



FairWork
Commission

8 November 2013

Theresa Howe
Secretary
Independent Education Union of Australia, Western Australia Branch
PO Box 739
BELMONT WA 6103

Dear Ms Howe,

Independent Education Union of Australia Western Australia Branch Financial Report for the year ended 31 December 2012 - [FR2012/574]

I acknowledge receipt of the financial report of the Independent Education Union of Australia, Western Australia Branch (IEU WA). The documents were lodged with Fair Work Commission (FWC) on 26 June 2013.

The financial report has now been filed.

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

Notes to the financial statements

Under Note 2, Summary of Significant Accounting Policies, it states that *'the financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Industrial Relations Act 1979 (WA) and Fair Work Act 2009.'*

In future years, please ensure this statement refers to the *Fair Work (Registered Organisations) Act 2009 (RO Act)* and that the reference to the *Industrial Relations Act 1979 (WA)* is removed.

Also under Note 2 (b) Revenue, it states that Revenue is recognised on a cash basis. It is expected that the financial statements, except for the Cash flow Statement, are prepared on an accrual basis as per *AASB 101 Presentation of Financial Statements* paragraph 27.

In future years, please ensure that the Revenue Policy is update to ensure that it meets the requirements of the Australian Accounting Standards and/or a more detail policy in relation to each item of Revenue is provided in the Notes.

Note 2 (c) Employee Benefits, contains a detailed accounting policy on how the IEU WA accounts for employee benefits. The operation report indicates that there are currently no employees of IEU WA, therefore this policy isn't required to be provided. This also relates to Note 2 (g) Inventories, (h) Property, Plant and Equipment and (i) Leases.

Auditors Report

The Auditors Report makes reference to the *Fair Work Act 2009*. Can you please ensure that your auditor updates these references to the *Fair Work (Registered Organisations) Act 2009*?

Changes to the legislation and reporting guidelines

I note with the change of legislation, references to Fair Work Australia will need to be updated to the Fair Work Commission.

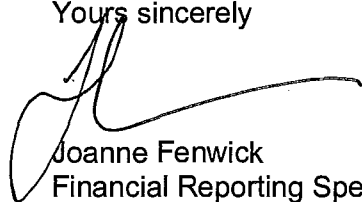
Additionally, a third edition to the General Manager's s.253 reporting guidelines was gazetted on 26 June 2013. These guidelines will apply to all financial reports that end on or after 30 June 2013. Fair Work Commission has also developed a model set of financial statement for the 2012-2013 financial year. There is no requirement to use this model but it may be a useful resource to ensure compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 reporting guidelines and the Australian Accounting Standards.

The guidelines and model financial statements are available on the website here:

<http://www.fwc.gov.au/index.cfm?pagename=regorgsfrguidelines#finance>

If you have any queries regarding this letter, please contact me on (03) 8661 7886 or via email at joanne.fenwick@fwc.gov.au.

Yours sincerely



Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



Certificate of Secretary

s268 of Schedule 1 Workplace Relations Act 1996

I, Theresa Howe being the Secretary of the Independent Education Union of Australia (Western Australia Branch) certify:

- that the documents lodged herewith are copies of the full report referred to in s268 of the RAO Schedule; and
- that the full report, was presented to a meeting of the Executive/Committee of Management on 10 April 2013 and at that meeting passed a resolution relating to the Committee of Management Statement;
- that the full report, including Auditor's Report to Members was provided to members on our website on the 11 April 2013, members were notified by email and/or mail.
- that the full report, including Auditor's Report to Members was provided to members at the General Meeting on the 20th June 2012.

Signed:

THERESA HOWE
SECRETARY

Dated:

26th JUNE, 2013



**INDEPENDENT EDUCATION UNION OF AUSTRALIA,
WESTERN AUSTRALIA BRANCH**

ABN 59 914 290 495

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

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INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

OPERATING REPORT

Your Committee of Management ("the Committee") present their operating report on the Independent Education Union of Australia WA Branch (the "Union") for the financial year 31 December 2012.

Members of the Committee of Management

The Committee of Management members who held office during the year were:

T. Howe, Secretary
C. Williams
L. Reeves
N. Fraser
B. Frost
R. Thomas
D. Murray
M. Swain, Vice President
K. Maguire, President
N. Briggs
V. Bingham

Members of the Committee of Management were in office from the whole of the 2012 financial year, unless otherwise stated.

Principal Activity

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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6. Negotiation and prosecution of claims for improved salaries and conditions for workers in the ELICOS sector and for staff in a range of Independent Schools.

Results of those activities

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

Operating Results

The Union's loss for the year amounted to \$9,439 (2011 loss: \$1,076).

Review of Operations

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

After Balance Date Events

No significant events have occurred after the reporting date.

Economic dependence

The Union is dependent on continuing contributions from Independent Education Union of Western Australia, Union of Employees to be able to continue its operations. A Resolution was passed that the Independent Schools Salaried Officers' Association (ISSOA) (now the Independent Education Union of Western Australia, Union of Employees (IEUwa)) will financially Support the IEUA WA Branch and pay such costs as the IEUA WA Branch may incur from time to time, where those costs are a consequence of common purpose. The Resolutions was carried at the meeting of 15th May 2005.

Employees of the Union

At the end of the financial year the Union employed NIL (2011: NIL) staff.

Membership of the Union

Number of members as at 31 December 2012 4,480: (2011: 4,248).

Member's right to resign

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

21 - RESIGNATION FROM MEMBERSHIP

- (a) A member of the Union may resign from membership by written notice addressed and delivered to the relevant Branch Secretary.
- (b) A notice of resignation from membership takes effect:

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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- (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.

Details (including position held) of any officer or member of the union who is

1. **Trustee of a Superannuation Entity;**
2. **A Director of a Company that is a Trustee of a Superannuation Entity.**

Theresa Howe Director of Concept One Superannuation Fund

Indemnification of Officer or Auditor

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

Proceedings on Behalf of the Union

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

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the financial year ended 31 December 2012.

Other Information

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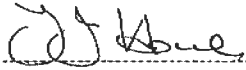
ABN 59 914 290 495

There is no other information that the Union considers relevant.

Auditor's Independent Declaration

A copy of the auditor's independence declaration is set out on page 4.

Signed in accordance with a resolution of the Committee of Members passed on the 10th day of April 2013.



Theresa Howe
Secretary

10 April 2013



Kenneth Maguire
President

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

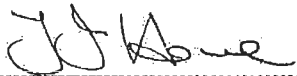
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COMMITTEE OF MANAGEMENT STATEMENT

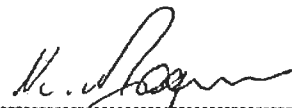
The Committee of Management of Independent Education Union of Australia WA Branch ("Union") declares that the attached general purpose financial statements and notes in its opinion:

1. comply with the Australian Accounting Standards and other mandatory professional reporting requirements;
2. comply with the reporting guidelines of the Industrial Registrar;
3. give a true and fair view of the Union's financial performance, financial position and cash flows of the Union for the financial year as at 31 December 2012;
4. there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
5. During the 2012 financial year, and since the end of the year:
 - a. meetings of the Executive / Committee of Management were held in accordance with the rules of the Union including the rules of branch concerned; and
 - b. the financial affairs of the Union have been managed in accordance with the rules of the Union including the rules of branch concerned; and
 - c. the financial records of the Union have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 ("Act") and Fair Work (Registered Organisations) Regulations 2009 ("Regulations"); and
 - d. the Union is a sole reporting unit, the financial records of the Union have been kept, as far as practicable, in a consistent manner specifically relation to the Union; and
 - e. the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - f. no orders for inspection of financial records have been made by the Commission under section 273 of the RAO Schedule during the period; and
6. in relation to recovery of wages activity:
 - a. the Union has not undertaken any recovery of wages activity during the financial year.

Signed in accordance with a resolution of the Committee of Members passed on the 10th day of April 2013.



Theresa Howe
Secretary



Kenneth Maguire
President

10th April 2013



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Unit 8 / 7 Hector Street, Osborne Park WA 6017

PO Box 1357, Osborne Park WA 6916

Phone: (08) 9445 9955 Fax: (08) 9445 9966

ABN 59 125 425 274

Website: www.amwaudit.com.au

Liability limited by a scheme approved under Professional Standards Legislation

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

As auditor for the audit of Independent Education Union of Australia WA Branch for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012 there has been:

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

ANDERSON MUNRO & WYLLIE

Chartered Accountants

Christopher McLaughlin

Director

Dated at Perth, Western Australia this 11th day of April 2013

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
Continuing operations			
<i>Revenue:</i>			
Transfers from the Independent Union of WA Union of Employees		90,000	80,000
		<u>90,000</u>	<u>80,000</u>
<i>Expenditure:</i>			
ACTU		24,500	-
Audit fees		1,900	-
Bank Charges		117	115
Campaign		3,799	-
Conference and Meeting Expenses		2,709	671
Donations		-	500
Capitation fees		61,091	76,547
Travel and Allowances		5,323	3,243
		<u>99,439</u>	<u>81,076</u>
Net profit attributable to members of the Union		<u>(9,439)</u>	<u>(1,076)</u>
Other comprehensive income		-	-
Total comprehensive income for the year attributable to members of the Union		<u>(9,439)</u>	<u>(1,076)</u>

The accompanying notes form part of these financial statements.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3(a)	1,373	4,648
Trade and other receivables	4	2,928	2,012
TOTAL CURRENT ASSETS		4,301	6,660
TOTAL ASSETS		4,301	6,660
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	7,080	-
TOTAL CURRENT LIABILITIES		7,080	-
TOTAL LIABILITIES		-	-
NET (LIABILITIES)/ASSETS		(2,779)	6,660
EQUITY			
Retained earnings		(2,779)	6,660
TOTAL EQUITY		(2,779)	6,660

The accompanying notes form part of these financial statements.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Retained Earnings	Total
	\$	\$
Balance at 1 January 2011	7,736	7,736
Profit attributable to members	(1,076)	(1,076)
Balance at 31 December 2011	6,660	6,660
Profit attributable to members	(9,439)	(9,439)
Balance at 31 December 2012	(2,779)	(2,779)

The accompanying notes form part of these financial statements.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from related party		90,000	80,000
Payment to suppliers and employees		(93,275)	(81,662)
Cash (used in)/ generated from operating activities	3(b)	<u>(3,275)</u>	<u>(1,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash generated from / (used in) investing activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash (used in) / generated from financing activities		<u>-</u>	<u>-</u>
(Decrease)/ Increase in cash and cash equivalents during the year		(3,275)	(1,662)
Cash and cash equivalents at the beginning of the year		<u>4,648</u>	<u>6,310</u>
Cash and cash equivalents at the end of the year	3(a)	<u><u>1,373</u></u>	<u><u>4,648</u></u>

The accompanying notes form part of these financial statements

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1: UNION INFORMATION

The financial report of Independent Education Union of Australia WA Branch ("Union") for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the Committee of Management.

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

The Union is a trade union which represents the industrial interests of the career private industry teachers and other education staff employed within the state of Western Australia.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the *Industrial Relations Act 1979 (WA)* and *Fair Work Act 2009*.

The financial statements cover the Independent Education Union of Australia WA Branch ("Union") as an individual entity. The Union is a trade union which is incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the Union in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Revenue

Revenue is recognised on a cash basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(c) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits where there is a present obligation have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(d) Income Taxes

No income tax has been recognised as the Union is exempted from such taxes under the *Income Tax Assessment Act 1997*.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(f) Trade and Other Receivables

Receivables are not recognised as the basis of preparation is the accruals basis.

(g) Inventories

Inventories are initially measured at costs, and subsequently carried at lower of their costs and net realisable value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and any impairment in value.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying values of plant and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Union includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of assets are depreciated applying the diminishing value method at the following rates:

Class of Fixed Asset	Depreciation Rate
Furniture and equipment	15% to 25%
Motor vehicles	22.5%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(i) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Union during the reporting period, which remain unpaid.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(j) Interest bearing Liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue cost, and any discount or premium on settlement.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised and as well as though the amortisation process.

(k) Provisions

Provisions are recognised when the Union has a present obligation (legal or constructive) as a result of a past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Leases

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Union are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Union will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(m) Financial instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Union commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss. Transaction costs relating to instruments classified at fair value through the statement of comprehensive income are expensed to the statement of comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Union does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(m) Financial instruments (continued)

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Union's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Union sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Union assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

(m) Financial instruments (continued)

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(o) Impairment of Assets

At the end of each reporting period, the Union reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(p) Comparative Figures

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

(q) Adoption of New and Revised Accounting Standards

During the current year, the Union has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has had no impacted the recognition, measurement and disclosure of transactions.

New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt. The union has assessed the impact of these accounting standards and has determined that they will have no impact on the union.

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 \$	2011 \$
3. Cash and cash equivalents		
a) Cash at bank and in hand	1,373	4,648
b) <u>Reconciliation of operating cash flows from operating activities</u>		
Net (loss)/ profit for the year	(9,439)	(1,076)
<i>Increase / decrease in working capital items:</i>		
(Increase) / decrease in receivables	(916)	(586)
	7,080	
Cash generated from operating activities	(3,275)	(1,662)
Cash inflow from a related party, Independent Education Union of WA was \$90,000 (2011: \$80,000)		
4. Trade and other receivables		
GST	2,928	2,012
	2,928	2,012
5. Trade and other payables		
Trade payables	3,780	-
Accruals	3,300	-
	7,080	-
6. Consideration for employers for payroll deductions		
There are no expenses incurred as consideration for employers making payroll deductions of membership subscriptions.		
7. Contingencies and commitments		
The Union had no material commitments or contingencies at the reporting date.		
8. Remuneration to Auditors		
For audit services to Anderson Munro & Wyllie	1,900	-
For non-audit services to Anderson Munro & Wyllie	-	-
	1,900	-
9. Events after Balance Sheet date		
No significant events have occurred after the reporting date.		

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Related Party Transactions

a) Members of the Committee of Management

The Committee of Management members who held office during the year were:

T. Howe, Secretary
C. Williams
L. Reeves
N. Fraser
B. Frost
R. Thomas
D. Murray
M. Swain, Vice President
K. Maguire, President
N. Briggs
V. Bingham

Members of the Committee of Management were in office from the whole of the 2012 financial year, unless otherwise stated.

b) Transactions with committee members

The following payments and/or benefits provided to the Committee during the year are included in Committee and Delegate expenses.

	2012 \$	2011 \$
Conferences	8,032	3,914

c) Transactions with related party union

The following receipts are contributions made by Independent Education Union of Western Australia, Union of Employees

Contributions	90,000	80,000
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The Independent Union of Western Australia, Union of Employees continues to contribute to the Union. A Resolution was passed that the Independent Schools Salaried Officers' Association (ISSOA) (now the Independent Education Union of Western Australia, Union of Employees (IEUwa)) will financially Support the IEUA WA Branch and pay such costs as the IEUA WA Branch may incur from time to time, where those costs are a consequence of common purpose. The Resolutions was carried at the meeting of 15th May 2005.

11. Financial instruments disclosure

a) The financial instruments of the Union are:

Cash and cash equivalents	1,373	4,648
Trade and other receivables	2,928	2,012
Trade and other payables	(7,080)	-

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Financial instruments disclosure (continued)

b) Fair value of the financial instruments:

1. The fair value of trade and other receivables, and trade and other payables are reasonable approximation of their carrying amounts on account of their short maturity cycle.
2. The fair value of cash and cash equivalents are reasonable approximation of their carrying amounts as the funds are held in cash or in demand deposits, which have negligible risk of uncertainty.
3. The fair value of the interest bearing liabilities closely approximate their fair values, as the interest rates on these borrowings are aligned to the market interest rates on a quarterly basis.

c) Risk management strategies:

The financial instruments expose the Union to the following risks: (i) Credit risks; (ii) Liquidity risks, and (iii) Interest rate risks.

(i) Credit risks

The Union is exposed to credit risk on account of default by individual members to pay their maximum membership fee.

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

The credit risk is managed by ensuring that membership dues are deducted by direct debit either from bank account or credit card.

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

(ii) Liquidity risks

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

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

Liquidity risk is managed through:

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA WA BRANCH

ABN 59 914 290 495

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. Financial instruments disclosure (continued)

(iii) Interest rate risks:

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

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

Sensitivity of Union's financial instruments to changes in market interest rates:

	Carrying amount	Interest rate risk			
		+ 25 (50) basis points		- 25 (50) basis points	
		<u>Profit</u>	<u>Equity</u>	<u>Profit</u>	<u>Equity</u>
		\$	\$	\$	\$
2012					
Cash & cash equivalents	1,373	3	3	(3)	(3)
Total increase / (decrease)		3	3	(3)	(3)
2011					
Cash & cash equivalents	4,648	23	23	(23)	(23)
Total (decrease) / increase		23	23	(23)	(23)

A 25 (2011: 50) basis point movement is considered as an appropriate measure for sensitivity as the market interest rates have moved recently, and management's assessment of the publicly available economic information.

12. Information to be Provided to Members or Registrar

In accordance with the requirements of the RAO Schedule of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of section 272 which reads as follows:

- (1) A member of a reporting unit, or the Registrar, 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).



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

Unit 8 / 7 Hector Street, Osborne Park WA 6017

PO Box 1357, Osborne Park WA 6916

Phone: (08) 9445 9955 Fax: (08) 9445 9966

ABN 59 125 425 274

Website: www.amwaudit.com.au

Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENT EDUCATION UNION OF AUSTRALIA, WESTERN AUSTRALIA BRANCH

Report on the Financial Report

We have audited the accompanying financial report of Independent Education Union of Australia, Western Australia Branch which comprises the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and *Fair Work Act 2009*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the Committee of Management also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.



Anderson Munro & Wyllie

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Auditor's Opinion

In my opinion:

- (1) The general purpose financial report of the Independent Education Union of Australia, Western Australia Branch is in accordance with:
 - a. the *Fair Work Act 2009*, including:
 - (i) presenting fairly the Union's financial position as at 31 December 2012 and of its performance for the year ended on that date: and
 - (ii) complying with applicable Australian Accounting Standards (including Australian Accounting Interpretations); and
 - b. the financial statements also complies with International Financial Reporting Standards as disclosed in Note 2 and the requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
- (2) The Union has kept satisfactory accounting records for the financial year including records of:
 - a. the sources and nature of the Union's income, including membership subscriptions and other income from members; and
 - b. the nature of and reasons for the Union's expenditure.
- (3) All the information and explanations that officers or employees of the Union were required to provide have been provided; and
- (4) There was no deficiency, failure or shortcoming in any matter referred to in (1) to (3) above.

Dated at Perth, Western Australia this 11th day of April 2013

AMW (AUDIT) PTY LTD

Anderson Munro & Wyllie

ANDERSON MUNRO & WYLLIE

Chartered Accountants

CHRISTOPHER MCLAUGHLIN

Director & Registered Company Auditor