

**INDEPENDENT EDUCATION UNION OF AUSTRALIA – QUEENSLAND
AND NORTHERN TERRITORY BRANCH**

ABN 74 662 601 045

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

COMMITTEE OF MANAGEMENT'S OPERATING REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Operating Report

The Committee of Management presents its report on the operation of Independent Education Union of Australia – Queensland and Northern Territory Branch (the Branch) for the financial year ended 31 December 2020.

Principal Activities

The principal activity of the Branch during the year was that of a branch of a registered union of employees. Those activities included, but were not limited to:

- Recruitment and retention of members;
- Provision of support and advice to members;
- Provision of support for overseas activities such as ongoing support for the Council of Pacific Education and the Shanghai Union Relationship;
- Provision of support for the federal union agenda in education, equity and industrial issues.

The Branch's principal activities resulted in:

- Maintenance and improvement of wages and conditions of employment for our members, especially those covered by collective bargaining agreements negotiated by our union;
- Growth of our solid membership base in Queensland and the Northern Territory, demonstrating member satisfaction of the support and advice currently provided to them; and
- Enhancement of our developing relationship with overseas organisations.

There have been no changes in the principal activities of the Branch during the year.

Operating Result

The surplus for the financial year amounted to \$249,951. Events that have contributed to this result include:

1. In March 2020, the World Health Organisation declared the ongoing COVID-19 (coronavirus) a pandemic. As a result, the Commonwealth and State/ Territory Governments shut down large sections of the economy (particularly those industries that involve the gathering of large crowds), imposed travel restrictions and limited the number of people that can gather at any one time. This has resulted in :
 - the Australian economy entering recession for the first time since 1990, a significant increase in unemployment and a decline in overall economic activity;
 - the inability of the Branch to conduct mass gathering of members, delegate training and other events that involve bringing members together; and
 - the inability or restrictions on officers and employees of the Branch being able to travel to and from workplaces due to COVID-19 restrictions, as well as many members of the Branch being unable to effectively or efficiently meet with officers and employees of the Union due to reduced hours of work and/or incurring a lack of gainful employment during COVID-19 restrictions.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Operating Result (Continued)

2. In response to the COVID-19 pandemic, the Australian Government provided employers with up to \$100,000 in cash flow boost as well as State and Territory Governments providing payroll tax relief.
3. Due to restrictions imposed on staff at the Branch, travel costs, accommodation, conferences and other related activities had significantly reduced expenditure during the reporting period.

Significant Changes in Financial Affairs

There were no significant changes to the financial affairs of the Branch during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Branch, the results of those operations or the state of affairs of the Branch in future financial years.

Members Right to Resign

In accordance with Rule 21 of the Independent Education Union of Australia, a member may resign from membership by written notice addressed and delivered to the Branch Secretary.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Members of the Committee of Management

The name of each person who has been a member of the Committee of Management of the Branch at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Position	Period
Queensland Division		
Andrew Elphinstone	Branch President	01/01/20 – 31/12/20
Aleisha Connellan	Senior Vice-President (Queensland Division)	01/01/20 – 31/12/20
Terence Burke	Branch Secretary	01/01/20 – 31/12/20
Paul Giles	Assistant Branch Secretary/ Treasurer	01/01/20 – 31/12/20
Bradley Hayes	Assistant Branch Secretary	01/01/20 – 31/12/20
Rebecca Sisson	Assistant Branch Secretary	01/01/20 – 31/12/20
Bryce Goldburg	Branch Executive Member	01/01/20 – 31/12/20
Lynette Byrnes	Branch Executive Member	01/01/20 – 31/12/20
Christopher Chapman	Branch Executive Member	01/01/20 – 31/12/20
Colin Grant	Branch Executive Member	01/01/20 – 31/12/20
John Kennedy	Branch Executive Member	01/01/20 – 31/12/20
Lea Martin	Branch Executive Member	01/01/20 – 31/12/20
Andrew Street	Branch Executive Member	01/01/20 – 31/12/20
Janine Colwell	Branch Executive Member	01/01/20 – 31/12/20
Ian Hughes	Branch Executive Member	01/01/20 – 31/12/20
Jennifer Finlay	Branch Executive Member	01/01/20 – 31/12/20
Melissa Goodingham	Branch Executive Member	01/01/20 – 31/12/20
Karyl Young	Branch Executive Member	01/01/20 – 31/12/20
Anthony Cooper	Branch Executive Member	01/01/20 – 31/12/20
Peter de Waard	Branch Executive Member	01/01/20 – 31/12/20
Cameron Love	Branch Executive Member	01/01/20 – 31/12/20
Anthony Hallam	Branch Executive Member	01/01/20 – 31/12/20
Erin Hawkins	Branch Executive Member	01/01/20 – 31/12/20
Melissa Roth	Branch Executive Member	01/01/20 – 31/12/20
John Brown	Branch Executive Member	01/01/20 – 31/12/20
Anna Pickering	Branch Executive Member	01/01/20 – 31/12/20
Alex Patten	Branch Executive Member	01/01/20 – 31/12/20
Northern Territory Division		
Erica Schultz	Senior Vice-President (NT Division)	01/01/20 – 31/12/20
Louise Lenzo	Branch Executive Member	01/01/20 – 31/12/20
Sam Typuszak	Branch Executive Member	01/01/20 – 31/12/20
Kieran Curnow	Branch Executive Member	01/01/20 – 31/12/20

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Membership of the Branch

Total number of members as at 31 December 2020: 17,815.

Employees of the Branch

The number of persons who were, at the end of the period to which the report relates, employees of the Branch, where the number of employees includes both full-time and part-time employees measured on a full-time equivalent basis is 48.9.

Officers or Members who are Superannuation Fund Trustees/ Directors of a Company that is a Superannuation Fund Trustee

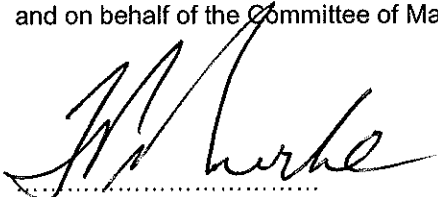
The following officers/members or employees of the organisation are Directors of companies that are trustees of superannuation funds where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation:

Name	Position	Superannuation Fund
Terence Burke	Branch Secretary	Director of NGS Super Pty, the Corporate Trustee of NGS Super, since 09/05/2019

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 7.

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:



Terence Burke

Branch Secretary

Brisbane
12 March 2021

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF MANAGEMENT OF
INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND
AND NORTHERN TERRITORY BRANCH**

As the lead auditor for the audit of Independent Education Union of Australia – Queensland and Northern Territory Branch for the year ended 31 December 2020; I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

M.G.I.

MGI Audit Pty Ltd



G I Kent

Director – Audit & Assurance

Brisbane
12 March 2021

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

On 12 March 2021, the Committee of Management of the Branch passed the following resolution to the General Purpose Financial statements (GPFR) of the reporting unit for the financial year ended 31 December 2020.

The Committee of Management declares that in its opinion:

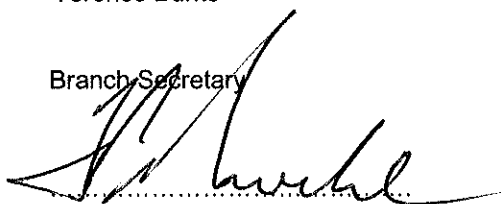
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Branch 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 and the rules of the Branch concerned; and
 - ii. the financial affairs of the Branch have been managed in accordance with the rules of the organisation;
 - iii. the financial records of the Branch have been kept and maintained in accordance with the *RO Act*;
 - 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 to each of the other reporting units of the organisation;
 - v. where information has been sought in any request of a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and
 - vi. there have been no orders for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act during the year.
- (f) No revenue has been derived from undertaking recovery of wages activity during the reporting year.

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

Name of Designated Officer: Terence Burke

Title of Designated Officer: Branch Secretary

Signature:



Date: 12 March 2021

Independent Audit Report to the Members of the Independent Education Union of Australia – Queensland and Northern Territory Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Independent Education Union of Australia – Queensland and Northern Territory Branch (the Branch), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Independent Education Union of Australia – Queensland and Northern Territory Branch as at 31 December 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Branch is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the 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 Branch'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 Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of 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 Branch'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 Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch's audit. We remain solely responsible for our audit opinion.

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

Declaration

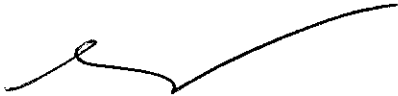
I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

I declare that I am an auditor registered under the RO Act.

M.C.F

MGI Audit Pty Ltd



G I Kent

Director – Audit & Assurance

Brisbane

12 March 2021

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Notes	\$	\$
Revenue from contracts with customers	3		
Membership subscription		10,063,559	9,858,511
Total revenue from contracts with customers		10,063,559	9,858,511
Other income			
Gain on sale of property, plant and equipment		-	4,419
Interest income	3A	28,732	61,845
Other revenue	3B	232,917	158,852
Total other income		261,649	225,116
Total revenue		10,325,208	10,083,627
Expenses			
Employee expenses	4A	(7,125,547)	(6,777,665)
Capitation fees	4B	(321,855)	(330,038)
Affiliation fees	4C	(106,959)	(113,088)
Administration expenses	4D	(1,459,670)	(1,771,914)
Depreciation and amortisation	4E	(567,837)	(562,746)
Grants or donations	4F	(7,145)	(7,000)
Legal costs	4G	(233,072)	(388,375)
Finance costs	4I	(128,152)	(124,765)
Audit fees	13	(22,324)	(18,000)
Other expenses	4H	(97,887)	(158,918)
Loss on sale of property, plant and equipment		(4,809)	-
Total expenses		(10,075,257)	(10,252,509)
Surplus/ (deficit) for the year		249,951	(168,882)
Other comprehensive income (net of income tax)		-	-
Total comprehensive income for the year		249,951	(168,882)

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	4,234,288	3,865,836
Trade and other receivables	5B	4,954	75
Other current assets	5C	247,051	218,468
Total current assets		4,486,293	4,084,379
Non-Current Assets			
Motor vehicles	6A	322,829	350,015
Office equipment	6B	115,535	49,080
Buildings	6C	798,264	1,226,483
Total non-current assets		1,236,628	1,625,578
Total assets		5,722,921	5,709,957
LIABILITIES			
Current Liabilities			
Trade payables	7A	219,250	240,473
Other payables	7B	1,178,280	1,303,274
Employee provisions	8A	2,505,896	2,264,689
Lease liabilities	9A	493,151	469,697
Total current liabilities		4,396,577	4,278,133
Non-Current Liabilities			
Employee provisions	8A	68,665	52,955
Lease liabilities	9A	479,066	850,207
Total non-current liabilities		547,731	903,162
Total liabilities		4,944,308	5,181,295
Net assets		778,613	528,662
EQUITY			
Retained earnings		778,613	528,662
Total equity		778,613	528,662

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

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Retained earnings \$	Total equity \$
Balance as at 1 January 2019		697,544	697,544
Deficit for the year		(168,882)	(168,882)
Other comprehensive income		-	-
Closing balance as at 31 December 2019		528,662	528,662
Surplus for the year		249,951	249,951
Other comprehensive income		-	-
Closing balance as at 31 December 2020		778,613	778,613

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

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 \$	2019 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	10B	10,295	10,738
Payments to related parties	10B	11,945	-
Receipts from members and other customers		11,172,467	10,978,981
Interest		28,732	61,845
		<u>11,223,439</u>	<u>11,051,564</u>
Cash used			
Employees and suppliers		(8,985,886)	(9,123,064)
Payments to other reporting units	10B	(524,566)	(594,258)
Payments to related parties	10B	(685,000)	(650,506)
Finance costs paid		(69,386)	(77,941)
		<u>(10,264,838)</u>	<u>(10,445,769)</u>
Net cash provided by operating activities		<u>958,601</u>	<u>605,795</u>
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(59,434)	(86,515)
Proceeds on the sale of property, plant and equipment		6,364	4,419
Net cash used in investing activities		<u>(53,070)</u>	<u>(82,096)</u>
FINANCING ACTIVITIES			
Repayment of borrowings and leasing liabilities		(537,079)	(476,875)
Net cash used in financing activities		<u>(537,079)</u>	<u>(476,875)</u>
Net increase in cash held		<u>368,452</u>	<u>46,824</u>
Cash & cash equivalents at the beginning of the reporting period		3,865,836	3,819,012
Cash & cash equivalents at the end of the reporting period	10A	<u>4,234,288</u>	<u>3,865,836</u>

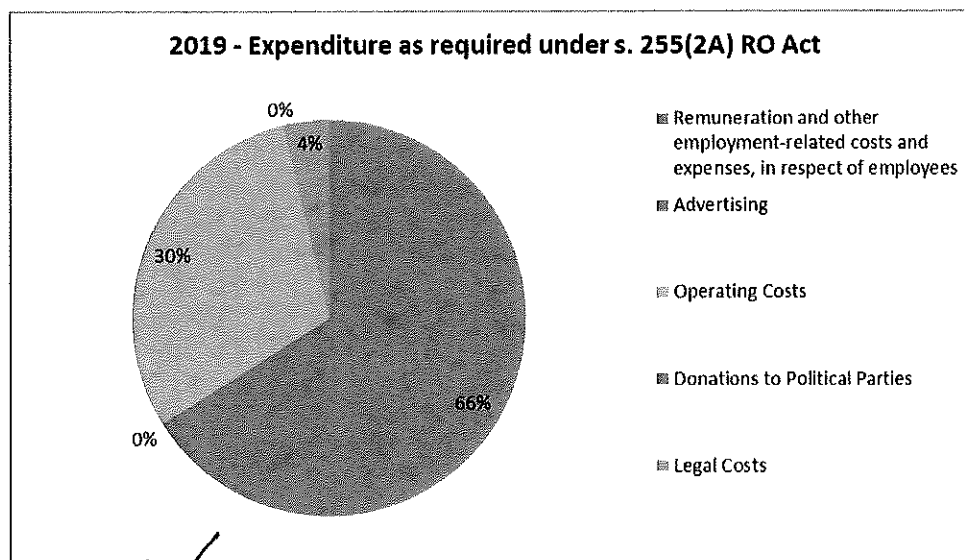
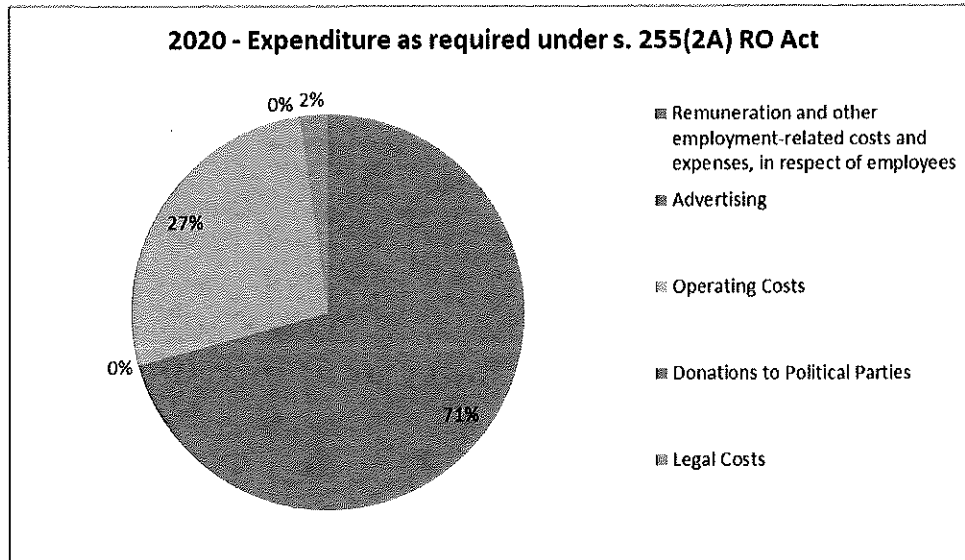
The above statement should be read in conjunction with the notes.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

REPORT REQUIRED UNDER SUBSECTION 255(2A) OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

FOR THE YEAR ENDED 31 DECEMBER 2020

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Branch for the year ended 31 December 2020:



Terence Burke

Branch Secretary

Brisbane
12 March 2021

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 – Queensland and Northern Territory Branch (the Branch) is a not-for-profit entity.

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key Estimates

Impairment – general

The Branch assesses impairment at each reporting period by evaluation of conditions and events specific to the Branch that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of the current year.

Lease Liabilities/ Right to Use Asset

Key assumptions used in the determination of the Branch's lease liability/ right to use assets are:

- Incremental borrowing rate: 4.27%
- Annual rental increases: CPI (estimated at 2%) or 3% (as outlined in each lease agreement)

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.3 Significant accounting judgements and estimates (continued)

Key Judgements

Useful lives of plant and equipment

Plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the asset are acquired or when there is a significant change that affects the remaining useful life of the asset.

Provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

On-cost for employee entitlement provision

The Branch revised its estimate for on-costs for employee provision during the year to include superannuation, workers compensation and payroll tax.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

New accounting standards and amendments applied for the first time for this annual reporting period commencing 1 January 2020 did not have any impact on the amounts recognised in the current or prior periods and are not expected to significantly affect future periods.

Future Australian Accounting Standards Requirements

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the Australian Accounting Standards Board (AASB). None of these Standards or amendments to existing Standards have been adopted early by the Division.

The Committee of Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Division's financial statements.

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.5 Revenue

The Branch enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions, capitation fees, levies, grants, and donations.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Branch has a contract with a customer, the Branch recognises revenue when or as it transfers control of goods or services to the customer. The Branch accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Branch.

If there is only one distinct membership service promised in the arrangement, the Branch recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Branch's promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the Branch allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the Branch charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the Branch recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the Branch has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the Branch at their standalone selling price, the Branch accounts for those sales as a separate contract with a customer.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.5 Revenue (Continued)

Income of the Branch as a Not-for-Profit Entity

Consideration is received by the Branch to enable the entity to further its objectives. The Branch recognises each of these amounts of consideration as income when the consideration is received (which is when the Branch obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Branch's recognition of the cash contribution does not give to any related liabilities.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Interest income

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

1.6 Cash

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

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TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.7 Employee benefits

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

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

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

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

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

1.8 Leases

For any leases entered into on or after 1 January 2019, the Branch considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Branch assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Branch;
- The Branch has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- The Branch has the right to direct the use of the identified asset throughout the period of use.
- The Branch assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.8 Leases (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Branch recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Branch, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Branch depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Branch also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Branch measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Branch's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Branch has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.9 Financial instruments

Financial assets and financial liabilities are recognised when the Branch becomes a party to the contractual provisions of the instrument.

1.10 Financial assets

Contract assets and receivables

A contract asset is recognised when the Branch's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Branch's future performance or some other condition.

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and Measurement

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

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (continued)

Subsequent measurement

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

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

Financial assets at amortised cost

The reporting unit measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Branch's financial assets at amortised cost includes trade receivables and loans to related parties.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (continued)

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss (including designated) (continued)

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

Derecognition

A financial asset is derecognised when:

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (continued)

Offsetting

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

Impairment

Expected credit losses

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

(i) Trade receivables

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

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

(ii) Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.10 Financial assets (continued)

(i) Debt instruments other than trade receivables (continued)

The Branch considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.11 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Branch's financial liabilities include trade and other payables.

Subsequent Measurement

Financial liabilities at fair value through profit or loss (including designated)

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

Financial liabilities at amortised cost

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

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

Derecognition

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

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 Liabilities relating to contracts with customers

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Branch transfers the related goods or services. Contract liabilities include deferred income. Contract liabilities are recognised as revenue when the Branch performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Branch refund liabilities arise from customers' right of return. The liability is measured at the amount the Branch ultimately expects it will have to return to the customer. The Branch updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.14 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.

Property

Freehold land and buildings are measured on the cost basis and therefore carried at cost less accumulated depreciation and any impairment losses in the event that the carrying amount of the land and buildings are greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated reversible amount and impairment losses are recognised either in profit or loss.

Depreciation

Depreciable 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Note 1 Summary of significant accounting policies (Continued)

1.14 Plant and Equipment (continued)

Depreciation (continued)

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

	2020	2019
Motor vehicles	5 years	5 years
Office equipment	5 years	5 years
Buildings	40 years	40 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.

1.15 Impairment of non-financial assets

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

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

1.16 Taxation

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

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.17 Fair value measurement

The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15.

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

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

The principal or the most advantageous market must be accessible by the 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 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 Branch determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1 Summary of significant accounting policies (Continued)

1.17 Fair value measurement (continued)

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

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2020, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Branch.

Note 3 Revenue and income

Disaggregation of revenue from contracts with customers

A disaggregation of the Branch's revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer.

	2020	2019
	\$	\$
Type of Customer		
Members	10,063,559	9,858,511
Total revenue from contracts with customers	<u>10,063,559</u>	<u>9,858,511</u>

Note 3A: Interest income

Interest income on deposits	28,732	61,845
Total interest	<u>28,732</u>	<u>61,845</u>

Note 3B: Other

Board sitting fees	-	48,548
Sponsorship income	31,818	27,272
ATO Cashflow boost	100,000	-
Other income	101,099	83,032
Total other	<u>232,917</u>	<u>158,852</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	667,978	685,515
Superannuation	80,157	82,262
Leave and other entitlements	121,464	110,700
Subtotal employee expenses holders of office	869,599	878,477
Employees other than office holders:		
Wages and salaries	4,397,033	4,183,720
Superannuation	696,184	699,261
Leave and other entitlements	629,653	512,213
Separation and redundancies	45,976	-
Subtotal employee expenses employees other than office holders	5,768,846	5,395,194
Other employment costs		
Payroll tax	308,109	299,697
Fringe benefits tax	63,096	23,539
Insurance (workers compensation, income protection etc.)	93,462	87,434
Other	22,435	93,324
Subtotal other employment costs	487,102	503,994
Total employee expenses	7,125,547	6,777,665

Salaries and wages expense includes the movement in employee leave provisions, which have been grossed up to include applicable on-costs (consisting of leave loading, superannuation, payroll tax etc.) – as per AASB 119 Employee Benefits.

Note 4B: Capitation Fees

Independent Education Union of Australia	321,855	330,038
Total capitation fees	321,855	330,038

Note 4C: Affiliation Fees

Independent Education Union of Australia – ACTU Affiliation	103,737	110,013
Northern Territory Trades & Labour Council	3,222	3,075
Total affiliation fees	106,959	113,088

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	8,977	7,065
Travel and allowances – Meeting/ conferences	17,384	61,765
Conference and meeting expenses	5,806	12,886
Occupancy expenses	252,883	233,451
Lease rentals	17,713	62,142
Information technology and communications expense	398,031	400,821
Travel and motor vehicle expenses	186,585	279,089
Postage, stationery and printing	335,328	475,516
Member services	101,730	99,657
Other expenses	135,233	133,522
Total administration expenses	1,459,670	1,771,914
Note 4E: Depreciation and amortisation		
Depreciation		
Motor vehicles	75,447	79,415
Office equipment	1,434	1,786
Total depreciation	76,881	81,201
Amortisation		
Office equipment	45,376	35,937
Buildings	445,580	445,608
Total amortisation	490,956	481,545
Total depreciation and amortisation	567,837	562,746
Note 4F: Grants or donations		
Donations:		
Total paid that were \$1,000 or less	1,145	1,000
Total paid that exceeded \$1,000	6,000	6,000
Total grants or donations	7,145	7,000
Note 4G: Legal costs		
Legal costs:		
- Litigation	228,804	388,375
- Other legal matters	4,268	-
Total legal costs	233,072	388,375

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 4H: Other expenses		
Branch expenditure	12,770	18,126
Bursary and sponsorship	12,915	23,245
Industrial campaign expenditure	6,554	15,283
Membership monitoring	18,750	15,000
Building union strength	32,375	70,936
Research	6,819	10,111
Other	7,704	6,217
Total other expenses	97,887	158,918
Note 4I: Finance costs		
Bank charges	57,690	63,580
Payline charges	11,696	11,272
Interest expense for leasing arrangements	58,766	49,913
Total finance costs	128,152	124,765
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	1,734,288	1,365,836
Short term deposits	2,500,000	2,500,000
Total cash and cash equivalents	4,234,288	3,865,836
Note 5B: Trade and Other Receivables		
Other receivables:		
Other	-	75
Accrued income	4,954	-
Total other receivables	4,954	75
Total trade and other receivables (net)	4,954	75

**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 5C: Other current assets		
Prepayments	247,051	218,468
Total other current assets	<u>247,051</u>	<u>218,468</u>

Note 6 Non-current Assets

Note 6A: Motor Vehicles

Motor vehicles:		
at cost	642,443	613,482
accumulated depreciation	(319,614)	(263,467)
Total motor vehicles	<u>322,829</u>	<u>350,015</u>

Reconciliation of Opening and Closing Balances of Motor Vehicles

As at 1 January		
Gross book value	613,482	541,126
Accumulated depreciation and impairment	(263,467)	(198,211)
Net book value 1 January	<u>350,015</u>	<u>342,915</u>
Additions:		
By purchase	59,434	106,641
Depreciation expense	(75,447)	(79,415)
Disposals:		
By sale	(11,173)	(20,126)
Net book value 31 December	<u>322,829</u>	<u>350,015</u>
Net book value as of 31 December represented by:		
Gross book value	642,443	613,482
Accumulated depreciation and impairment	(319,614)	(263,467)
Net book value 31 December	<u>322,829</u>	<u>350,015</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 6B: Office Equipment		
Office equipment:		
at cost	211,569	98,304
accumulated depreciation/ amortisation	(96,034)	(49,224)
Total office equipment	115,535	49,080

Reconciliation of Opening and Closing Balances of Office Equipment

As at 1 January		
Gross book value	98,304	20,440
Accumulated depreciation and impairment	(49,224)	(11,501)
Adjustment on transition of AASB 16	-	77,864
Net book value 1 January	49,080	86,803
Additions:		
By purchase	113,265	-
Depreciation/ amortisation expense	(46,810)	(37,723)
Disposals:		
By sale	-	-
Net book value 31 December	115,535	49,080
Net book value as of 31 December represented by:		
Gross book value	211,569	98,304
Accumulated depreciation and impairment	(96,034)	(49,224)
Net book value 31 December	115,535	49,080

Included in the net carrying amount of office equipment are right to use assets as followings

Right of use asset		
At cost	191,128	77,864
accumulated depreciation/ amortisation	(81,313)	(35,937)
Total right of use asset – office equipment	109,815	41,927

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TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 6C: Buildings		
Buildings:		
at cost	1,682,159	1,672,091
accumulated depreciation/ amortisation	(883,895)	(445,608)
Total buildings	798,264	1,226,483

Reconciliation of Opening and Closing Balances of Buildings

As at 1 January		
Gross book value	1,672,091	-
Accumulated depreciation and impairment	(445,608)	-
Adjustment on transition of AASB 16	-	1,672,091
Net book value 1 January	1,226,483	1,672,091
Additions:		
By purchase	17,361	-
Depreciation/ amortisation expense	(445,580)	445,608
Disposals:		
By sale	-	-
Net book value 31 December	798,264	1,226,483
Net book value as of 31 December represented by:		
Gross book value	1,682,159	1,672,091
Accumulated depreciation and impairment	(883,895)	(445,608)
Net book value 31 December	798,264	1,226,483

Included in the net carrying amount of buildings are right to use assets as followings

Right of use asset		
At cost	1,682,159	1,672,091
accumulated depreciation/ amortisation	(883,895)	(445,608)
Total right of use asset - buildings	798,264	1,226,483

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 7 Current Liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	219,250	240,473
Subtotal trade creditors	<u>219,250</u>	<u>240,473</u>
Total trade payables	<u>219,250</u>	<u>240,473</u>
Settlement is usually made within 30 days.		
Note 7B: Other payables		
Legal costs		
Litigation	58,668	83,112
Subscriptions in advance	897,153	996,825
GST payable	222,459	223,337
Total other payables	<u>1,178,280</u>	<u>1,303,274</u>
Total other payables are expected to be settled in:		
No more than 12 months	1,178,280	1,303,274
More than 12 months	-	-
Total other payables	<u>1,178,280</u>	<u>1,303,274</u>

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TERRITORY BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 \$	2019 \$
Note 8 Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	470,034	456,071
Long service leave	394,402	366,950
<i>Subtotal employee provisions—office holders</i>	864,436	823,021
Employees other than office holders:		
Annual leave	712,120	625,210
Long service leave	998,005	869,413
<i>Subtotal employee provisions—employees other than office holders</i>	1,710,125	1,494,623
Total employee provisions	2,574,561	2,317,644
 Current	 2,505,896	 2,264,689
Non-Current	68,665	52,955
Total employee provisions	2,574,561	2,317,644

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Note 9A Leases		

Lease liabilities are presented in the statement of financial position as follows:

Current	493,151	469,697
Non-Current	479,066	850,207
Total leases	972,217	1,319,904

The Branch has leases for the main office (346 Turbot Street, Spring Hill), regional offices and some IT equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Branch classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 6).

Each lease generally imposes a restriction that, unless there is a contractual right for the Branch to sublet the asset to another party, the right-of-use asset can only be used by the Branch. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Branch is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Branch must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Branch must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Branch's leasing activities by type of right-of-use asset recognised on the statement of financial position:

Right of use asset	No of right of use assets leased	Range of remaining term	Average remaining term	No of leases with extension options	No of leases with options to purchase	No of leases with variable payments linked to index	No of leases with termination options
Office building	5	2-3 years	2.49 years	4	-	-	-
IT equipment	1	2 years	2 years	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 9A Leases (continued)

Future minimum lease payments at 31 December 2020 were as follows:

	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
31 December 2020							
Lease payments	534,271	387,260	58,026	25,427	25,194	10,715	1,040,893
Finance charges	(41,120)	(20,043)	(4,343)	(2,030)	(1,008)	(132)	(68,676)
Net present value	493,151	367,217	53,683	23,397	24,186	10,583	972,217
31 December 2019							
Lease payments	526,057	509,183	362,062	32,717	-	-	1,430,019
Finance charges	(56,359)	(36,304)	(16,112)	(1,340)	-	-	(110,115)
Net present value	469,698	472,879	345,950	31,377	-	-	1,319,904

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$

Note 10 Cash Flow

Note 10A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:

Cash and cash equivalents as per:

Cash flow statement	4,234,288	3,865,836
Statement of financial position	4,238,288	3,865,836
Difference	<u>-</u>	<u>-</u>

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

Surplus/ (deficit) for the year	249,951	(168,882)
Adjustments for non-cash items		
Depreciation/ amortisation	567,837	562,746
Interest expense on leases (non-cash)	58,766	46,824
(Gain)/ loss on sale of property, plant and equipment	4,809	(4,419)

Changes in assets/liabilities

(Increase)/ decrease in net receivables	(4,879)	37,561
(Increase)/ decrease in other current assets	(28,583)	9,386
Increase/ (decrease) in trade and other payables	(146,217)	83,671
Increase/ (decrease) in employee provisions	256,917	38,908
Net cash provided by operating activities	<u>958,601</u>	<u>605,795</u>

Note 10B: Cash flow information

Cash inflows from other reporting units		
Independent Education Union of Australia	10,295	10,738
Total cash inflows	<u>10,295</u>	<u>10,738</u>

Cash outflows to other reporting units		
Independent Education Union of Australia	(468,151)	(484,056)
Independent Education Union of Australia – New South Wales/ ACT Branch	(56,415)	(109,153)
Independent Education Union of Australia – Victoria/ Tasmania Branch	-	(1,049)
Total cash outflows	<u>(524,566)</u>	<u>(594,258)</u>

Cash to/ from other related parties		
Queensland Independent Education Union - inflows	11,945	-
Queensland Independent Education Union – outflows	(685,000)	(650,506)
Net cash flows to other related parties	<u>(673,055)</u>	<u>(650,506)</u>

Note: Cash flow information to/ from other reporting units and related parties disclosed above include 10% GST on applicable transactions.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 10C: Credit standby arrangements and loan facilities

The Branch has a credit card facility with Westpac Banking Corporation amounting to \$105,500 (2019: 115,000). In addition, the Branch has a credit card facility with American Express Limited amounting to \$125,000 (2019: \$125,000). This may be terminated at any time at the option of the financial institution. The balance of this facility is cleared monthly and interest rates are variable.

Note 10D: Non-cash transactions

During the financial year, the Branch acquired plant and equipment with an aggregate fair value of \$130,626 (2019: \$1,749,955) by means of lease agreements. These acquisitions are not reflected in the statement of cash flows.

	2020 \$	2019 \$
Note 10E: Net debt reconciliation		
Cash and cash equivalents	4,234,288	3,865,836
Borrowings – repayable within one year	(493,151)	(469,697)
Borrowings – repayable after one year	(479,066)	(850,207)
Net debt	<u>3,262,071</u>	<u>2,545,932</u>

Note 10F: Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other Assets	Liabilities from financing activities		
	Cash assets	Borrowings – due within 1 year	Borrowings – due after 1 year	Total
Net debt at 1 January 2019	3,819,012	-	-	3,819,012
Cash flows	46,824	(39,646)	469,697	476,875
Adjustment on transition of AASB 16	-	(430,051)	(1,319,904)	(1,749,955)
Net debt at 31 December 2019	<u>3,865,836</u>	<u>(469,697)</u>	<u>(850,207)</u>	<u>2,545,932</u>
Cash flows	368,452	(23,454)	371,141	716,139
Net debt at 31 December 2020	<u>4,234,288</u>	<u>(493,151)</u>	<u>(479,066)</u>	<u>3,262,071</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 11 Contingent Liabilities, Assets and Commitments

Note 11A: Commitments and Contingencies

Capital commitments

At 31 December 2020 the Branch did not have any capital commitments (2019: Nil).

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

The Committee of Management is not aware of any other contingent assets or liabilities that are likely to have a material effect on the results of the Branch.

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 12 Related Party Disclosures

Note 12A: Related Party Transactions for the Reporting Period

For financial reporting purposes, under the *Fair Work (Registered Organisations) Act 2009*, the Independent Education Union of Australia is divided into the following separate reporting units (and deemed related parties):

Independent Education Union of Australia (National Office)

Independent Education Union of Australia – New South Wales/ Australian Capital Territory Branch (IEUA – NSW/ ACT Branch)

Independent Education Union of Australia – Victoria/ Tasmania Branch (IEUA – VIC/ TAS Branch)

Independent Education Union of Australia – South Australia Branch (IEUA – SA Branch)

Independent Education Union of Australia – Western Australia Branch (IEUA – WA Branch)

The Queensland Independent Education Union of Employees (QIEU) is deemed to be a related party, as it is an Associated Body under the Rules of the Independent Education Union of Australia

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

	2020	2019
	\$	\$
Revenues received from IEUA – National Office includes the following:		
Payroll tax contribution	10,295	9,905
Expenses paid to the Independent Education Union of Australia – National Office includes the following:		
Capitation fees	321,855	330,038
Affiliation fees - ACTU	103,737	110,013
Expenses paid to IEUA – VIC/ TAS Branch includes the following:		
Reimbursement of travel costs	-	1,048
Expenses paid to IEUA – NSW/ ACT Branch includes the following:		
Purchase of union journal	51,286	98,794
Reimbursement of travel costs	-	436

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 12 Related Party Disclosures (Continued)

Note 12A: Related Party Transactions for the Reporting Period

	2020	2019
	\$	\$
Revenue received from QIEU include the following:		
Contribution towards FBT on carparks	11,945	-
Expenses paid to QIEU include the following:		
Property expenses	621,731	588,773
Reimbursement of membership income	997	2,596

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 December 2020, the Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2019: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 12 Related Party Disclosures (Continued)

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

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Branch. The Branch has determined key management personnel comprise of:

- Terence Burke (Branch Secretary)
- Paul Giles (Branch Assistant Secretary/ Branch Treasurer)
- Bradley Hayes (Branch Assistant Secretary)
- Rebecca Sisson (Branch Assistant Secretary)
- All remaining members of the Committee of Management.

	2020 \$	2019 \$
Short-term employee benefits		
Salary (including annual leave)	767,730	779,878
Total short-term employee benefits	<u>767,730</u>	<u>779,878</u>
Post-employment benefits:		
Superannuation	80,157	82,262
Total post-employment benefits	<u>80,157</u>	<u>82,262</u>
Other long-term benefits:		
Long-service leave	21,712	16,337
Total other long-term benefits	<u>21,712</u>	<u>16,337</u>
Termination benefits	-	-
Total termination benefits	<u>-</u>	<u>-</u>
Total Remuneration of Key Management Personnel	<u><u>869,599</u></u>	<u><u>878,477</u></u>

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 \$	2019 \$
Note 13 Remuneration of Auditors		
Value of the services provided		
Financial statement audit services	18,900	18,000
Other services	3,424	-
Total remuneration of auditors	<u>22,324</u>	<u>18,000</u>

Note 14 Financial Instruments

Financial Risk Management Policy

The Branch Committee of Management monitors the Branch's financial risk management policies and exposure and approves financial transactions entered into. It also reviews the effectiveness of internal controls relating to the counterparty credit risk, liquidity risk, market risk and interest rate risk. The Branch Committee of Management meets on a regular basis to review the financial exposure of the Branch.

(a) Credit Risk

Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties of contract obligations that could lead to a financial loss of the Branch. The Branch does not have any material credit risk exposures as its major source of revenue is the receipt of membership fees.

The maximum exposures to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of provisions) as presented in the statement of financial position.

The Branch has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Branch.

On a geographical basis, the Branch's trade and other receivables are all based in Australia.

The following table details the Branch's trade and other receivables exposed to credit risk. Amounts are considered 'past due' when the debt has not been settled, within the terms and conditions agreed between the Branch and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Branch.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 14 Financial Instruments (Continued)

Ageing of financial assets that were past due but not impaired for 2020

	Within Trading Terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$	\$
Trade and other receivables	4,954	-	-	-	-	4,954
Receivables from other reporting units	-	-	-	-	-	-
Total	4,954	-	-	-	-	4,954

Ageing of financial assets that were past due but not impaired for 2019

	Within Trading Terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$	\$
Trade and other receivables	75	-	-	-	-	75
Receivables from other reporting units	-	-	-	-	-	-
Total	75	-	-	-	-	75

The Branch has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a strong reputation and backed by the Commonwealth Government's bank guarantee. At 31 December 2020, all funds were held by financial institutions backed by the Commonwealth Government's bank guarantee.

Collateral held as security

The Branch does not hold collateral with respect to its receivables at 31 December 2020 (2019: Nil).

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Note 14 Financial Instruments (Continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Branch manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Branch does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates

Financial Instrument Composition and Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade payables	328,549	240,473	-	-	-	-	328,549	240,473
Other payables	109,815	1,303,274	-	-	-	-	109,815	1,303,274
Lease liabilities	493,151	469,697	468,483	850,207	10,583	-	972,217	1,319,904
Total expected outflows	931,515	2,013,444	468,483	850,207	10,583	-	1,410,581	2,863,651

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Note 14 Financial Instruments (Continued)

(b) Liquidity Risk (continued)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets – cash flow receivable								
Cash and cash equivalents	4,234,288	3,865,836	-	-	-	-	4,234,288	3,865,836
Trade and other receivables	4,954	75	-	-	-	-	4,954	75
Total anticipated inflows	4,239,242	3,865,911	-	-	-	-	4,239,242	3,865,911
Net inflow/ (outflow) on financial instruments	3,307,727	1,852,467	(468,483)	(850,207)	(10,583)	-	2,828,661	1,002,260

INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN TERRITORY BRANCH

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 14 Financial Instruments (Continued)

(c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Branch is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating financial instruments. The effective interest rate expenditure to interest rate financial instruments is as follows:

	Weighted Average Effective Interest Rate			
	2020	2019	2020	2019
	%	%	\$	\$
Floating rate instruments				
Cash and cash equivalents	0.36	1.11	4,234,288	3,865,836

ii. Foreign exchange risk

The Branch is not exposed to direct fluctuations in foreign currencies.

iii. Price risk

The Branch is not exposed to any material commodity price risk.

iv. Interest rate risk

The Branch has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

v. Sensitivity Analysis

The following table illustrates sensitivities to the Branch's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that the Committee of Management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
<u>Interest rates</u>		
Year ended 31 December 2020		
+2% in interest rates	84,777	84,777
-2% in interest rates	(15,418)	(15,418)
Year ended 31 December 2019		
+2% in interest rates	77,496	77,496
-2% in interest rates	(50,135)	(50,135)

No sensitivity analysis has been performed on foreign exchange risk as the Branch has no material direct exposures to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 15 Fair Value Measurement

Fair Values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded.

In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Branch. Most of these instruments, which are carried at amortised cost (i.e. accounts receivable), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Branch.

The following table contains the carrying amounts and related fair values for the Branch's financial assets and liabilities:

		2020		2019	
Footnote		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	4,234,288	4,234,288	3,865,836	3,865,836
Trade and other receivables	(i)	4,954	4,954	75	75
Total financial assets		4,239,242	4,239,242	3,865,911	3,865,912
Financial liabilities					
Trade payables	(i)	328,549	328,549	240,473	240,473
Other payables	(i)	109,815	109,815	1,303,274	1,303,274
Lease liabilities	(i)	972,217	972,218	1,319,904	1,319,904
Total financial liabilities		1,410,581	1,410,581	2,863,651	2,863,651

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 15 Fair Value Measurement (Continued)

The fair values disclosed in the above table have been determined based on the following methodologies:

- (ii) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categories fair value measurement into one of the three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Branch does not hold any assets or liabilities at 31 December 2020 or 31 December 2019 that are valued using the fair value hierarchy.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or the Commissioner:

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

Note 17 Branch Details

The registered office of the Branch is:

346 Turbot Street
Spring Hill Qld 4000

Note 18 Segment Information

The Branch operates solely in one reporting segment, being the provision of industrial services in Queensland and the Northern Territory.

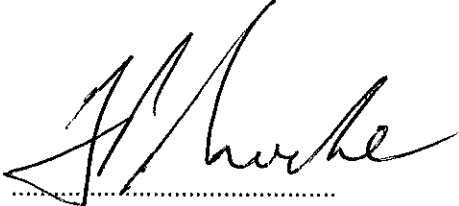
**INDEPENDENT EDUCATION UNION OF AUSTRALIA - QUEENSLAND AND NORTHERN
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OFFICER DECLARATION STATEMENT

I Terence Burke, being the Branch Secretary of the Independent Education Union of Australia – Queensland and Northern Territory Branch, declare that the following did not occur during the reporting period ended 31 December 2020:

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern (refer to agreement regarding financial support not dollar amounts)
- Agree to provide financial support to another reporting unit to ensure they continued as a going concern (refer to agreement regarding financial support not dollar amounts)
- Acquired an asset or liability due to an amalgamation Under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination of revocation by the General Manager, Fair Work Commission
- Receive capitation fees from another reporting unit
- Receive revenue via compulsory levies
- Receive any other revenue from another reporting unit
- Receive donations or grants
- Received revenue from undertaking recovery of wages activity
- Pay compulsory levies
- Pay a grant that was \$1,000 or less
- Pay a grant that exceeds \$1,000
- Pay separation and redundancy to holders of office
- Pay other employee expenses to holders of office
- Pay other employee expenses (other than holders of office)
- Pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- Have a payable to an employer for that employer making payroll deductions of membership subscriptions
- Have a receivable with other reporting unit(s)
- Have a payable with other reporting unit(s)
- Have a payable in respect of legal costs relating to other legal matters
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- Have a fund of account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- Have another entity administer the financial affairs of the reporting unit
- Make a payment to a former related party of the reporting unit



Terence Burke

Branch Secretary

12 March 2021