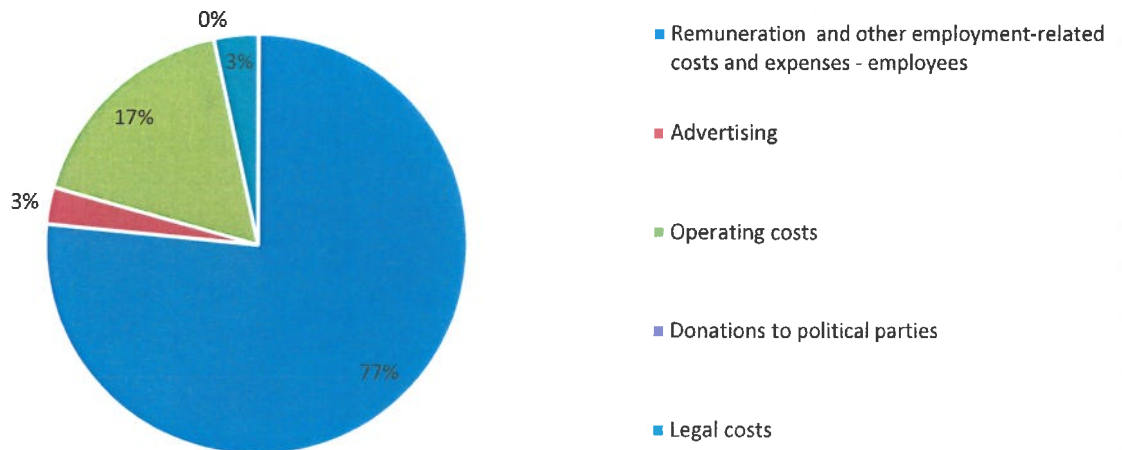
for the year ended 31 December 2019


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

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



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



Signature of designated officer: 
Name and title of designated officer: Glen Seidel (Secretary)
Dated: 27 April 2020

Independent Education Union (SA) Branch

Operating Report

for the year ended 31 December 2019

The Executive Committee presents its operating report on the Reporting Unit for the year ended 31 December 2019.

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

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 2019: 3,625.

Number of employees

Total employees of Independent Education Union (SA) Branch as at 31 December 2019: 13.

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

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

Glen Seidel (Secretary)

Jenny Gilchrist (President – Membership resigned 31/12/2019)

Britta Jureckson (President – Appointed 31/12/2019)

Evaldas (Val) Reinke (Treasurer– Membership resigned 31/12/2019)

Michael Francis (Treasurer – Appointed 31/12/2019)

Anthony Haskell (Vice President)

Noel Karcher (Vice President)

David Freeman

John Coop

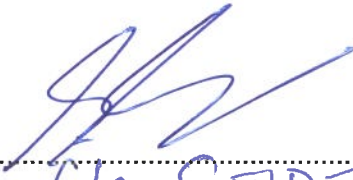
Sheryl Hoffmann

Sue Bailey

Gerry Conley (Membership resigned 31/12/2019)

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

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

Signature of designated officer: 

Name and title of designated officer: Glen SEIDEL (Secretary)

Dated: 27 March 2020

Independent Education Union (SA) Branch

Executive Committee Statement

for the year ended 31 December 2019

On 26 March 2020 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 2019:

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.

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

Signature of designated officer:

Name and title of designated officer: *Glen SEIBEL (Secretary)*

Dated: *27 March 2020*

Independent Education Union (SA) Branch
Statement of Comprehensive Income
for the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Revenue			
Membership subscription		1,993,602	2,036,862
Capitation fees	3A	-	-
Levies	3B	-	-
Interest	3C	14,309	9,649
Other revenue		29,891	29,350
Total revenue		<u>2,037,802</u>	<u>2,075,861</u>
Other Income			
Grants and donations	3D	-	-
Other income		268	701
Other income – IEUSA Inc. support	3E	200,000	-
Total other income		<u>200,268</u>	<u>701</u>
Total income		<u>2,238,070</u>	<u>2,076,562</u>
Expenses			
Employee expenses	4A	1,646,005	1,644,631
Capitation fees	4B	70,042	65,463
Affiliation fees	4C	23,922	23,430
Administration expenses	4D	283,383	324,897
Grants and donations	4E	200	200
Depreciation	4F	8,838	25,648
Finance costs	4G	19,064	20,026
Legal costs	4H	37,017	72,229
Audit fees	13	17,905	17,779
Net losses from disposal of assets		-	-
Other expenses	4I	-	-
Total expenses		<u>2,106,376</u>	<u>2,194,303</u>
Surplus (deficit) for the year		<u>131,694</u>	<u>(117,741)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>131,694</u>	<u>(117,741)</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 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	740,474	542,452
Trade and other receivables	5B	6,909	12,833
Other current assets	5C	5,119	3,618
Total current assets		<u>752,502</u>	<u>558,903</u>
Non-Current Assets			
Plant and equipment	6A	6,883	15,721
Total non-current assets		<u>6,883</u>	<u>15,721</u>
Total assets		<u>759,385</u>	<u>574,624</u>
LIABILITIES			
Current Liabilities			
Trade payables	7A	79,889	81,706
Other payables	7B	138,898	94,116
Employee provisions	8A	516,164	485,411
Total current liabilities		<u>734,951</u>	<u>661,233</u>
Non-Current Liabilities			
Employee provisions	8A	-	15,710
Total non-current liabilities		<u>-</u>	<u>15,710</u>
Total liabilities		<u>734,951</u>	<u>676,943</u>
Net assets		<u>24,434</u>	<u>(102,319)</u>
EQUITY			
General funds	9A	-	-
Retained earnings (accumulated deficit)		24,434	(102,319)
Total equity		<u>24,434</u>	<u>(102,319)</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 2019

	Notes	General funds	Retained earnings	Total equity
		\$	\$	\$
Balance as at 1 January 2018		-	15,422	15,422
Surplus / (deficit)		-	(117,741)	(117,741)
Other comprehensive income		-	-	-
Closing balance as at 31 December 2018		-	(102,319)	(102,319)
Surplus / (deficit)		-	131,694	131,694
Other comprehensive income		-	-	-
Backpay adjustment		-	(4,941)	(4,941)
Closing balance as at 31 December 2019		-	24,434	24,434

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 2019

	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from members		2,188,630	2,239,302
Interest		14,309	9,649
Other income – IEUSA Inc. support		200,000	-
Cash used			
Employees and suppliers		(2,204,917)	(2,367,408)
Net cash from (used by) operating activities	10A	<u>198,022</u>	<u>(118,457)</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		-	(2,668)
Net cash from (used by) investing activities		<u>-</u>	<u>(2,668)</u>
Net increase (decrease) in cash held			
		<u>198,022</u>	<u>(121,125)</u>
Cash & cash equivalents at the beginning of the reporting period		<u>542,452</u>	<u>663,577</u>
Cash & cash equivalents at the end of the reporting period	5A	<u>740,474</u>	<u>542,452</u>

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

Index to the notes of the financial statements,

Note 1	Summary of significant accounting policies
Note 2	Events after the reporting period
Note 3	Income
Note 4	Expenses
Note 5	Current assets
Note 6	Non-current assets
Note 7	Current liabilities
Note 8	Provisions
Note 9	Equity
Note 10	Cash flow
Note 11	Contingent liabilities, assets and commitments
Note 12	Related party disclosures
Note 13	Remuneration of auditors
Note 14	Financial instruments
Note 15	Fair value measurements
Note 16	<i>Section 272 Fair Work (Registered Organisations) Act 2009</i>

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.

1.5 Revenue

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

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

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

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

1.6 Gains

Sale of assets

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

1.7 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.8 Employee benefits

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

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

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

1.9 Leases

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

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

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

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

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

1.10 Borrowing costs

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

1.11 Cash

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

1.12 Financial instruments

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

1.13 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

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

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

The Independent Education Union (SA) Branch business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income

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

Financial assets at amortised cost

The Independent Education Union (SA) Branch measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Independent Education Union (SA) Branch's financial assets at amortised cost includes trade receivables and loans to related parties.

Derecognition

A financial asset is derecognised when:

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

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

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the

recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

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

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

(ii) Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

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

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

1.14 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

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

Independent Education Union (SA) Branch's financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

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

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

Derecognition

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

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.16 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:

	<u>2019</u>	<u>2018</u>
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.

1.17 Impairment of non-financial assets

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

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

1.18 Taxation

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

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

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

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

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

1.19 Fair value measurement

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

1.20 Going concern

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

Independent Education Union (SA) Incorporated provides financial support to Independent Education Union (SA) Branch, as needed, given the identical member base – refer Note 12A for additional information. As at 31 December 2019, Independent Education Union (SA) Incorporated had net assets of \$1,285,913.

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.

	2019	2018
	\$	\$

Note 2 Events after the reporting period

Subsequent to 31 December 2019 and prior to the signing of the financial statements, the COVID-19 pandemic emerged. The Executive Committee do not believe the current situation at the date of signing the financial statements impacts the financial statements or disclosures in respect to the year ended 31 December 2019.

Note 3 Income

Note 3A: Capitation fees

Total capitation fees	-	-
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Note 3B: Levies

Total levies	-	-
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Note 3C: Interest

Deposits	14,309	9,649
Total interest	14,309	9,649

Note 3D: Grants or donations

Grants	-	-
Donations	-	-
Total grants or donations	-	-

Note 3E: Other income

IEU (SA) Inc. support	200,000	-
Total Other income	200,000	-

It was agreed within the year ended 31 December 2019, by the Executive Committee, that \$200,000 be transferred to Independent Education Union (SA) Branch from Independent Education Union (SA) Inc to assist in meeting cash flow requirements. There is no requirement for the funds to be repaid to Independent Education Union (SA) Inc.

	2019	2018
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	177,163	176,289
Superannuation	27,444	25,009
Leave and other entitlements	36,702	(19,426)
Separation and redundancies	-	-
Other employee expenses	8,555	6,143
Subtotal employee expenses holders of office	<u>249,864</u>	<u>188,015</u>
Employees other than office holders:		
Wages and salaries	1,157,457	1,155,848
Superannuation	160,743	162,172
Leave and other entitlements	(26,600)	22,048
Separation and redundancies	-	-
Other employee expenses	104,541	116,548
Subtotal employee expenses employees other than office holders	<u>1,396,141</u>	<u>1,456,616</u>
Total employee expenses	<u>1,646,005</u>	<u>1,644,631</u>
Note 4B: Capitation fees		
Independent Education Union Australia	70,042	65,463
Total capitation fees	<u>70,042</u>	<u>65,463</u>
Note 4C: Affiliation fees		
Australian Council of Trade Unions	23,347	22,795
Other	575	635
Total affiliation fees/subscriptions	<u>23,922</u>	<u>23,430</u>

	2019	2018
	\$	\$

Note 4D: Administration expenses

Total paid to employers for payroll deductions of membership subscriptions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	31,027	35,256
Contractors/consultants	1,538	3,203
Property expenses	30,424	39,071
Office expenses	44,558	40,496
Information communications technology	24,234	20,965
Staff / Exec mobility and meals	54,069	76,561
Promotional material / benefits	33,713	60,764
Training and development	36,886	19,998
Other	26,934	28,583
Subtotal administration expenses	<u>283,383</u>	<u>324,897</u>

Note 4E: Grants or donations

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

Note 4F: Depreciation

Depreciation		
Plant and equipment	8,838	25,648
Total depreciation	<u>8,838</u>	<u>25,648</u>

	2019	2018
	\$	\$
Note 4G: Finance costs		
Merchant / payment fees	19,064	20,026
Total finance costs	<u>19,064</u>	<u>20,026</u>
Note 4H: Legal costs		
Litigation	37,017	72,229
Other legal costs	-	-
Total legal costs	<u>37,017</u>	<u>72,229</u>
Note 4I: Other expenses		
Penalties - via RO Act or <i>Fair Work Act 2009</i>	-	-
Total other expenses	<u>-</u>	<u>-</u>

	2019	2018
	\$	\$

Note 5 Current Assets

Note 5A: Cash and Cash Equivalents

Cash at bank	236,404	31,231
Cash on hand	300	300
Short term deposits	503,770	510,921
Total cash and cash equivalents	740,474	542,452

Note 5B: Trade and Other Receivables

Receivables from other reporting unit[s]		
Total receivables from other reporting unit[s]	-	-
Less allowance for expected credit losses		
Total allowance for expected credit losses	-	-
Receivable from other reporting unit[s] (net)	-	-
Other receivables:		
Other trade receivables	-	2,275
Accrued interest	6,909	10,558
Total other receivables	6,909	12,833
Total trade and other receivables (net)	6,909	12,833

Note 5C: Other Current Assets

Prepayments	5,119	3,618
Total other current assets	5,119	3,618

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

At 1 July	-	-
Provision for expected credit losses	-	-
Write-off	-	-
At 30 June	-	-

	2019	2018
	\$	\$

Note 6 Non-current Assets

Note 6A: Plant and equipment

Plant and equipment:		
at cost	276,221	276,221
accumulated depreciation	(269,338)	(260,500)
Total plant and equipment	<u>6,883</u>	<u>15,721</u>

Reconciliation of Opening and Closing Balances of Plant and Equipment

As at 1 January		
Gross book value	276,221	273,553
Accumulated depreciation and impairment	(260,500)	(234,852)
Net book value 1 January	<u>15,721</u>	<u>38,701</u>
Additions:		
By purchase	-	2,668
Impairments	-	-
Depreciation expense	(8,838)	(25,648)
Disposals:		
By sale	-	-
Net book value 31 December	<u>6,883</u>	<u>15,721</u>
Net book value as of 31 December represented by:		
Gross book value	276,221	276,221
Accumulated depreciation and impairment	(269,338)	(260,500)
Net book value 31 December	<u>6,883</u>	<u>15,721</u>

	2019	2018
	\$	\$
Note 7		
Current Liabilities		
Note 7A: Trade payables		
Trade creditors	7,975	5,154
ATO payable	71,914	76,552
Operating lease rentals	-	-
Subtotal trade creditors	<u>79,889</u>	<u>81,706</u>
Payables to other reporting unit[s]		
Subtotal payables to other reporting unit[s]	<u>-</u>	<u>-</u>
Total trade payables	<u>79,889</u>	<u>81,706</u>

Settlement is usually made within 30 days.

Note 7B: Other payables

Accrued expenses	97,886	47,257
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs	-	-
Membership fees in advance	45,123	47,442
Other	(4,111)	(583)
Total other payables	<u>138,898</u>	<u>94,116</u>
Total other payables are expected to be settled in:		
No more than 12 months	138,898	94,116
More than 12 months	-	-
Total other payables	<u>138,898</u>	<u>94,116</u>

	2019	2018
	\$	\$
Note 8 Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	110,958	96,156
Long service leave	107,149	93,486
Separation and redundancies	-	-
Other employee provisions	11,931	-
<i>Subtotal employee provisions—office holders</i>	230,038	189,642
Employees other than office holders:		
Annual leave	112,212	127,358
Long service leave	156,017	184,121
Separation and redundancies	-	-
Other employee provisions	17,897	-
<i>Subtotal employee provisions—employees other than office holders</i>	286,126	311,479
Total employee provisions	516,164	501,121
Current	516,164	485,411
Non Current	-	15,710
<i>Total employee provisions</i>	516,164	501,121

Note 9 Equity

Note 9A: Other Specific disclosures – Funds

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

	2019 \$	2018 \$
Note 10 Cash Flow		
Note 10A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	740,474	542,452
Balance sheet	740,474	542,452
Difference	<u>-</u>	<u>-</u>
Reconciliation of profit/(deficit) to net cash from operating activities:		
Profit/(deficit) for the year	131,694	(117,741)
Adjustments for non-cash items		
Depreciation	8,838	25,648
Backpay adjustment	(4,941)	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	5,924	(335)
(Increase)/decrease in prepayments	(1,501)	2,485
Increase/(decrease) in trade and other payables	42,965	(31,137)
Increase/(decrease) in employee provisions	15,043	2,623
Net cash from (used by) operating activities	<u>198,022</u>	<u>(118,457)</u>
Note 10B: Cash flow information		
Cash inflows		
Independent Education Union of Australia (IEUA)	-	-
Independent Education Union of Australia NSW/ACT Branch	-	-
Total cash inflows	<u>-</u>	<u>-</u>
Cash outflows		
Independent Education Union of Australia (IEUA)	(102,727)	(95,314)
Independent Education Union of Australia NSW/ACT Branch	(465)	(837)
Total cash outflows	<u>(103,192)</u>	<u>(96,151)</u>

2019 2018
\$ \$

Note 11 Contingent Liabilities, Assets and Commitments

Note 11A: Commitments and contingencies

Operating lease commitments—as lessee

Future minimum rentals payable under non-cancellable operating leases as at 30 June are:

Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
	-	-

Operating lease commitments—as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are:

Within one year	-	-
After one year but not more than five years	-	-
After five years	-	-
	-	-

Capital commitments

At 30 June 2019 the entity has commitments of \$0 (2018: \$0).

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

During the year ended 31 December 2019, management identified that Independent Education Union (SA) Branch had not previously included leave loading as ordinary times earnings and therefore had not paid any superannuation on leave loading taken. Management has paid the superannuation due, in respect to the previous six years, for employees who remain with IEUSAB, including a consideration for returns that would have eventuated should the payments have been made into the employee superannuation accounts when due – these payments were made within the year ended 31 December 2019. Management is in the process of contacting employees who have left the IEUSAB within the last six years to determine relevant details to enable payment into superannuation funds. Management has estimated the amount of outstanding superannuation to be paid at 31 December 2019 to be \$4,065, being the best estimate at that point in time. Management is uncertain whether there are any further obligations relating to this situation and hence why a provision has not been included within the financial statements at 31 December 2019.

Note 12 Related Party Disclosures

Note 12A: Related Party Transactions for the Reporting Period

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.

	2019	2018
Income received from Independent Education Union (SA) Inc. includes the following:	\$	\$
Other income – IEUSA Inc. support	200,000	-
Loan received	5,000	-
Expenses paid to Independent Education Union (SA) Inc. includes the following:		
Rent and vehicle reimbursement	19,187	20,555
Other administrative reimbursement	-	10,000
Loan repayment	5,000	-
Expenses paid to Independent Education Union of Australia includes the following:		
Capitation fees	70,041	65,463
ACTU affiliation fees	22,347	22,795
Expenses paid to Independent Education Union of Australia NSW/ACT Branch includes the following:		
Publications/Subscriptions	423	407
Speaker Costs	-	355

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 2019, 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.

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

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

	2019	2018
Short-term employee benefits	\$	\$
Salary (including annual leave taken)	177,163	176,289
Annual leave accrued	13,759	(23,340)
Honorarium – J Gilchrist	5,200	5,200
Total short-term employee benefits	196,122	158,149
Post-employment benefits:		
Superannuation	27,444	25,009
Total post-employment benefits	27,444	25,009
Other long-term benefits:		
Long-service leave	12,987	3,914
Total other long-term benefits	12,987	3,914
Total	236,553	187,072

	2019	2018
Note 13 Remuneration of Auditors	\$	\$
Value of the services provided		
Financial statement audit services	15,905	15,779
Other services	2,000	2,000
Total remuneration of auditors	17,905	17,779

A fee of \$357.50 incl GST was charged by Thnk Advisory (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	740,474	542,452
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Total	740,474	542,452
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At amortised cost:

Trade and other receivables	6,909	12,833
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Total	6,909	12,833
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Carrying amount of financial assets	747,383	555,285
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Financial Liabilities

Other financial liabilities:

Trade and other payables	173,664	128,380
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Total	173,664	128,380
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Carrying amount of financial liabilities	173,664	128,380
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Note 14B: Net Income and Expense from Financial Assets

Held-to-maturity

Interest revenue	14,309	9,649
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Net gain/(loss) held-to-maturity	14,309	9,649
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Amortised cost

Net gain/(loss) amortised costs	-	-
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Net gain/(loss) from financial assets	14,309	9,649
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The net income from financial assets not at fair value from profit and loss is \$14,309 (2018: \$9,649).

Note 14C: Net Income and Expense from Financial Liabilities

At amortised cost

Interest expense	8	-
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Net gain/(loss) financial liabilities - at amortised cost	8	-
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Net gain/(loss) from financial liabilities	8	-
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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.

Financial assets

Cash and cash equivalents	740,474	542,452
Trade and other receivables	6,909	12,833
Total	747,383	555,285

Trade and other payables	218,787	128,380
Total	218,787	128,380

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

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

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

31 December 2018	Trade and other receivables					Total
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	-%	-%	-%	-%	-%	
Estimate total gross carrying amount at default			75	2,200	-	2,275
Expected credit loss			-	-	-	-

The Independent Education Union (SA) Branch's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 14D.

Note 14E: Liquidity Risk

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 2019

	On Demand	< 1 year \$	1– 2 years \$	2– 5 years \$	>5 years \$	Total \$
Trade and other payables	-	173,664	-	-	-	173,664
Total	-	173,664	-	-	-	173,664

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
Total	-	128,380	-	-	-	128,380

Note 14F: Market Risk

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

Note 15 Fair Value Measurement

Note 15A: Financial Assets and Liabilities

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

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

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

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

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
Financial Assets				
Cash and cash equivalents	740,474	740,474	542,452	542,452
Trade and other receivables	6,909	6,909	12,833	12,833
Total	747,383	747,383	555,285	555,285
Financial Liabilities				
Trade and other payables	173,664	173,664	128,380	128,380
Total	173,664	173,664	128,380	128,380

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**

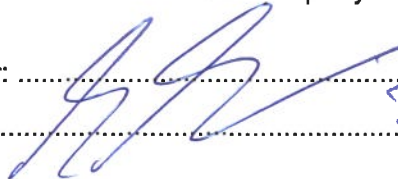
I, Glen Seidel, being the Secretary of the Independent Education Union (SA) Branch, declare that the following activities did not occur during the reporting period ending 31 December 2019.

The reporting unit did not:

- 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 revenue from undertaking recovery of wages activity
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- provide cash flows to another reporting unit and/or controlled entity
- 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:



27 March 2020