



30 August 2018

Ms Debra James
General Secretary
Independent Education Union of Australia-Victoria Tasmania Branch
By email: djames@ieuvictas.org.au
CC: rob.wernli@dfkkidsons.com.au

Dear Ms James,

**Independent Education Union of Australia-Victoria Tasmania Branch
Financial Report for the year ended 31 January 2018 - [FR2018/1]**

I acknowledge receipt of the financial report of the Independent Education Union of Australia-Victoria Tasmania Branch (IEUA-VIE). The documents were lodged with the Registered Organisations Commission (the ROC) on 20 July 2018.

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 January 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however 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.

Documents must be lodged with ROC within 14 days of Committee of Management Meeting

Section 268 of the RO Act states that a copy of the full report and the Designated Officer's Certificate are required to be lodged with the ROC within 14 days of the Committee of Management Meeting referred to in section 266 of the RO Act. The Designated Officer's Certificate indicates that this meeting occurred on 22 June 2018. However a copy of the full report and the Designated Officer's Certificate was not lodged until 20 July 2018, whereas it should have been lodged with the ROC by 6 July 2018.

Please ensure in future years that a copy of the full report and the Designated Officer's Certificate are lodged within the statutory timeframes under section 268 of the RO Act. Please note that section 268 is a civil penalty provision.

Committee of Management Statement & Notes to the financial report

Reference to s.272 & 273

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

The IEUA-VIE Committee of Management statement at reference (e)(v) and at Note 16 in the Notes to the Financial Statements refer to the 'General Manager' of the Fair Work Commission. In future, please ensure these references are to the 'Commissioner'.

Reporting Guidelines

The IEUA-VIE Committee of Management statement at reference (b) refers to the 'reporting guidelines of the General Manager'. Please be advised that section 255 of the RO Act now provides that the Reporting Guidelines are issued by the 'Commissioner' and not the 'General Manager'. The Commissioner's Reporting Guidelines for the purposes of section 253 were released on 4 May 2018.

Operating Report

Number of employees

Subsection 254(2)(f) of the RO Act and Regulation 159(b) of the *Fair Work (Registered Organisations) Regulations 2009* (the Regulations) requires that the number of persons that were, at the end of the financial year to which the report relates, employees of the reporting unit to be disclosed in the Operating Report. Regulation 159(b) also requires that where the number of employees includes both full-time and part-time employees to be measured on a full-time equivalent basis.

The IEUA-VIE Operating Report stated that 'On 31 January 2018 there were thirty-one persons employed full time and thirteen persons employed part time'. In future, please ensure the number of employees are expressed as full-time equivalent.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully



David Vale
Registered Organisations Commission

20 July 2018

The General Manager
Registered Organisations Commission
GPO Box 2983
Melbourne Vic 3001

Sent by email

Dear Manager

Please find attached copies of the documents required to fulfil our financial reporting obligations for the year ended 31 January 2018. These have been prepared in accordance with the Fair Work (Registered Organisations) Act 2009 and the regulations.

Attached are:

1. Independent Audit Report
2. Operating Report
3. Committee of Management Report
4. Statement of Comprehensive Income
5. Statement of Financial Position
6. Statement of Changes in Equity
7. Statement of Cash Flows
8. Notes to the Financial Statements
9. Certificate of Secretary

Please do not hesitate to contact me if you require anything further.

Yours sincerely



Debra James
General Secretary

**THE INDEPENDENT EDUCATION OF AUSTRALIA
VICTORIA TASMANIA BRANCH**

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the period ended 31 January 2018

I, Debra James, being the Secretary of the Independent Education Union of Australia Victoria Tasmania Branch certify:

- that the documents lodged herewith are copies of the full report for *The Independent Education Union of Australia Victoria Tasmania Branch* for the period ended 31 January 2018 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- A notice was published in the union's magazine "The Point" May 2018 Edition for all members informing them that the report was on the union's website. The full report was available on the website from 9 May 2018 onwards.
- that the full report was presented to a meeting of the Committee of Management of the reporting unit on 22 June 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer:

Debra James

Title of prescribed designated officer:

Branch Secretary

Date:

20/7/18

**THE INDEPENDENT EDUCATION
UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH**

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 JANUARY 2018**

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
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for the year ended 31 January 2018

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General information

The financial statements cover Independent Education Union of Australia Victoria Tasmania Branch as an individual entity. The financial statements are presented in Australian dollars, which is Independent Education Union of Australia Victoria Tasmania Branch's functional and presentation currency.

The financial statements were authorised for issue on the date of signing this report.

INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF THE INDEPENDENT EDUCATION UNION OF AUSTRALIA VICTORIA TASMANIA BRANCH

Opinion

We have audited the general purpose financial report of The Independent Education Union of Australia Victoria Tasmania Branch (the Union) which comprises the statement of financial position as at 31 January 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Committee of Management.

In our opinion:

- a) the accompanying financial report presents fairly, in all material aspects, the financial position of The Independent Education Union of Australia Victoria Tasmania Branch as at 31 January 2018 and their performance and cash flows for the year ended on that date in accordance with applicable Australian Accounting Standards and 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);
- b) the management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DFK Kidsons Partnership

DFK Kidsons Partnership
Chartered Accountants

Robert Wernli

Robert Wernli, F.C.A
Partner
Registered company auditor, Registration number: 16278

Melbourne
Date: 4 May 2018

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
OPERATING REPORT**

for the year ended 31 January 2018

The committee presents its report on the reporting unit for the financial year ended 31 January 2018.

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

- (1) **Design**, implementation and co-ordination of campaigns and programs regarding membership organising, industrial and professional agendas.
- (2) **Representation** of the industrial and professional interests of the members in a broad range of Federal and State government committees, the Australian Industrial Relations Commission and various statutory bodies and community organisations concerned with educational, industrial and other relevant concerns.
- (3) **Provision** of political, industrial, legal and professional advice to members and chapters of the union on various educational and industrial issues.
- (4) **Development of submissions** to inquiries on school funding, educational and industrial rights issues relevant to the membership and the broader union movement and community. Participation on behalf of the union and its membership in the public debate on these matters.
- (5) **Research** in relevant areas of public policy such as the funding of schooling, industrial, legal and constitutional matters, educational issues, and human rights concerns to inform our own IEU Victoria Tasmania branch, union movement and national union movement policy development.
- (6) **Protection and carriage** of the IEU Victoria Tasmania Branch Rules.
- (7) **Negotiation and prosecution** of claims for improved salaries and conditions for members in Victorian and Tasmanian non-government schools.

Results of these Activities

- (1) Maintenance of the IEU Victoria Tasmania Branch's membership in all non-government schools in Victoria and Tasmania.
- (2) A proactive membership industrially and professionally.
- (3) Continued public profile of the IEU Victoria Tasmania Branch on behalf of teachers and support staff in non-government education.
- (4) Improvements in the industrial and professional conditions of the membership.
- (5) Successful completion of negotiated Agreements on behalf of members in non-government schools in Victoria and Tasmania.

Significant changes in the nature of these activities

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

Significant changes in financial affairs

There have been no significant changes in the financial affairs of the Union during the past year.

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
OPERATING REPORT (Continued)**
for the year ended 31 January 2018

Right of members to resign

A member may resign from the Union in accord with Federal Rule 21 which states:

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

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
OPERATING REPORT (Continued)
for the year ended 31 January 2018

Officers or members that are a trustee or director of a company that is a Superannuation Fund Entity
Cathy Hickey Trustee of Non-Government Schools Superannuation Fund Pty. Ltd.
Debra James Trustee of Catholic Superannuation Fund
John Connors Trustee of Catholic Superannuation Fund

Number of members

There were 18,964 members (excluding student and the Retired Members Network) on the register of members on 31 January 2018.

Number of employees

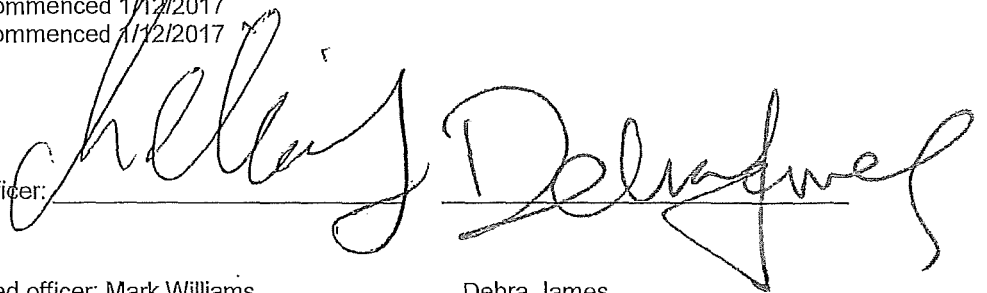
On 31 January 2018 there were thirty-one persons employed full time and thirteen persons employed part time by the IEU Victoria Tasmania Branch.

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

The following persons were on the IEU Victoria Tasmania Branch Committee of Management during the financial year unless otherwise indicated.

Patrick Bennett	
Elisabeth Buckley	Resigned 30/11/2017
John Connors	
Loretta Cotter	
Andrew J. Dunne	
Stephen Hobday	
Debra James	
Paul Mannion	
Cara Maxworthy	
Ruth Pendavingh	
Christine Scott	Resigned 30/11/2017
Maree Shields	
Coralie Taranto	Resigned 30/11/2017
John Waldock	
Mark Williams	
Rachael Evans	
Greg Lane	
Heather Macardy	
Andrew Wood	
Alexandra Abela	Commenced 1/12/2017
Olivia Blackney	Commenced 1/12/2017
Andrea Hines	Commenced 1/12/2017
Teresa Huddy	Commenced 1/12/2017
Kim Merhulik	Commenced 1/12/2017

Signature of designated officer:



Name and title of designated officer: Mark Williams

Debra James

Branch President

Branch Secretary

Dated:

4/5/18

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
COMMITTEE OF MANAGEMENT STATEMENT
for the year ended 31 January 2018

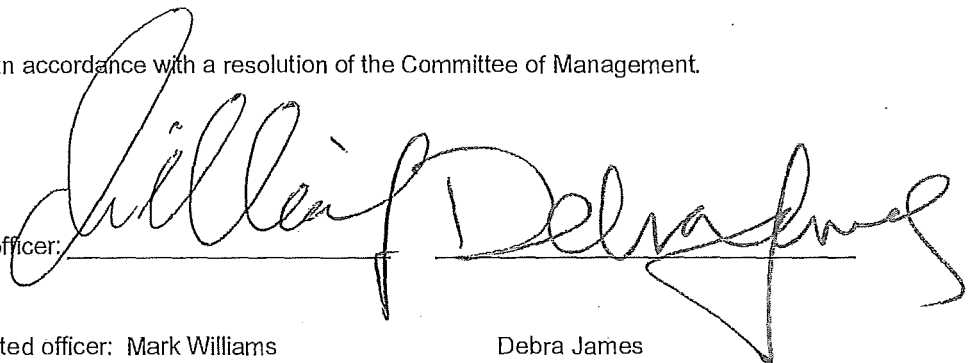
On the 4th May 2018 the Committee of Management of The Independent Education Union of Australia Victoria Tasmania Branch passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 January 2018:

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

Signature of designated officer:



Name and title of designated officer: Mark Williams

Debra James

Branch President

Branch Secretary

Dated: 4/5/18

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 January 2018

	Notes	2018 \$	2017 \$
Revenue	3	10,028,158	9,967,896
Expenses			
Employee expenses	4A	5,979,711	6,007,257
Capitation fees	4B	430,558	447,459
Affiliation fees	4C	200,073	192,220
Depreciation and amortisation	6A	298,863	273,676
Interest expense	4D	37,953	38,174
Other expenses	4E	1,925,901	2,026,719
Total expenses		<u>8,873,059</u>	<u>8,985,505</u>
Surplus for the year		<u>1,155,099</u>	<u>982,391</u>
Other comprehensive income			
Net change in available for sale financial asset		282,800	824,670
Total comprehensive income for the year		<u>1,437,899</u>	<u>1,807,061</u>

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

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
STATEMENT OF FINANCIAL POSITION
as at 31 January 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	1,810,346	1,116,476
Trade and other receivables	5B	450,641	365,649
Other current assets	5C	1,451,926	472,507
Total current assets		<u>3,712,913</u>	<u>1,954,632</u>
Non-Current Assets			
Plant and equipment	6A	898,751	848,225
Investment in associate	6B	4,214,213	3,931,413
Total non-current assets		<u>5,112,964</u>	<u>4,779,638</u>
Total assets		<u>8,825,877</u>	<u>6,734,270</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	7A	670,790	526,919
Lease liabilities	7B	345,374	279,680
Unearned income	7C	964,339	655,193
Employee provisions	8A	2,083,108	1,889,113
Total current liabilities		<u>4,063,611</u>	<u>3,350,905</u>
Non-Current Liabilities			
Employee provisions	8A	44,089	40,882
Lease liabilities	9A	343,092	405,297
Total non-current liabilities		<u>387,181</u>	<u>446,179</u>
Total liabilities		<u>4,450,792</u>	<u>3,797,084</u>
Net assets		<u>4,375,085</u>	<u>2,937,186</u>
EQUITY			
Members Funds	10A	3,267,615	2,112,516
Reserves		1,107,470	824,670
Total equity		<u>4,375,085</u>	<u>2,937,186</u>

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

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 January 2018

	Members funds	Reserves	Total equity
	\$	\$	\$
Balance as at 1 February 2016	1,130,125	-	1,130,125
Surplus for the year	982,391	-	982,391
Other comprehensive income for the year	-	824,670	824,670
Closing balance as at 31 January 2017	<u>2,112,516</u>	<u>824,670</u>	<u>2,937,186</u>
Balance as at 1 February 2017	2,112,516	824,670	2,937,186
Surplus for the year	1,155,099	-	1,155,099
Other comprehensive income for the year	-	282,800	282,800
Closing balance as at 31 January 2018	<u>3,267,615</u>	<u>1,107,470</u>	<u>4,375,085</u>

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

THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
STATEMENT OF CASH FLOWS
for the year ended 31 January 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenue from operating activities		11,625,926	11,353,047
Interest received		11,772	3,561
Payments to employees and suppliers		(9,609,834)	(10,101,929)
Interest expense		(25)	(385)
Net cash from operating activities	11A	<u>2,027,839</u>	<u>1,254,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from investments		5,280	6,009
Proceeds from sale of fixed assets		118,091	182,927
Payments for fixed assets		(452,900)	(521,355)
Payments for Investments		(970,000)	(40,000)
Net cash used by investing activities		<u>(1,299,529)</u>	<u>(372,419)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		313,153	475,471
Repayment of borrowings		(309,665)	(367,143)
Finance interest		(37,928)	(37,789)
Net cash from/(used by) financing activities		<u>(34,440)</u>	<u>70,539</u>
Net increase/(decrease) in cash and cash equivalents held		693,870	952,414
Cash & cash equivalents at the beginning of the year		1,116,476	164,062
Cash & cash equivalents at the end of the year	5A	<u>1,810,346</u>	<u>1,116,476</u>

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

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
NOTES OF THE FINANCIAL STATEMENTS**
for the year ended 31 January 2018

Note 1. Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

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

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

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

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

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

1.4 Gains

Sale of assets

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

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
NOTES OF THE FINANCIAL STATEMENTS**
for the year ended 31 January 2018

Note 1. Summary of significant accounting policies (Continued)

1.5 Capitation fees and levies

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

1.6 Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Liabilities for employee entitlements, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made for those benefits.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the entity's experience with staff departures.

1.7 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 assets useful life. 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.

1.8 Cash and cash equivalents

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.

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
VICTORIA TASMANIA BRANCH
NOTES OF THE FINANCIAL STATEMENTS**
for the year ended 31 January 2018

Note 1 Summary of significant accounting policies (Continued)

1.9 Financial instruments

Financial assets and financial liabilities are recognised when the Independent Education Union of Australia Victoria Tasmania Branch entity 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.

1.10 Financial assets

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

Fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

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

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

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Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (continued)

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.

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Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (Continued)

Impairment of financial assets

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

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

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

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

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

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

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

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

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Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (Continued)

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.

1.11 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.

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Note 1 Summary of significant accounting policies (Continued)

1.11 Financial liabilities (continued)

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.

1.12 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.

1.13 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
Furniture & Fittings	5 to 10 years	5 to 10 years
Office Equipment	3 years	3 years
Motor Vehicles	5 years	5 years
Leasehold Improvements	13 years	13 years

Derecognition

An item of 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.

1.14 Impairment for non-financial assets

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

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Note 1 Summary of significant accounting policies (Continued)

1.14 Impairment for non-financial assets (continued)

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

1.15 Taxation

The Independent Education Union of Australia Victoria Tasmania 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 cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.16 Investments

Investments in unlisted companies and unit trusts are initially measured at fair value, net of transaction costs, and shall be subsequently measured at fair value, without any deduction for transaction costs it may incur on sale or other disposal. A gain or loss arising from change in fair value shall be recognised in other comprehensive income, except for impairment losses. The Investment in the Federation of Education Unit Trust is classified as an available for sale financial asset.

Investments in listed companies and funds are carried at fair value. The Investment Portfolio has been designated as a financial asset at fair value through profit or loss.

1.17 Fair value measurement

The Independent Education Union of Australia Victoria Tasmania 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, at fair value at each balance sheet date.

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 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.

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Note 1 Summary of significant accounting policies (Continued)

1.17 Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Independent Education Union of Australia Victoria Tasmania 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 of Australia Victoria Tasmania 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 Union 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.

For the purpose of fair value disclosures, the Union 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.

1.18 Going concern

The Independent Education Union of Australia Victoria Tasmania Branch's ability to continue as a going concern is not reliant on financial support of another reporting unit.

1.19 Financial support to another reporting unit

The Independent Education Union of Australia Victoria Tasmania Branch has not agreed to provide financial support to ensure another reporting unit has the ability to continue as a going concern.

1.20 Business combinations

The Independent Education Union of Australia Victoria Tasmania Branch has not acquired assets or liabilities during the financial year as part of a business combination.

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Note 1 Summary of significant accounting policies (Continued)

1.21 Acquisition of assets or liabilities

The Independent Education Union of Australia Victoria Tasmania Branch did not acquire an asset or a liability during the financial year as a result of:

- an amalgamation under Part 2 of Chapter 3, of the RO Act in which the organisation (of which the reporting unit form part) was the amalgamated organisation; or
- a restructure of the branches of the organization; or
- a determination by the General Manager under sub-section 245(1) of the RO Act of an alternative reporting structure for the organization; or
- a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under sub-section 245(1).

1.22 Recovery of wages

The Independent Education Union of Australia Victoria Tasmania Branch has not undertaken any recovery of wages activity during the financial year.

1.23 Transactions with another reporting unit

The Union does not have another item in the statement of financial position that has been derived as a result of one or more transactions and/or past events with another reporting unit of the Union.

1.24 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Independent Education Union of Australia Victoria Tasmania Branch determines the estimated useful lives and related depreciation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

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1.25 New Australian Accounting Standards

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 31 January 2018 reporting period. As at 31 January 2018, the following standards and interpretations had been issued but were not mandatory for the reporting ended 31 January 2018.

Standard/Interpretation	Summary	Application for reporting periods beginning on:	Impact on Entities Annual Statements
AASB 9 Financial Instruments and its consequential amendments	The key changes with this standard include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	Beginning 1 January 2018	The Union has adopted this standard and the amendments from 1 January 2018, but the impact of its adoption is not expected to have a material impact. This will continue to be assessed.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	Beginning 1 January 2018	The Union has adopted this standard and the amendments from 1 January 2018, but the impact of its adoption is not expected to have a material impact. This will continue to be assessed.
AASB 1058 Income of Not-for Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	Beginning 1 January 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	Beginning 1 January 2019	The Union has not adopted this standard and the amendments from 1 January 2018. The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. No change for lessors.

In addition to those Accounting Standards listed above, the AASB has also released a number of other Accounting Standards and Australian Interpretations. The application of these Accounting Standards and Australian Interpretations are also not expected to have any significant impact on the Union's financial statements. Consequently, they have not been specifically identified above.

**THE INDEPENDENT EDUCATION UNION OF AUSTRALIA
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Note 2 Events after the reporting period

No matter or circumstance has arisen since 31 January 2018 that has significantly affected, or may significantly affect the Independent Education Union of Australia Victoria Tasmania Branch's operations, the results of those operations, or the Union's state of affairs in future financial years.

	2018	2017
	\$	\$
Note 3 Revenue		
Membership subscriptions	9,851,479	9,388,073
Interest received	11,772	3,561
Other revenue	52,727	43,143
Reimbursement of legal costs	-	442,853
Profit on sale of investments	1,413	3,150
Advertising Income	50,636	35,182
Directors Fees	41,258	46,663
Movement in market value of investments	18,873	5,271
Grants or donations	-	-
Capitation fees	-	-
Levies	-	-
Total revenue	<u>10,028,158</u>	<u>9,967,896</u>

Note 4 Expenses

Note 4A: Employee expenses

Holders of office:

Wages and salaries	328,070	325,487
Superannuation	49,954	48,455
Leave and other entitlements	26,549	32,456
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	<u>404,573</u>	<u>406,398</u>

Employees other than office holders:

Wages and salaries	3,931,001	3,937,228
Superannuation	642,270	651,396
Leave and other entitlements	647,023	651,592
Separation and redundancies	-	46,960
Other employee expenses	354,844	313,683
Subtotal employee expenses employees other than office holders	<u>5,575,138</u>	<u>5,600,859</u>
Total employee expenses	<u>5,979,711</u>	<u>6,007,257</u>

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	2018	2017
	\$	\$
Note 4 Expenses (continued)		
Note 4B: Capitation fees		
Independent Education Union of Australia	430,558	447,459
Total capitation fees	<u>430,558</u>	<u>447,459</u>
Note 4C: Affiliation fees		
Australian Catholic Primary Principals Association	22,400	25,964
Australian Primary Principal Association Incorporated	8,850	9,210
Ballarat Trades Hall Council	2,787	2,508
Bendigo Trades Hall Council	1,874	1,703
Geelong Trades Hall Council	555	733
Gippsland Trades & Labour Council	1,707	2,700
Goulburn Valley Trades Hall Council	1,079	859
Incorporated Association of Registered Teachers of Victoria	10,458	9,167
North East Trades & Labour Council	1,355	728
South West Trades & Labour Council	351	1,229
Sunraysia Trades & Labour Council	238	282
Unions Tasmania	10,364	4,161
Victorian Trades Hall Council	138,055	132,976
Total affiliation fees/subscriptions	<u>200,073</u>	<u>192,220</u>
Note 4D: Interest Expense		
Bank interest	25	385
Finance lease interest	37,928	37,789
	<u>37,953</u>	<u>38,174</u>

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	2018	2017
	\$	\$
Note 4 Expenses (continued)		
Note 4E: Other expenses		
Audit Fees	31,100	33,400
Bank charges	83,481	82,316
Conference and meeting expenses	105,005	106,075
Contractors/consultants	-	-
Fringe Benefits Tax	83,216	139,598
Information communications technology	135,785	130,922
Insurance	196,715	171,378
Legal costs - litigation	19,403	122,015
Legal costs – other legal matters	-	-
(Profit) / loss on sale of fixed assets	(14,580)	12,728
Members Campaign	38,052	25,649
Motor Vehicle Expenses	83,802	66,528
Office expenses	47,616	27,047
Officer expenses	227,082	218,127
Other expenses	110,094	112,436
Postage	227,778	217,428
Printing & Stationery	20,972	22,341
Property Expenses	169,286	176,679
Publications	176,538	159,805
Sponsorship	381	9,791
Teacher Learning Network	50,000	50,000
Telephone	79,378	91,955
Training	54,797	50,501
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Consideration to employers for payroll deductions	-	-
Grants or donations	-	-
Penalties - via RO Act or RO Regulations	-	-
Total other expenses	<u>1,925,901</u>	<u>2,026,719</u>

Note 5 Current assets

Note 5A: Cash and cash equivalents

Cash at bank	1,730,346	816,476
Short term deposits	80,000	300,000
Total cash and cash equivalents	<u>1,810,346</u>	<u>1,116,476</u>

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	2018	2017
	\$	\$
Note 5 Current assets (continued)		
Note 5B: Trade and other receivables		
Trade receivables	450,641	365,649
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
Total trade receivables	<u>450,641</u>	<u>365,649</u>
Other receivables:		
Other receivables	-	-
Total other receivables	<u>-</u>	<u>-</u>
Total trade and other receivables	<u>450,641</u>	<u>365,649</u>
Note 5C: Other current assets		
Investment portfolio	190,084	195,364
Prepayments	191,842	177,143
Term deposits	1,070,000	100,000
Total other current assets	<u>1,451,926</u>	<u>472,507</u>
Note 6 Non-current assets		
Note 6A: Plant and equipment		
Phone system:		
At cost	64,164	64,164
Less accumulated depreciation	(64,164)	(52,802)
	<u>-</u>	<u>11,362</u>
Office equipment, furniture and fittings:		
At cost	330,408	190,662
Less accumulated depreciation	(172,402)	(130,408)
	<u>158,006</u>	<u>60,254</u>
Motor vehicles:		
At cost	1,023,434	953,505
Less accumulated depreciation	(344,089)	(280,040)
	<u>679,345</u>	<u>673,465</u>
Leasehold improvements:		
At cost	556,583	556,583
Less accumulated depreciation	(495,183)	(453,439)
	<u>61,400</u>	<u>103,144</u>
Total plant and equipment	<u>898,751</u>	<u>848,225</u>

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Note 6 Non-current assets (continued)

Note 6A: Plant and equipment (Continued)

Reconciliation of carrying amounts of plant and equipment

	Phone system \$	Equipment, furniture & Fittings \$	Motor vehicles \$	Leasehold Improvements \$	Total \$
2017					
Balance at the beginning of the year	32,755	36,985	581,574	144,887	796,201
Additions	-	45,884	475,471	-	521,355
Disposals	-	-	(195,655)	-	(195,655)
Depreciation expense	(21,393)	(22,615)	(187,925)	(41,743)	(273,676)
Carrying amount at end of the year	11,362	60,254	673,465	103,144	848,225

	Phone system \$	Equipment, furniture & Fittings \$	Motor vehicles \$	Leasehold Improvements \$	Total \$
2018					
Balance at the beginning of the year	11,362	60,254	673,465	103,144	848,225
Additions	-	139,747	313,153	-	452,900
Disposals	-	-	(103,511)	-	(103,511)
Depreciation expense	(11,362)	(41,995)	(203,762)	(41,744)	(298,863)
Carrying amount at end of the year	-	158,006	679,345	61,400	898,751

2018 **2017**
\$ \$

Note 6B: Investment in associate

Federation of Education Unions Unit Trust	4,214,213	3,931,413
Total investment in associate	<u>4,214,213</u>	<u>3,931,413</u>

Details of investments accounted for using the equity method

Parent Name of entity	Principal activity	Ownership	
		2018 %	2017 %
Associates:			
Federation of Education Union	Unit Trust	20.2%	20.2%

(j) The published fair value for the investment in Federation of Education Unions Unit Trust is \$4,214,213 (2017: \$3,931,413).

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Note 6 Non-current assets (continued)

Note 6B: Investments in associates (continued)

Summary financial information of associate

	2018	2017
	\$	\$
Statement of financial position:		
Assets	21,084,333	19,746,665
Liabilities	221,890	284,222
Net assets	20,862,443	19,462,443
Statement of comprehensive income:		
Income	2,201,168	4,529,150
Expenses	801,168	780,641
Increase/(decrease) in net assets attributable to unitholders	(1,400,000)	(3,748,509)
Net surplus/(deficit)	-	-
Share of associates' net surplus/(deficit):		
Share of net surplus/(deficit) before tax	-	-
Income tax expense	-	-
Share of associates net surplus/(deficit) after tax	-	-

Dividends received from associate during the financial year: Nil (2017:Nil)

Share of net profits/loss from associate during the financial year: Nil (2017: Nil)

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	2018	2017
	\$	\$
Note 7 Current liabilities		
Note 7A: Trade and other payables		
Trade creditors and accruals	156,282	104,974
Payables to other reporting units	-	-
Total trade creditors	<u>156,282</u>	<u>104,974</u>
Other payables:		
Consideration to employers for payroll deductions	-	-
Legal costs - litigation	-	-
Legal costs – other legal matters	-	-
GST payable	290,731	207,167
FBT payable	36,861	40,304
PAYG payable	176,852	87,421
Payable to associate	10,064	13,026
Insurance loan – Hunter Premium Funding	-	74,027
Other payables	-	-
Total other payables	<u>514,508</u>	<u>421,945</u>
Total trade and other payables	<u>670,790</u>	<u>526,919</u>
Note 7B: Lease liabilities		
Motor vehicle and equipment finance	345,374	279,680
Total lease liabilities	<u>345,374</u>	<u>279,680</u>
Note 7C: Unearned income		
Membership fees received in advance	964,339	655,193
Total unearned income	<u>964,339</u>	<u>655,193</u>

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	2018	2017
	\$	\$
Note 8 Provisions		
Note 8A: Employee provisions		
Office Holders:		
Annual leave	86,133	73,836
Long service leave	149,493	135,241
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—office holders	<u>235,626</u>	<u>209,077</u>
Employees other than office holders:		
Annual leave	804,757	734,961
Long service leave	1,086,814	985,957
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—employees other than office holders	<u>1,891,571</u>	<u>1,720,918</u>
Total employee provisions	<u>2,127,197</u>	<u>1,929,995</u>
Current	2,083,108	1,889,113
Non-Current	44,089	40,882
Total employee provisions	<u>2,127,197</u>	<u>1,929,995</u>
Note 9 Non-current liabilities		
Note 9A: Lease liabilities		
Motor vehicle and equipment finance	343,092	405,297
Total lease liabilities	<u>343,092</u>	<u>405,297</u>
Note 10 Equity		
Note 10A: Member funds		
Balance as at start of financial year	2,112,516	1,130,125
Surplus for the year	1,155,099	982,391
Balance as at end of financial year	<u>3,267,615</u>	<u>2,112,516</u>

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	2018	2017
	\$	\$
Note 11 Cash flow		
Note 11A: Cash flow reconciliation		
Cash and cash equivalents as per:		
Cash flow statement	1,810,346	1,116,476
Balance sheet	1,810,346	1,116,476
Difference	<u>-</u>	<u>-</u>
Reconciliation of surplus to net cash from operating activities:		
Surplus for the year	1,155,099	982,391
Adjustments for non-cash items		
Depreciation	298,863	273,676
Change in market value of investments – decrease/(increase)	(20,285)	(5,271)
Finance lease interest	37,928	37,789
(Profit)/loss on sale of fixed assets	(14,580)	12,728
Profit on sale of investments	-	(3,150)
Changes in assets/liabilities		
(Increase)/decrease in receivables	(84,992)	(28,804)
(Increase)/decrease in other assets	(14,699)	(105,369)
Increase/(decrease) in payables	169,157	(74,419)
Increase/(decrease) in unearned income	309,146	12,992
Increase/(decrease) in employee provisions	197,202	151,731
Net cash from (used by) operating activities	<u>2,027,839</u>	<u>1,254,294</u>
Note 11B: Cash flow information		
Cash inflows		
The Independent Education Union of Australia	11,637,698	12,021,014
Total cash inflows	<u>11,637,698</u>	<u>12,021,014</u>
Cash outflows		
The Independent Education Union of Australia	9,609,858	11,068,601
Total cash outflows	<u>9,609,858</u>	<u>11,068,601</u>

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	2018	2017
	\$	\$
Note 12 Contingent liabilities, assets and commitments		
Note 12A: Commitments and contingencies		
The Union have motor vehicles and a phone system under lease.		
Finance lease commitments—as lessee		
Within one year	363,908	299,262
After one year but not more than five years	352,657	416,662
More than five years	-	-
Total minimum lease payments	<u>716,565</u>	<u>715,924</u>
Less amounts representing finance charges	(28,099)	(30,947)
Present value of minimum lease payments	<u>688,466</u>	<u>684,977</u>
Included in the financial statements as:		
Current interest-bearing loans and borrowings	345,374	279,680
Non-current interest-bearing loans and borrowings	343,092	405,297
Total included in interest-bearing loans and borrowings	<u>688,466</u>	<u>684,977</u>

The Union has no contingent liability or asset as at 31 January 2018 (2017: Nil).

Note 13 Related party disclosures

Note 13A: Related party transactions for the reporting period

During the reporting period there were transactions with the following related parties; Federal office of the Independent Education Union and the Teacher Learning Network.

The total amount of related party transactions that have been entered into for the relevant financial year are as follows:

Expenses paid to the following parties include:

Independent Education Union of Australia		
- Capitation Fee	319,104	331,480
- ACTU levy	111,454	115,979
Teacher Learning Network	50,000	50,000

There were no other related party transactions during the year.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases 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 January 2018, the Independent Education Union of Australia Victoria Tasmania Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: Nil).

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	2018	2017
	\$	\$

Note 13 Related party disclosures (continued)

Note 13B: Key management personnel remuneration for the reporting period

The aggregate compensation made to officers and other members of key management personnel of the Union is set out below:

Short-term employee benefits

Salary (including annual leave taken)	331,875	325,487
Increase / (Decrease) in Annual leave accrued	12,297	19,142
Performance bonus	-	-
Other Employee Benefits	-	-
Total short-term employee benefits	344,172	344,629

Post-employment benefits:

Superannuation	49,954	48,455
Total post-employment benefits	49,954	48,455

Other long-term benefits:

Increase / (Decrease) in Long-service leave	14,252	13,314
Total other long-term benefits	14,252	13,314

Termination benefits

	-	-
Total key management personnel remuneration	408,378	406,398

Note 14 Remuneration of auditors

Value of the services provided

Financial statement audit services	20,000	8,900
Other services	-	-
Prior year audit services	11,100	24,500
Total remuneration of auditors	31,100	33,400

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

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Note 15 Financial instruments

The Union's financial instruments consist mainly of deposits with banks, short and long-term investments, accounts receivable and accounts payable.

The Union's activities expose itself primarily to the financial risks of changes in interest rates, price risk, liquidity risk and credit risk. The Union does not use derivative instruments to manage risks associated with its financial instruments.

The Union's Committee of Management have overall responsibility for risk management, including risks associated with financial instruments.

Note 15A: Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Note 15B: Categories of financial instruments

Financial assets	Note	Category	Carrying amount 2018	Carrying amount 2017
			\$	\$
Cash and cash equivalents	5A	N/A	1,810,346	1,116,476
Receivables	5B	Loans and receivables	450,641	365,649
Term deposits	5C	Held to maturity	1,070,000	100,000
Investment portfolio	5C	Fair value through profit or loss	190,084	195,364
Investment in associate	6D	Available for sale	4,214,213	3,931,413
Financial liabilities				
Payables	7A	Financial liabilities	166,346	104,974
Lease liabilities	7B, 9A	Financial liabilities	688,466	684,977

Financial liabilities exclude statutory financial liabilities (i.e. GST payable)

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Note 15 Financial instruments (continued)

Note 15C: Net Income and Expense from Financial Assets

	2018	2017
	\$	\$
Cash and cash equivalents		
Interest revenue	1,568	1,052
Net gain/(loss) on cash and cash equivalents	<u>1,568</u>	<u>1,052</u>
Held-to-maturity		
Interest revenue	5,765	1,632
Net gain/(loss) held-to-maturity	<u>5,765</u>	<u>1,632</u>
Fair value through profit and loss		
Designated as fair value through profit and loss:		
Change in fair value	20,286	5,271
Net gain/(loss) at fair value through profit and loss	<u>20,286</u>	<u>5,271</u>
Net gain/(loss) from financial assets	<u>27,619</u>	<u>7,955</u>

Note 15D: Net income and expense from financial liabilities

Financial liabilities at amortised cost		
Interest expense	(37,928)	(37,789)
Net gain/(loss) at amortised cost	<u>(37,928)</u>	<u>(37,789)</u>
Net gain/(loss) from financial liabilities	<u>(37,928)</u>	<u>(37,789)</u>

Note 15E: Fair Value of Financial Instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 15F: Financial risk management objectives

Credit risk

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

The Union is not exposed to any significant credit risk.

Market Risk

Foreign currency risk

The Union is not exposed to any significant foreign currency risk.

Price risk

The Union is exposed to equity securities price risk through the investment portfolio. This arises from investments held by the Union and classified on the statement of financial position as fair value through profit and loss. The Union is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Union diversifies its portfolio.

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Note 15 Financial instruments (continued)

Note 15F: Financial risk management objectives (Continued)

Interest rate risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Non-Interest Bearing		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash	1,810,346	1,116,476	-	-	1,810,346	1,116,476
Term deposits	1,070,000	100,000	-	-	1,070,000	100,000
Investment portfolio	190,084	195,364	-	-	190,084	195,364
Investment in associate	-	-	4,214,213	3,931,413	4,214,213	3,931,413
Receivables	-	-	450,641	365,649	450,641	365,649
Total Financial Assets	3,070,430	1,411,840	4,664,854	4,297,062	7,735,284	5,708,902
Financial Liabilities:						
Payables	-	-	166,346	104,974	166,346	104,974
Lease liabilities	688,466	684,977	-	-	688,466	684,977
Total Financial Liabilities	688,466	684,977	166,346	104,974	854,812	789,951

Liquidity risk

Vigilant liquidity risk management requires the Union to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Union manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

	Maturity dates				Remaining contractual maturities
	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
2018					
Payables	166,346	-	-	-	-
Lease liabilities	345,374	343,092	-	-	-
	511,720	343,092	-	-	-
2017					
Payables	104,974	-	-	-	-
Lease liabilities	279,680	405,297	-	-	-
	384,654	405,297	-	-	-

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 16 Section 272 Fair Work (Registered Organisations) Act 2009

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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 General Manager:

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

Note 17 Registered Office

The principal place of business of the Union is:

120 Clarendon Street
South Melbourne Victoria 3205