



Australian Government
Registered Organisations Commission

5 April 2018

Mr Paul Bastian
National Secretary
Australian Manufacturing Workers' Union

By e-mail: amwu2@amwu.asn.au

Dear Mr Bastian

Australian Manufacturing Workers' Union
Financial Report for the year ended 30 September 2017 - FR2017/283

I acknowledge receipt of the financial report for the year ended 30 September 2017 for the Australian Manufacturing Workers' Union (AMWU). The financial report was lodged with the Registered Organisations Commission (ROC) on 23 March 2018.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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

Please note that the financial report for the year ending 30 September 2018 may be subject to an advanced compliance review.

I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

1. References to s.272 of RO Act

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

The AMWU Committee of Management statement, at reference (e)(v), refers to 'General Manager' and Note 3 to the GPFR refers to 'General Manager of Fair Work Commission'.

In future, please ensure that these references are to the Commissioner as specified in section 272 of the *Fair Work (Registered Organisations) Act 2009*.

2. General Purpose Financial Report

Activities under Reporting Guidelines (RG) not disclosed

Items 15, 17 and 19 of the RG state that if the activities identified in items 14, 16 and 18 respectively have not occurred in the reporting period, a statement to this effect must be included in the notes to the GPFR. I note that for the following RG items no such disclosure has been made:

- Item 14(c) - compulsory levies raised
- Item 16(d) - compulsory levies imposed
- Item 16(h) - fees or allowances paid to persons to attend conferences or meetings as a representative of the reporting unit
- Item 16(k) - penalties imposed under RO Act
- Item 18(a) - receivable with another reporting unit

Cash Flow Comparison between Reporting Units

A comparison between the cash flows reported by the AMWU National and the amounts reported by the various AMWU branch reporting units in their respective financial statements showed the following.

	National (Note 9B)	AMWU branch financial statements	Difference
New South Wales	\$987,500	\$987,500	-
Queensland	\$1,361,149	\$1,455,000	\$93,851
South Australia	\$317,029	\$317,029	-
Tasmania	\$205,416	\$208,407	\$2,991
Victoria	\$2,236,416	\$2,236,416	-
Western Australia	\$1,211,429	\$1,211,429	-
TOTAL	\$6,318,939	\$6,415,782	\$96,842

In future, please ensure that these amounts are correctly and consistently reported between reporting units.

3. Auditor's Statement

Declaration relating to management use of going concern basis of accounting

Item 39 of the Reporting Guidelines requires that the Auditor's Statement include a declaration, that as part of the audit of the financial statements, they have concluded that management's use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Please ensure that next year's financial report includes the abovementioned declaration.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan', with a stylized flourish at the end.

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission



20 March, 2018

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NATIONAL COUNCIL

CERTIFICATE OF NATIONAL SECRETARY

I, Paul Bastian, being the National Secretary of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union National Council certify:

- that the documents lodged herewith are copies of the Full Report, referred to in section 268 of the Fair Work (Registered Organisations) Act 2009; and
- that the Full Report was provided to members on the AMWU website on 21 December 2017; and
- that the Full Report was presented to a meeting of the Committee of Management of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union National Council on 20 March 2018 in accordance with section 266(3) of the Fair Work (Registered Organisations) Act 2009.



PAUL BASTIAN
NATIONAL SECRETARY

Australian Manufacturing
Workers' Union
Registered as AFMEPKIU
National Office
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Granville NSW 2142
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FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

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OPERATING REPORT

The National Council, being the Committee of Management for the purposes of the Fair Work (Registered Organisations) Act 2009, presents its operating report of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union (AFMEPKIU), National Council for the financial year ended 30 September 2017.

The operational name for the AFMEPKIU is the Australian Manufacturing Workers' Union (AMWU). The Union is a 'not for profit' entity, a registered organisation under the Fair Work (Registered Organisations) Act 2009.

Review of the National Council's Principal Activities

The AFMEPKIU's principal industrial objectives are aimed at the improvement of wages and working conditions for members throughout industry. This has been done primarily by way of industrial awards and enterprise agreements. The AFMEPKIU has also been active in trying to influence governments at all levels in a wide range of political issues.

Significant Changes in Principal Activities

There were no significant changes in the nature of the National Council's principal activities during the financial year.

Results of Principal Activities

During the year to 30 September 2017 the AFMEPKIU negotiated and registered 223 enterprise bargaining agreements nationally.

The AFMEPKIU's National Office is responsible for applying to improve industrial awards covering our members. During the year ending 30 September 2017 the National Office improved award minimum rates for all workers and was actively participating in the Fair Work Commission's review of Modern Awards. The State Branches are responsible for advising members in their State of these gains and ensuring members receive the appropriate wage.

The AFMEPKIU National Council General Fund principal activities resulted in a net loss for the financial year of \$1,290,473 (2016: net surplus of \$3,614,568).

Significant Changes in Financial Affairs

There were no significant changes in the financial affairs of the National Council during the financial year.

The Right of Members to Resign

Rule 43(8) of the AFMEPKIU Rules states that a member may resign his/her membership by notifying his/her State Secretary in writing, addressed and delivered to that officer.

A notice of resignation from membership takes effect:

- (a) Where the member ceases to be eligible to become a member of the organisation:
 - (i) On the day on which the notice is received by the organisation; or

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- (ii) On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
- whichever is later; or
- (b) In any other case:
- (i) At the end of two weeks, after the notice is received by the organisation; or
- (ii) On the day specified in the notice;
- whichever is later.

Any dues payable but not paid by a former member of the organisation, in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the organisation, in a court of competent jurisdiction, as a debt due to the organisation.

A notice delivered to the State Secretary shall be taken to have been received by the organisation when it is delivered.

A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered to the State Secretary.

A resignation from membership is valid even if it is not effected in accordance with this Rule if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted.

Nothing in Rule 43(8) of the AFMEPKIU Rules interferes with a member's right to resign from the union as set out under section 174(1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174(1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Statement of Salaries, Board Fees, Associated Entities, Key Relationships & Disclosure Statements

The AFMEPKIU National Council's top five salary rates are as follows:

Level	Position	Per Annum
5	Officer	\$90,303.20
6	Senior Officer	\$94,853.20
7	Assistant Federal Secretary/National Department Heads/Assistant State Secretary	\$101,465.00
8	Assistant National Secretary / National Executive Officer/State Secretary	\$107,408.60
9	National Secretary/National President	\$115,666.20

Note: AFMEPKIU base superannuation is paid at a range of between 10.5% and 12.5%, and annual leave loading is calculated at 17.5%. A maximum service increment of \$4,000 is payable to Officers with over 16 years of service.

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The following officers left the employment of the AFMEPKIU during the year ended 30 September 2017 and, in addition to their base salary and allowances for the period worked, they received payment for their accrued Long Service Leave and/or Annual Leave entitlements and/or a separation package consistent with National Council policy. The identity of the terminated officers of the AFMEPKIU who are the five highest paid in terms of relevant remuneration for the year ended 30 September 2017, are as follows:

Name	Office	Actual Amount of Relevant Remuneration - Salary, Super, Service Increment & Allowances	Actual Amount of Relevant Remuneration - Separation Package	Actual Amount of Relevant Remuneration- LSL/AL on Termination	Form and Value of Relevant Non-Cash Benefits
Colin Fenney	Assistant State Secretary	\$ 67,600.13	\$ 158,579.17	\$ 60,607.52	Provision of a Motor Vehicle - \$13,321.72
Terry Bradley	Assistant State Secretary	\$9,266.98	\$192,604.17	\$66,698.54	Provision of a Motor Vehicle - \$1,456.75
Victor Jose	Organiser	\$20,509.73	\$178,189.87	\$46,223.44	Provision of a Motor Vehicle - \$1,523.92
Craig Larnier	Assistant State Secretary	\$14,592.42	\$189,103.90	\$35,277.22	Provision of a Motor Vehicle - \$1,420.95
Tony Mavromatis	Organiser	\$30,217.46	\$158,903.06	\$48,901.81	Provision of a Motor Vehicle - \$3,016.10

The identity of the officers of the AFMEPKIU who are the five highest paid in terms of relevant remuneration for the year ended 30 September 2017, are as follows:

Name	Office	Actual Amount of Relevant Remuneration - Salary, Super & Service Increment	Actual Amount of Relevant Remuneration - Travel & Other Allowances	Form and Value of Relevant Non-Cash Benefits
Andrew Dettmer	National President	\$136,655.54	\$3,480.16	Provision of a Motor Vehicle - \$9,201.27
Paul Bastian	National Secretary	\$131,940.21	\$2,907.16	Provision of a Motor Vehicle - \$7,064.79

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Five highest paid officers continued

Name	Office	Actual Amount of Relevant Remuneration - Salary, Super & Service Increment	Actual Amount of Relevant Remuneration - Travel & Other Allowances	Form and Value of Relevant Non-Cash Benefits
John Camillo	State Secretary	\$ 126,103.74	\$ 2,159.00	Provision of a Motor Vehicle - \$ 12,605.75
Thomas Hale	Assistant National Secretary	\$ 125,886.86	\$ 2,169.16	Provision of a Motor Vehicle - \$ 13,648.78
Steven Dargavel	State Secretary	\$ 126,754.38	\$ 1,103.16	Provision of a Motor Vehicle - \$ 9,273.32

Board Fees

Board Fees received by the AFMEPKIU National Council on behalf of employees who are members of external boards, are as follows:

Organisation	Amount received
Australian Super	\$90,575.00
Construction & Building Industry Super	\$97,489.59
Motor Trades Association of Australia Superannuation Fund	\$85,000.00
Office of the Training & Skills Commission	\$1,547.85
Media Super	\$114,709.11
Publicity Works	\$12,000.00
Department of State Development - SA	\$7,500.00
Industry Capability Network Ltd	\$8,000.00
Coal Mining Industry (Long Service Leave Funding) Corporation	\$1,647.00
Department of Health & Human Services - VIC	\$502.00

Associated Entities & Principal Relationships

The National Council has significant influence over two associated entities as follows:

1. A 49% interest in UCover. UCover provides the income protection insurance cover known as WageGuard. The AFMEPKIU has taken an interest in this company to ensure that members receive the best possible income protection product through their Enterprise Agreement and all income derived from this activity is reinvested in membership services and support.
2. A 24% interest in Industry Printing and Publishing (IPP) Pty Ltd, a print and design company with which the AFMEPKIU has a long standing interest.

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The rules of the AFMEPKIU provide that all Director/Sitting Fees payable to AFMEPKIU employees are to be paid directly to the AFMEPKIU.

The National Council also had a principal relationship with the Workers' Health Centre.

Key Relationships

The National Council has developed key relationships over a long period with a number of suppliers of various goods and services. These relationships are conducted on normal commercial terms, and are periodically tested against market price:

Supplier	
Building Services	Legal Services
CBD MECHANICAL ELECTRICAL	MAURICE BLACKBURN PTY LTD
ENERGY AUSTRALIA	TAYLOR & SCOTT
ORIGIN ENERGY SERVICES LTD	Printing & Publicity Services
SIEMENS LTD	DCMC DESIGN PTY LTD
BENITEZ HOLDINGS P/L	G & G TRADE PUBLISHING & DISTRIBUTION
CONSOLIDATED PROPERTY SERVICES	CREATIVE WORKS
KNIGHT FRANK AUSTRALIA P/L	MOUNTAIN MEDIA
MCGEES PROPERTY	BLUE GUM CLOTHING CO. P/L
DAIKIN AUSTRALIA P/L	VISIBILITY CONSULTING P/L
J HUTCHISON P/L	LIFESTYLE AUSTRALIA P/L
STEMAR GROUP P/L	Travel Services
Financial Services	AMERICAN EXPRESS
BDO EAST COAST PARTNERSHIP	QANTAS
COVERFORCE INSURANCE BROKING	FCM TRAVEL SOLUTIONS
ICARE	CABCHARGE AUST P/L
NATIONAL AUSTRALIA BANK	Vehicle Services
INDUSTRY FUNDS SERVICES	GILLEN MOTORS PTY LTD
RIGHT LANE CONSULTING P/L	HEARTLAND MOTORS
Direct Membership Services	SUMMIT FLEET LEASING
ON THE LINE AUSTRALIA INC	KLOSTER FORD
IT & Communications Services	
CANON AUSTRALIA P/L	TELSTRA
COMPUTER MERCHANTS	OPTUS
INFOR GLOBAL SOLUTIONS(ANZ)P/L	EXETEL
SOFTWARE ONE	SOFTWARE ONE AUST P/L
IT INTEGRITY	NORTHERN MANAGED FINANCE P/L

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ASCENDER PTY LTD	CORE TECHNOLOGY PARTNERS
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Officers' Material Personal Interests

For the year ended 30 September 2017, the Officers of the AFMEPKIU have declared no material personal interests.

Payments to related parties or declared persons

For the year ended 30 September 2017, the AFMEPKIU has made no reportable payments to any related party or declared person or body of the Union.

National Officers or Members who are Trustees of a Superannuation Entity

The details of each member, or officer of the National Council who is a trustee of a superannuation entity or an exempt public sector superannuation scheme or a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and 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, are as follows:

Name of officer or member	Superannuation Fund	Position Held
Paul Bastian	Australian Super	Member Director
Nixon Apple	Australian Super	Member Director-Alternate
Glenn Thompson	C+BUS	Member Director
Anne Donnellan	C+BUS	Member Director-Alternate
Dave Smith	MTAA Super	Member Representative Director
Katrina Ford	Media Super	Member Representative Director
Stuart Gordon	Media Super	Member Representative Director
Gary Callaghan	Media Super	Member Representative Director
Ahmet Sayan	Media Super	Member Representative Alternate Director

Other Relevant Information

The National Council is not aware of any other relevant information.

Prescribed Information Required Under the Fair Work (Registered Organisations) Regulations 2009

- (a) The number of persons who were recorded in the register of members on 30 September 2017 was 70,030.
- (b) The number of persons who were employees of the reporting unit on 30 September 2017 was 254.0, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis.
- (c) The name of each person who has been a member of National Council, at any time during the reporting period, and the period for which he or she held such a position is as follows:

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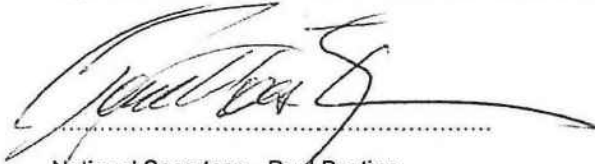
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Name	Period Position Held
Tim Ayres	1 October 2016 to 22 September 2017
Paul Bastian	1 October 2016 to 30 September 2017
Peter Bauer	6 July 2017 to 30 September 2017
Terry Bradley	1 October 2016 to 28 October 2016
Warren Butler	1 October 2016 to 30 September 2017
John Camillo	1 October 2016 to 30 September 2017
Lorraine Cassin	1 October 2016 to 30 September 2017
Frank Cherry	1 October 2016 to 30 September 2017
Steve Dargavel	1 October 2016 to 30 September 2017
Tracey Davis	1 October 2016 to 30 September 2017
Andrew Dettmer	1 October 2016 to 30 September 2017
Paul Difelice	1 October 2016 to 30 September 2017
Anne Donnellan	1 October 2016 to 30 September 2017
Danny Dougherty	1 October 2016 to 30 September 2017
Colin Fenney	1 October 2016 to 31 March 2017
Thomas Hale	1 October 2016 to 30 September 2017
Craig Kelly	1 October 2016 to 30 September 2017
Craig Larner	1 October 2016 to 28 October 2016
Alan Lindsey	1 October 2016 to 30 September 2017
David Lonsdale	1 October 2016 to 30 September 2017
Steve McCartney	1 October 2016 to 30 September 2017
Ian Mortimer	1 October 2016 to 30 September 2017
Steve Murphy	1 October 2016 to 30 September 2017
Mike Nicolaides	1 October 2016 to 30 September 2017
Allan Pearce	1 October 2016 to 30 September 2017
Tony Piccolo	1 October 2016 to 30 September 2017
Vanessa Seagrove	1 October 2016 to 30 September 2017
John Short	1 October 2016 to 30 September 2017
Dave Smith	1 October 2016 to 30 September 2017
Glenn Thompson	1 October 2016 to 30 September 2017
Rohan Webb	1 October 2016 to 30 September 2017
Glenn Wilcox	1 October 2016 to 30 September 2017

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Signed in accordance with a resolution of National Council

A handwritten signature in black ink, appearing to read 'Paul Bastian', written over a horizontal dotted line.

National Secretary – Paul Bastian

A handwritten signature in black ink, appearing to read 'Andrew Dettmer', written over a horizontal dotted line.

National President – Andrew Dettmer

13th December 2017

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COMMITTEE OF MANAGEMENT'S STATEMENT

On 13th December 2017 the National Council of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union passed the following resolution in relation to the general purpose financial report (GPFR) of the National Council General Fund for the year ended 30 September 2017.

The National Council declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statement and notes comply with any other requirement imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (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 National Council for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the National Council 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 National Council committee of management were held in accordance with the rules of the organisation; and
 - (ii) the financial affairs of the National Council have been managed in accordance with the rules of the organisation; and
 - (iii) the financial records of the National Council have been kept and maintained in accordance with the RO Act; and
 - (iv) the financial records of the National Council have been kept, as far as practicable, in a consistent manner with each of the other branches of the organisation; and
 - (v) no information has been sought in any request by a member of the National Council or the General Manager duly made under section 272 of the RO Act; and
 - (vi) no orders for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the National Council:



.....
National Secretary – Paul Bastian

13th December 2017

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017 \$	Restated 2016 \$
INCOME			
Capitation Fees		-	-
Contributions	4A	37,159,694	40,098,542
Distribution from Available-for-Sale Financial Assets		4,093,334	2,842,254
Share of net profit from associates accounted for using the equity method		-	9,617
Interest Received		601,773	652,137
Grant Income		677,943	813,879
Rent Received	4B	1,378,067	2,540,157
Sundry Income (including Board fees)	5	<u>4,001,347</u>	<u>5,119,900</u>
TOTAL INCOME		<u>47,912,158</u>	<u>52,076,486</u>
EXPENDITURE			
Depreciation			
Depreciation – investment property	15	472,486	469,185
Buildings – owner occupied	15	841,829	714,834
Computer Installation	15	202,586	241,931
Furniture & Fittings	15	70,323	66,928
Motor Vehicles	15	<u>981,968</u>	<u>1,136,541</u>
Total Depreciation Property Plant and equipment	15	<u>2,569,192</u>	<u>2,629,419</u>
Employee Benefits Expense			
Salaries		21,141,830	20,819,334
Accrued Annual Leave		(162,079)	(51,772)
Long Service Leave		(222,335)	461,712
Redundancies		2,231,299	2,020,932
Superannuation		<u>2,200,283</u>	<u>2,227,763</u>
Sub total	6	25,188,998	25,477,969
Fringe Benefits Tax		531,100	530,084
Payroll Tax		<u>331,889</u>	<u>318,825</u>
		<u>26,051,987</u>	<u>26,326,878</u>
State Branch Expenditure	9A	<u>6,318,939</u>	<u>5,541,920</u>

(The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes)

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	Note	2017	Restated 2016
		\$	\$
EXPENDITURE (Cont'd)			
Other Expenses			
Affiliation Fees	7A	518,674	539,278
Bank and Government Charges		195,421	211,308
Building Expenses		3,163,384	2,742,730
Collectors Expenses		192	1,062
Computing		534,194	601,276
Conference and Meeting Expenses		171,709	373,469
Delegation/Employee Expenses	8	924,251	949,876
Donations and Grants	7B	59,853	36,409
Freight		20,726	11,107
Fund Expenses			
Political Fund Expenditure		562,913	1,187,078
Hardship Fund Expenditure		670,788	266,496
Vehicle Education Fund Expenditure		85,250	26,872
Education Fund Expenditure		356,027	336,709
Campaign & Organising Fund Expenditure		2,391,925	2,382,280
Funeral Benefits		53,695	73,170
General Office Expenses		393,008	97,273
Insurance		1,265,290	768,128
Membership Printing		711,813	682,621
MISTAS		-	312,061
Motor Vehicle Expenses		175,486	160,781
Penalties		-	-
Postage		9,648	11,856
Printing and Distribution - AMWU News		269,081	250,905
Printing and Distribution – Newsletters		31,387	26,213
Printing and Stationery		305,506	293,222
Professional Services	18	291,339	445,350
Publicity		338,009	164,588
Rent Paid		251,777	360,468
Research		132,460	152,332
Telephone		451,271	445,825
		14,335,077	13,910,743
TOTAL EXPENDITURE		49,275,195	48,408,960

(The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes)

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	2017 \$	Restated 2016 \$
OPERATING DEFICIT FOR YEAR	(1,363,037)	3,667,526
(Loss) on Disposal of Assets	72,564	(52,958)
Gain/(Loss) on Disposal of Investments	<u>-</u>	<u>-</u>
NET DEFICIT FOR YEAR	<u>(1,290,473)</u>	<u>3,614,568</u>
OTHER COMPREHENSIVE INCOME		
Net Increase / (Decrease) in Value of Available-for-Sale Financial Assets	<u>(2,748,889)</u>	<u>2,244,492</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>(2,748,889)</u>	<u>2,244,492</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(4,039,362)</u>	<u>5,859,060</u>

(The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes)

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	Note	2017 \$	Restated 2016 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	2,017,040	2,447,447
Receivables	11	5,348,308	4,894,085
Other Assets	11	1,004,866	1,210,979
Other Financial Assets	12	72,742,947	84,041,812
Total Current Assets		<u>81,113,161</u>	<u>92,594,323</u>
Non-Current Assets			
Property, Plant and Equipment	15A	39,224,339	33,132,659
Investment Property	15B	7,969,810	8,346,548
Investments	13	313,001	313,001
Other Financial Assets	12	46,670	46,670
Receivables	11	534,696	534,696
Total Non-Current Assets		<u>48,088,516</u>	<u>42,373,574</u>
TOTAL ASSETS		<u>129,201,677</u>	<u>134,967,897</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	16	615,451	612,258
Provisions	17	8,549,271	10,253,837
Total Current Liabilities		<u>9,164,722</u>	<u>10,866,095</u>
Non-Current Liabilities			
Provisions	17	201,601	227,086
Total Non-Current Liabilities		<u>201,601</u>	<u>227,086</u>
TOTAL LIABILITIES		<u>9,366,323</u>	<u>11,093,181</u>
NET ASSETS		<u>119,835,354</u>	<u>123,874,716</u>
ACCUMULATED FUNDS AND RESERVES			
Available-for-Sale Investment Reserve		(1,453,096)	1,295,793
Accumulated Funds	20	121,288,450	122,578,923
TOTAL ACCUMULATED FUNDS AND RESERVES		<u>119,835,354</u>	<u>123,874,716</u>

(The above statement of financial position should be read in conjunction with the accompanying notes)

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**STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Accumulated Funds	Available-for- Sale Investment Reserve	Total
	\$	\$	\$
Balance at 30 September 2015	118,964,355	(948,699)	118,015,656
Net Surplus for the Year	3,614,568	-	3,614,568
Other comprehensive income:			
Decrease in value of			
Available-for-Sale financial assets	-	2,244,492	2,244,492
Total Comprehensive Income	<u>3,614,568</u>	<u>2,244,493</u>	<u>5,859,061</u>
Balance at 30 September 2016	<u>122,578,923</u>	<u>1,295,793</u>	<u>123,874,716</u>
Net deficit for the Year	(1,290,473)	-	(1,290,473)
Other comprehensive income:			
Increase in value of			
Available-for-Sale financial assets	-	(2,748,889)	(2,748,889)
Total Comprehensive Income	<u>(1,290,473)</u>	<u>(2,748,889)</u>	<u>(4,039,362)</u>
Balance at 30 September 2017	<u>121,288,450</u>	<u>(1,453,096)</u>	<u>119,835,354</u>

(The above statement of changes in accumulated funds and reserves should be read in conjunction with the accompanying notes)

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Contributions Received		37,177,605	40,203,562
Receipts from other Reporting Units			
Payments to other Reporting Units	9B	(6,318,939)	(5,541,920)
Payments to Suppliers and Employees		(42,485,517)	(38,808,226)
Distributions Received		4,093,334	2,842,254
Interest Received		582,125	919,323
Rent Received		1,378,067	2,540,157
Grant Income		677,943	813,879
Sundry Income		<u>4,126,570</u>	<u>5,119,899</u>
NET CASH USED IN OPERATING ACTIVITIES	19B	<u>(768,812)</u>	<u>8,088,928</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		553,235	629,240
Net Proceeds from Investments		10,380,450	66,328
Payments for Property, Plant and Equipment		(8,669,057)	(4,798,490)
Payments for Investment property		(95,748)	
Net Payments for Investments		<u>-</u>	<u>(24,145,103)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>2,168,880</u>	<u>(28,248,025)</u>
NET (DECREASE)/INCREASE IN CASH HELD		1,400,068	(20,159,097)
Cash at Beginning of Year	19A	<u>6,128,937</u>	<u>26,288,034</u>
CASH AT END OF YEAR	19A	<u>7,529,005</u>	<u>6,128,937</u>

(The above statement of cash flows should be read in conjunction with the accompanying notes)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is for the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council (AFMEPKIU) operating under the name of the Australian Manufacturing Workers' Union (AMWU), and in accordance with the *Fair Work (Registered Organisations) Act 2009* the National Council is a reporting unit. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union is an organisation registered under the *Fair Work (Registered Organisations) Act 2009*. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the National Council are not subject to the Corporations Act 2001.

The reporting guidelines made under section 255 of the *Fair Work (Registered Organisations) Act 2009* require all reporting units to apply the Tier 1 reporting requirements as per Australian Accounting Standard AASB 1053 Application for Tiers of Australian Accounting Standards.

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 a not for profit oriented 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. The financial statements are presented in Australian dollars.

Change in basis of reporting

The financial report has been prepared on a reporting unit basis for the National Council and excluding the State Branches. In 2013 and years prior to that the financial report was prepared on a branch consolidation basis. The National Council has significant influence over the 'State Branches' or 'State Councils', and control of the funds supplied to finance Branch activities. These include the following branches:

- New South Wales State Branch
- Victoria Branch
- Queensland Branch
- South Australia Branch
- Western Australia Branch
- Tasmania Branch

Further information on the State branch expenditure can be obtained by reference to the individual state branch financial reports. The following is a summary of the significant accounting policies adopted by the National Council in the preparation and presentation of the financial report.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Financial instruments

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

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

Financial assets

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

Fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Financial instruments (Cont'd)

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

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

Held-to-maturity investments

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

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Financial instruments (Cont'd)

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

Loan and receivables

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

Effective interest method

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

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

Impairment of financial assets

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Financial instruments (Cont'd)

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

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

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

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

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

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Financial instruments (Cont'd)

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

Derecognition of financial assets

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

Financial Liabilities

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

Fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Financial instruments (Cont'd)

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with banks, 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.

c) Revenue

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

All membership contributions are paid directly to the National Council and are accounted for on an accruals basis.

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

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

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

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

Board fees are fees received where union officers are appointed to a board of trustees for superannuation funds as union representatives. These fees are recognised when received.

Government grants

Government grants are not recognised until there is reasonable assurance that the Union will comply with the conditions attaching to them and that the grants will be received.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Revenue (Cont'd)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Union recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Union should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Union with no future related costs are recognised in profit or loss in the period in which they become receivable.

d) Property, Plant and Equipment

All Property, Plant and Equipment including those located at State Council Offices are recorded in the Statement of Financial Position of the National Council and all depreciation thereon is reflected in the National Council Statement of Comprehensive Income.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the union commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are:

Buildings	2% - 5%
Computer Equipment	20% - 33%
Furniture and Fittings	10% - 20%
Motor Vehicles	20%

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

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognised.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

f) 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 Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

g) Leases expense

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Leases expense

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

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

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

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

h) 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.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Employee Benefits

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.

i) Income Tax

No provision for Income Tax is necessary as the Union is exempt from income tax under Section 50 - 15 of the Income Tax Assessment Act.

j) Goods and Services Tax (GST)

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

Cash flows are included in the statement of cash flows on a gross basis.

k) 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.

l) Associates

An associate is an entity over which the Union has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the individual assets and obligations for the liabilities of the joint operation.

The results and assets and liabilities of associates and its joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Asset Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate or joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate or joint venture exceeds the interest in that associate, the *[reporting unit]* discontinues recognising its share of further losses. Additional losses are recognised only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The investments in Industry Printing and Publishing (IPP) Pty Ltd and Ucover are deemed to be associates.

When the reporting unit's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the reporting unit does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Comparative amounts

When required by accounting standards, comparative figures have been adjusted to confirm to changes in presentation for the current financial year.

During the year the Union noted an inappropriate classification of investment properties as property plant and equipment. This classification has been amended and the prior year restated. Refer to Note 27 for a detailed disclosure.

n) Going concern support

The National Council is not reliant on the financial support of any other reporting units to ensure they can continue on a going concern basis. No financial support has been received in the year to 30 September 2017.

Pursuant to the Section 242 (3) of the RO Act each branch is regarded as a reporting unit for the RO Act reporting purposes.

The National Council supports the branches through

- the allocation of funds to the branch to meet operational expenses
- the payment of the wages and salaries of the branch officers and employees.

The National Council has not provided any financial support to any reporting unit other than the branches noted in Notes 9A and 9B.

o) New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 September 2017. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the company
AASB 1058	Income of Not-for-Profit Entities	This standard establishes principles and guidance when accounting for: a. Transactions where the consideration given to acquire an asset is significantly less than its fair value, in order to enable the entity to further its objectives; and b. The receipt of volunteer services.	For financial years commencing after 1 January 2019	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) New Australian Accounting Standards

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the company
AASB 15	Revenue from contracts with customers	This standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of goods or services is transferred rather than on transfer of risks and rewards as is currently the case under AASB118: Revenue.	For financial years commencing after 1 January 2019	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)
AASB 16 (issued February 2016)	Leases	This standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It requires the entity to bring most leases onto its balance sheet in a similar way to how existing leases are treated under AASB117. An entity will be required to recognise a lease liability and a right of use of the asset in its balance sheet. There are some exemptions such as leases with a period of 12 months or less and low value leases are exempted .	For financial years commencing on or after 1 January 2019.	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) New Australian Accounting Standards

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the company
AASB 9	Financial Instruments	This standard changes the classification of financial assets – these will be measured at either amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL). Other changes likely to affect AMWU include the measurement of equity instruments, which will be measured at fair value and, if not held for trading, there is an irrevocable election to present gains/losses on OCI.	For financial years commencing on or after 1 January 2018.	The company is yet to assess its full impact.	1 October 2018* *(comparatives from 1 October 2017)

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FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The National Council makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgments in applying the National Council's accounting principles

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(c) Estimation of useful life of assets

The reporting unit's assumptions about the useful life of assets are set out in item Note 1(d) of this note.

(d) Long service leave provision

The reporting unit's assumptions in determining the provision for long service leave are set out in Note 1(f) of this note.

3. INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER OF FAIR WORK COMMISSION

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Section 272 of the Fair Work (Registered Organisations) Act 2009 which read as follows:

(a) A member of a reporting unit, or the General Manager of Fair Work Commission, 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.

(b) 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.

(c) A reporting unit must comply with an application made under subsection (1)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	2017	2016
	\$	\$
4A. CONTRIBUTIONS		
Gross Contributions	37,159,694	40,098,542
Comprises the following various funds:		
Political Fund	606,191	666,855
Hardship Fund	670,788	266,496
Education Fund	523,372	820,860
Vehicle Division Education Fund	698	3,319
Campaign & Organising Fund	1,268,292	1,653,184
General Fund	<u>34,090,353</u>	<u>36,687,828</u>
	<u>37,159,694</u>	<u>40,098,542</u>
No fees were incurred as consideration for employers making payroll deductions of membership subscriptions in the year to 30 September 2017.		
4B. RENT RECEIVED		
Electricity Recovered	84,653	62,950
Tenant Items Recovered	1,445	13,142
Rent Received – investment property	1,123,547	2,263,416
Rent Outgoings Received	77,912	81,559
Car Parking	<u>90,510</u>	<u>119,090</u>
	<u>1,378,067</u>	<u>2,540,157</u>
5. SUNDRY INCOME		
Dividend Received	429	569
Income from Associate – U-Cover Pty Ltd	2,689,087	3,606,425
Training course fees	237,832	240,773
Promotional income – advertising	275,909	262,273
Board Fees	418,971	338,135
Miscellaneous Income	<u>379,119</u>	<u>671,725</u>
	<u>4,001,347</u>	<u>5,119,900</u>

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FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	2017	2016
	\$	\$
6. EMPLOYEE BENEFITS EXPENSE		
Holders of office:		
Wages and salaries	5,804,922	6,620,655
Superannuation	654,375	716,718
Leave and other entitlements	257,709	585,129
Separation and redundancies	1,831,727	50,544
Subtotal employee expenses holders of office	<u>8,548,733</u>	<u>7,973,046</u>
Employees other than office holders:		
Wages and salaries	15,336,909	14,198,679
Superannuation	1,545,908	1,511,045
Leave and other entitlements	220,865	(175,189)
Separation and redundancies	399,572	1,970,388
	<u>17,503,254</u>	<u>17,504,923</u>
Total employee expenses	<u>26,051,987</u>	<u>25,477,969</u>
7A AFFILIATIONS		
Australian People for Health, Education & Development	24,640	23,240
Australasian Railway Association	1,212	782
Australia Fair Trade & investment Network	223	201
Australian Council of Trade Unions	290,537	308,420
Australian Institute of Employment Rights	-	2,000
Australian Palestine Advocacy Network	400	401
First Nations Workers Alliance	500	-
IndustriALL	119,165	118,314
International Union of Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations	44,526	45,529
Phillipines Australia Union Link	13	50
Registered Workers Club Holiday Centre	4,000	4,014
Responsible Forest Management	2,972	433
Union Network International	28,726	29,354
Welcome to Australia	1,760	6,514
Zimbabwe Information Centre	-	26
	<u>518,674</u>	<u>539,278</u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	2017	2016
	\$	\$
7B. GRANTS OR DONATIONS \$1000 OR LESS		
Grants	-	-
Donations	1,944	1,000
	<u>1,944</u>	<u>1,000</u>
GRANTS OR DONATIONS OVER \$1000		
Grants	-	-
Donations	57,909	35,409
	<u>57,909</u>	<u>35,409</u>
Total	<u>59,853</u>	<u>36,409</u>
8 DELEGATION/EMPLOYEE EXPENSES		
Employees - Office Holders	478,316	366,268
Employees - Other	242,604	255,249
Members	77,240	154,259
	<u>798,160</u>	<u>775,776</u>
International - Office Holders	103,405	128,392
International - Other	22,686	45,708
	<u>126,091</u>	<u>174,100</u>
Total	<u>924,251</u>	<u>949,876</u>
9A STATE BRANCH EXPENDITURE		
State branch expenditure is broken down amongst the state branches as follows:		
New South Wales branch	987,500	955,983
Queensland branch	1,361,149	1,212,645
South Australia branch	317,029	400,751
Tasmania branch	205,416	243,278
Victoria branch	2,236,416	1,628,718
Western Australia branch	1,211,429	1,100,545
	<u>6,318,939</u>	<u>5,541,920</u>
9B PAYMENTS TO OTHER REPORTING UNITS		
Payments to other reporting units are broken down amongst the state branches as follows:		
New South Wales branch	987,500	955,983
Queensland branch	1,361,149	1,212,645
South Australia branch	317,029	400,751
Tasmania branch	205,416	243,278
Victoria branch	2,236,416	1,628,718
Western Australia branch	1,211,429	1,100,545
	<u>6,318,939</u>	<u>5,541,920</u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	2017	2016
	\$	\$
10. CASH AND CASH EQUIVALENTS		
Advances and Floats	22,720	22,720
Bank Accounts		
National Council General Fund	1,982,094	2,414,553
National Council Political Fund	2,276	97
Recoverable Deposits	9,950	10,077
	<u>2,017,040</u>	<u>2,447,447</u>
11. RECEIVABLES		
<i>Current</i>		
Trade receivables	85,216	2,046
Accrued Interest	27,883	8,235
Membership in Arrears	196,062	213,973
Provision for bad debts	(38,778)	(38,778)
National Entitlement Security Trust (NEST) *	5,077,925	4,708,609
	<u>5,348,308</u>	<u>4,894,085</u>
<i>Non-Current</i>		
IPP Property Trust - Distribution Receivable	534,696	534,696
	<u>534,696</u>	<u>534,696</u>
OTHER ASSETS		
<i>Current</i>		
Prepayments	710,516	708,236
Sundry Debtors	294,370	502,743
	<u>1,004,886</u>	<u>1,210,979</u>

*the National Council has transferred monies to NEST in order to secure the current provision of long service leave entitlements for its employees, officers and officials

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

	2017	2016
	\$	\$
12. OTHER FINANCIAL ASSETS		
<i>Financial assets carried at amortised cost:</i>		
Short-Term Deposits	5,511,965	3,681,490
 <i>Available-for-sale financial assets carried at fair value:</i>		
Managed Funds	67,230,982	80,360,322
Foundation Units	46,670	46,670
 Total Other Financial Assets	<u>72,789,617</u>	<u>84,088,482</u>
 Current	72,742,947	84,041,812
Non-Current	<u>46,670</u>	<u>46,670</u>
	<u>72,789,617</u>	<u>84,088,482</u>
 13. INVESTMENTS		
Investments in equity instruments	-	-
Investments in associates accounted for using the equity method	<u>313,001</u>	<u>313,001</u>
	<u>313,001</u>	<u>313,001</u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

14. ASSETS MEASURED AT FAIR VALUE ON THE STATEMENT OF FINANCIAL POSITION

2017	Balance	Level 1	Level 2	Level 3
Available-for-sale financial assets - Units in managed funds	67,230,982	-	67,230,982	-
Available for sale financial assets – Unquoted Foundation units	46,670	-	-	46,670
Investments in associates accounted for using the equity method	313,001	-	-	313,001

2016	Balance	Level 1	Level 2	Level 3
Available-for-sale financial assets - Units in managed funds	80,360,322	-	80,360,322	-
Available for sale financial assets – Unquoted Foundation units	46,670	-	-	46,670
Investments in associates accounted for using the equity method	313,001	-	-	313,001

Level 1 – Investments in equity instruments are assets with available quoted prices (unadjusted) in active markets.

Level 2 – are assets values based available unit prices that are not quoted in an active market.

Units in managed funds are carried at fair value based on the current unit price for redemption of those units within the funds. The Unit prices are obtained from the trustees annually.

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments in Foundation Units \$46,470: management believe that cost best represents the fair value. These units are not tradeable or redeemable at a value other than the costs.

Investments in equity instruments – accounted for using the equity accounting method \$313,001: shares in Industrial Printing and Publishing Pty Ltd (IPP) (a private company) and Ucover are held at cost plus the share of the entities net earnings under the equity method of accounting.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

**14A. FOR ASSETS MEASURED AT FAIR VALUE BASED ON LEVEL 3 IN THE STATEMENT OF
FINANCIAL POSITION**

	Investments in associates	Equity investments	Foundation Units
Opening balance - 2016	313,001	-	46,670
Total gains or losses			
- in profit or loss	-	-	-
- in other comprehensive income	-	-	-
Purchases	-	-	-
Disposals	-	-	-
Transfers out of Level 3	-	-	-
Closing balance 2017	313,001	-	46,670
Total gains or losses for the period included in profit or loss			
2017	-	-	-
2016	-	-	-

14B. ASSOCIATED ENTITIES DISCLOSURES

Name of entity	Principal Activity	Ownership	
		2017	2016
Ucover	Ucover provides the income protection insurance cover known as WageGuard. The AFMEPKIU has an interest in the company to ensure that members receive the best possible income protection products through their Enterprise Agreements and all income derived from this activity is reinvested in membership Services and support	49%	49%
Industry Printing and Publishing Pty Limited (IPP)	IPP is a print and design company which the AFMEPKIU has a long standing interest. As a private company it has no published price quotations. The audited financial information as at the 30 September is not readily available. Accordingly, the 30 June 2017 amounts are applied to represent the gains or losses.	24%	24%

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

14B. ASSOCIATED ENTITIES DISCLOSURES (CONT'D)

Summary financial information of associates

Ucover – year ended 30 June 2017	2017	2016
	\$	\$
Statement of financial position:		
Assets	5,468,125	6,084,790
Liabilities	(5,468,125)	(6,084,790)
Net assets	-	-
Statement of comprehensive income:		
Income	6,821,765	8,204,452
Expenses	(555,757)	(554,051)
Net surplus/(deficit)	6,266,008	7,650,401
Share of net surplus/(deficit):		
Share of net surplus/(deficit) before tax	3,070,344	3,748,696
Income tax expense	-	-
Share of net surplus/(deficit) after tax	3,070,344	3,748,696

Summary financial information of associates

Industry Printing and Publishing Pty Limited – year ended 30 June 2017	2017	2016
	\$	\$
Statement of financial position:		
Assets	5,900,915	5,985,995
Liabilities	(4,722,182)	(4,494,107)
Net assets	1,178,733	1,491,888
Statement of comprehensive income:		
Income	4,709,236	3,840,801
Expenses	(4,625,865)	(4,241,419)
Net surplus/(deficit)	83,371	(400,618)
Share of net surplus/(deficit):		
Share of net surplus/(deficit) before tax	20,009	(96,148)
Income tax expense	-	-
Share of net surplus/(deficit) after tax	20,009	(96,148)

Note that the information disclosed for the above associates does not coincide with AFMEPKIU's year-end date of 30 September, as the associates both have financial reporting year end dates of 30 June.

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	2017	Restated 2016
	\$	\$
15A. PROPERTY, PLANT AND EQUIPMENT		
Computer Equipment		
Cost	4,175,708	3,384,090
Less Accumulated Depreciation	<u>(3,250,729)</u>	<u>(3,093,467)</u>
	<u>924,979</u>	<u>290,623</u>
Furniture and Fittings		
Cost	5,845,911	5,702,575
Less Accumulated Depreciation	<u>(5,368,391)</u>	<u>(5,298,551)</u>
	<u>477,520</u>	<u>404,024</u>
Motor Vehicles		
Cost	5,653,987	5,559,747
Less Accumulated Depreciation	<u>(2,644,075)</u>	<u>(2,635,647)</u>
	<u>3,009,911</u>	<u>2,924,100</u>
Properties held for own use – at Cost		
Land	2,685,000	2,685,000
Buildings	39,907,435	38,502,551
Buildings – Work in progress	<u>4,665,866</u>	<u>880,056</u>
	47,258,302	42,067,607
Less Accumulated Depreciation on Buildings	<u>(12,446,373)</u>	<u>(12,553,695)</u>
	<u>34,811,929</u>	<u>29,513,912</u>
TOTAL PROPERTY PLANT & EQUIPMENT	<u>39,224,339</u>	<u>33,132,659</u>

MOVEMENTS IN CARRYING AMOUNTS 2017

	Computer Equipment \$	Furniture and Fittings \$	Motor Vehicles \$	Land and Buildings \$	Total \$
Balance at					33,132,65
1 October 2016	290,623	404,024	2,924,100	29,513,912	9
Additions	840,456	143,819	1,544,936	6,139,847	8,669,058
Disposals	(3,515)	-	(477,156)	-	(480,670)
Depreciation	<u>(202,585)</u>	<u>(70,323)</u>	<u>(981,969)</u>	<u>(841,830)</u>	<u>(2,096,706)</u>
Balance at					
30 Sept 2017	<u>924,979</u>	<u>477,520</u>	<u>3,009,911</u>	<u>34,811,929</u>	<u>39,224,339</u>

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**15A. PROPERTY, PLANT AND EQUIPMENT
(Cont'd)**

MOVEMENTS IN CARRYING AMOUNTS 2016

	Computer Equipment \$	Furniture and Fittings \$	Motor Vehicles \$	Restated Land and Buildings \$	Restated Total \$
Balance at					
1 October 2015	465,645	443,193	3,764,324	26,327,825	31,000,988
Additions	69,185	31,819	919,221	3,683,051	4,703,277
Disposals	(2,276)	(4,060)	(622,904)	-	(629,239)
Depreciation	(241,931)	(66,928)	(1,136,541)	(496,965)	(1,942,366)
Balance at					
30 Sept 2016	<u>290,623</u>	<u>404,024</u>	<u>2,924,100</u>	<u>29,513,912</u>	<u>33,132,659</u>

15B. INVESTMENT PROPERTY

Rental income is received on buildings owned and occupied by the National Office and branches in each State, with the exception of the designated Investment property set out below. The portions of property rented vary in each State. The portions occupied by the Union and or its branches is more than an insignificant portion of the available space and is not able to be separately sold as part of a Strata title. Accordingly, the property other than the buildings noted below have not been classified as Investment property

	2017 \$	Re-stated 2016 \$
Investment property		
Land	1,645,000	1,645,000
Rented Property - at Cost	17,514,893	17,422,535
Accumulated Depreciation	(11,190,171)	(10,720,987)
Net Book Value	<u>7,969,810</u>	<u>8,346,548</u>

	2017 \$	Restated 2016 \$
Balance at start of year	8,346,548	8,720,520
Additions	95,748	95,213
Disposals	-	-
Depreciation	(472,486)	(469,185)
Balance at end of year	<u>7,969,810</u>	<u>8,346,548</u>

The investment properties are commercial office buildings with operating leases related to service entities. The future lease rental returns are set out in Note 26.

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	2017	2016
	\$	\$
16. TRADE AND OTHER PAYABLES		
Sundry Creditors, Trade and other payables	615,451	612,258
	<u>615,451</u>	<u>612,258</u>

As at 30 September 2017, there were no payables due to the following:

- Other Branches with the AMWU;
- Members' employers in respect of payroll deductions for memberships; or
- Entities or persons in respect of legal costs or litigation matters.

17. PROVISIONS

Current

Annual Leave Entitlements	3,101,114	3,263,193
Long Service Leave Entitlements	5,096,382	5,293,233
Provision for Redundancy	-	1,326,111
Provision for Bonus	351,775	371,300
	<u>8,549,271</u>	<u>10,253,837</u>

Non-Current

Long Service Leave Entitlements	201,601	227,086
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17A EMPLOYEE PROVISIONS

Office Holders:

Annual leave	809,679	958,430
Long service leave	1,886,962	2,052,544
Subtotal employee provisions—office holders	<u>2,696,641</u>	<u>3,010,974</u>

Employees other than office holders:

Annual leave	2,291,435	2,304,763
Long service leave	3,411,021	3,467,775
Provision for Redundancy	-	1,326,111
Provision for Bonus	351,775	371,300
Subtotal employee provisions—employees other than office holders	<u>6,054,231</u>	<u>7,469,949</u>
Total employee provisions	<u>8,750,872</u>	<u>10,480,923</u>

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18. PROFESSIONAL SERVICES	Note	2017	2016
		\$	\$
Auditors			
Audit Fees		62,100	63,000
Preparation of financial statements		5,000	5,000
Other assurance engagements		3,600	-
		<u>70,700</u>	<u>68,000</u>
Legal Expenses			
Litigation		110,817	247,576
Other Legal Matters		77,826	129,774
		<u>188,644</u>	<u>377,350</u>
Other professional fees		31,996	-
		<u>291,339</u>	<u>445,350</u>
 19. CASH FLOW INFORMATION			
A For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.			
Cash and Bank Balances	10	2,017,040	2,447,447
Short Term Deposits	12	<u>5,511,965</u>	<u>3,681,490</u>
		<u>7,529,005</u>	<u>6,128,937</u>
 B Reconciliation of Cash Flow from Operations with Net Surplus			
Net (Deficit) Surplus		(1,290,473)	3,614,568
Non-Cash Flows in Net Surplus			
Depreciation		2,569,192	2,411,550
(Gain) Loss on Disposal of Fixed Assets		(72,564)	52,958
Share of Net Profit of Associates		-	(9,617)
Changes in Assets and Liabilities			
Increase in Sundry Debtors & Membership in Arrears		(226,182)	(19,909)
Increase in Accrued Interest		(19,648)	(97,614)
(Increase) Decrease) in Prepayments		(2,281)	133,318
Increase (Decrease) in Sundry Creditors		3,194	(80,383)
Increase (Decrease) in Trust Grants		-	-
(Decrease) Increase in Provisions		(1,345,636)	1,697,411
(Decrease) Increase in Employee Entitlements		<u>(384,414)</u>	<u>386,646</u>
CASH FLOWS FROM OPERATIONS		<u>(768,812)</u>	<u>8,088,928</u>

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

20. ACCUMULATED FUNDS SUMMARY

Funds	Opening Balance 1 Oct 2016	Contributions into Funds	Net Expenditu re and transfers of funds	Profit and Loss of General Fund	Closing Balance 30 Sep 2017
	\$	\$	\$	\$	\$
National Council Political	1,579,988	606,191	(562,913)	-	1,623,266
Education	7,607,011	523,373	(356,027)	-	7,774,357
Hardship	7,847,332	670,788	(670,788)	-	7,847,332
Vehicle Division Education	293,604	698	(85,250)	-	209,052
Campaign and Organising	3,773,124	1,268,291	(2,391,925)	-	2,649,490
Fairfax Chapel Dispute	50,953	-	-	-	50,953
Australian Printing Federation	33,023	-	-	-	33,023
York Endowment	46,313	-	-	-	46,313
General	101,347,575	-	-	(292,911)	101,054,664
	122,578,923	3,069,341	(4,066,903)	(292,911)	121,288,450

NET TRANSFER TO FUNDS

Net transfers to National Council Political Fund	(43,278)
Net transfers to Education Fund	(167,346)
Net transfers to Hardship	-
Net transfers to Vehicle Division Education Fund	84,552
Net transfers to Campaign and Organising Fund	1,123,634
Total Net transfers to Other Funds	997,562
Total Other comprehensive income for the year	(1,290,473)
NET SURPLUS FOR YEAR – GENERAL FUND	(292,911)

FUNDS

THE SPECIFIC PURPOSE OF THE FUND

National Council Political	Established under Rule to further the political objectives of the Union amongst the membership and the wider community.
Education	Established to assist members and employees to gain knowledge and skills which strengthen their participation in Union activities.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

20. ACCUMULATED FUNDS SUMMARY (Cont'd)

FUNDS	THE SPECIFIC PURPOSE OF THE FUND
Hardship	Established for the welfare of Union members who require relief from hardship.
Vehicle Division Education	Established to assist members and employees to gain knowledge and skills which strengthen their participation in the Union's activities.
Campaign and Organising	Established to strengthen the Union's core campaign and organising objectives and to represent the interests of members and influence broader policy and debate.
Fairfax Chapel Dispute	Established during a major industrial dispute at Fairfax Chullora that commenced in 1976, contributions were received to support the families of the workers involved.
Australian Printing Federation	Established to promote the industries and occupations of our members in printing.
York Endowment	The late Eric Percival York bequeathed his estate to the AMF&SU to be invested for the benefit of the Union.
General	The working account of the AFMEPKIU National Office.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

21. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

The National Council is exposed to risks that arise from its use of financial instruments. This note describes the National Council's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the National Council's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The National Council's financial instruments consist mainly of deposits with banks and receivables. The main risks the National Council is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The National Council has overall responsibility for the determination of the National Council's risk management objectives and policies.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the National Council incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the National Council.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2017	2016
	\$	\$
Receivables		
National Entitlement Security Trust	5,077,925	4,708,609
Trade and Sundry Debtors	<u>270,384</u>	<u>224,254</u>
	<u>5,348,309</u>	<u>4,932,863</u>

There has been no history of default, no amounts are past due and all receivables are likely to be repaid within the expected terms.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

21. FINANCIAL RISK MANAGEMENT (Cont'd)

(c) *Liquidity Risk*

Liquidity risk is the risk that the National Council may encounter difficulties raising funds to meet commitments associated with financial instruments.

The National Council is not significantly exposed to this risk; as at 30 September 2017 it had \$2,017,040 (2016: \$2,447,447) of cash and cash equivalents to meet its obligations as they fall due, and a further \$5,511,965 (2016: \$3,681,490) held in short term deposits. The Financial liabilities recorded in the financial statements at 30 September 2017 were \$612,258 (2016: \$692,641). The National Council manages liquidity risk by monitoring cash flows.

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

(e) *Interest Rate Risk*

The National Council's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

The Union's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

30 September 2017	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial Assets	\$	\$	\$	\$
Cash Assets	1,984,370	-	32,670	2,017,040
Receivables	-	5,077,925	1,099,429	5,348,309
Managed Funds/Other	67,230,982	-	46,670	67,277,652
Short term deposits	-	5,511,965	-	5,511,965
	<u>69,215,352</u>	<u>10,589,890</u>	<u>349,724</u>	<u>80,984,011</u>
Weighted average Interest rate	0.52%	2.26%		
Financial Liabilities				
Payables	-	-	(615,451)	(615,451)
	<u>-</u>	<u>-</u>	<u>(615,451)</u>	<u>(615,451)</u>
Net Financial Assets	<u>69,215,352</u>	<u>10,589,890</u>	<u>(265,727)</u>	<u>80,368,560</u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

21. FINANCIAL RISK MANAGEMENT (Cont'd)

30 September 2016	Floating interest rate	Fixed interest rate	Non- interest Bearing	Total
Financial Assets	\$	\$	\$	\$
Cash Assets	2,414,650	-	32,797	2,447,447
Receivables	-	4,708,609	605,869	5,314,478
Managed Funds	80,360,322	-	46,670	80,406,992
Short term deposits	-	3,681,490	-	3,681,490
	<u>82,774,972</u>	<u>8,390,099</u>	<u>685,336</u>	<u>91,850,407</u>
Weighted average Interest rate	0.27%	2.55%		
Financial Liabilities				
Payables	-	-	(612,258)	(612,258)
	<u>-</u>	<u>-</u>	<u>(612,258)</u>	<u>(612,258)</u>
Net financial assets (liabilities)	<u>82,774,972</u>	<u>8,390,099</u>	<u>73,078</u>	<u>91,238,149</u>

Sensitivity Analysis

2017	Carrying Amount	+1.00% (100 basis points) Profit	-1.00% (100 basis points) Loss
	\$	\$	\$
Cash Assets	1,984,370	19,844	(19,844)
Receivables	5,077,925	50,779	(50,779)
Managed Funds	67,277,652	672,777	(672,777)
Short term deposits	5,511,966	55,120	(55,120)
2016	Carrying Amount	+1.00% (100 basis points) Profit	-1.00% (100 basis points) Loss
	\$	\$	\$
Cash Assets	2,414,650	24,146	(24,146)
Receivables	4,708,609	47,086	(47,086)
Managed Funds	80,360,322	803,603	(803,603)
Short term deposits	3,681,490	36,815	(36,815)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

21. FINANCIAL RISK MANAGEMENT (Cont'd)

(f) Other Price Risks

The National Council invests surplus cash in managed funds, and in doing so it exposes itself to the fluctuations in price that are inherent in such a market. The National Council manages other price risks by monitoring the allocations made by the funds. The National Council's exposure to equity price risk is as follows:

Sensitivity Analysis - Managed Funds (external)

	2017	2016		2017	2016
Fund Allocation (%):			Fund Allocation (\$):		
Domestic Shares	16.36%	13.23%	Domestic Shares	10,996,048	10,629,004
International Shares	6.88%	6.22%	International Shares	4,628,557	4,994,659
Domestic Listed Property	1.97%	1.57%	Domestic Listed Property	1,324,408	1,258,527
International Listed Property	5.56%	6.63%	International Listed Property	3,739,396	5,325,854
Domestic Fixed Interest	16.91%	38.95%	Domestic Fixed Interest	11,368,954	31,308,199
International Fixed Interest	19.06%	18.22%	International Fixed Interest	12,813,243	14,645,098
Cash	33.26%	15.18%	Cash	22,360,376	12,198,973
Total	<u>100%</u>	<u>100%</u>	Total	<u>67,230,982</u>	<u>80,360,314</u>

2017	Carrying Amount	+10.00% (1000 basis points) Other Equity Profit	- 10.00% (1000 basis points) Other Equity Loss
	\$	\$	\$
Cash & Bonds	22,360,376	2,236,038	(2,236,038)
Domestic Shares	10,996,048	1,099,605	(1,099,605)
International Shares	4,628,557	462,856	(462,856)
Domestic Listed Property	1,324,408	132,441	(132,441)
International Listed Property	3,739,396	373,940	(373,940)
Domestic Fixed Interest	11,368,954	1,136,895	(1,136,895)
International Fixed Interest	12,813,243	1,281,324	(1,281,324)
Total	<u>67,230,982</u>	<u>6,723,099</u>	<u>(6,723,099)</u>

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

21. FINANCIAL RISK MANAGEMENT (Cont'd)

(f) Other Price Risks (Cont'd)

2016	Carrying Amount	+10.00% (1000 basis points) Other Equity Profit	- 10.00% (1000 basis points) Other Equity Loss
	\$	\$	\$
Cash & Bonds	12,198,973	1,219,897	(1,219,897)
Domestic Shares	10,629,012	1,062,900	(1,062,900)
International Shares	4,994,659	499,466	(499,466)
Domestic Listed Property	1,258,527	125,853	(125,853)
International Listed Property	5,325,854	532,585	(532,585)
Domestic Fixed Interest	31,308,199	3,130,820	(3,130,820)
International Fixed Interest	14,645,098	1,464,510	(1,464,510)
Total	<u>80,360,322</u>	<u>8,036,032</u>	<u>(8,036,032)</u>

(g) Foreign Exchange Risk

The National Council is not directly exposed to foreign exchange rate risk.

22. SUPERANNUATION

Superannuation plans are defined contribution plans. The benefits provided under these plans are based on accumulated contributions and earnings for each employee. The Union's liability is limited to paying the contributions to the plans

23. RELATED PARTIES

- (i) The aggregate amount of remuneration paid to office holders during the financial year is disclosed in the statement of comprehensive income under Salaries Officials as disclosed at note 6 to the accounts.
- (ii) The aggregate amount paid during the financial year to a superannuation plan in respect of office holders was \$654,375 (2016: \$716,718).
- (iii) There have been no other transactions between the office holders and the union other than those relating to their membership of the union and reimbursement by the union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length. Delegation and international expenses for office holders totalled \$543,725 in the year (2016: \$494,661) as disclosed in Note 8 to the accounts.

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NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

23. RELATED PARTIES (Cont'd)

- (iv) The National Council received income of \$2,689,087 (2016: \$3,606,425) from its associate, U Cover Pty Ltd during the year.
- (v) The National Council held amounts receivable of \$534,696 (2016: \$534,696) from its associate, Industrial Printing and Publishing Ltd as at balance date.

24. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons who have authority and responsibility for planning, directing and controlling the activities of the National Council and National Administrative and Budget Committee. Key management personnel have been determined to consist of the National Secretary, National President, National Executive Officer, All State Secretaries, Assistant National Secretaries, National Secretary (Vehicle Division), National Secretary (Food & Confectionary Division), National Secretary (Print Division) and the NSW Printing Division Secretary. Remuneration received or due by key management personnel of the National Council for management of its affairs are as follows:

	2017	2016
Short-term employee benefits	\$	\$
Salary (including annual leave taken)	1,639,169	1,594,659
Annual leave accrued	124,238	120,224
Service entitlement/performance bonus accrued	59,250	57,500
Total short-term employee benefits	<u>1,822,657</u>	<u>1,772,383</u>
Post-employment benefits:		
Superannuation	186,275	187,955
Total post-employment benefits	<u>186,275</u>	<u>187,955</u>
Other long-term benefits:		
Long-service leave	40,377	39,073
Total other long-term benefits	<u>40,377</u>	<u>39,073</u>
Termination benefits	-	-
Total	<u>2,049,309</u>	<u>1,999,411</u>

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

25. CONTINGENT LIABILITIES

The National Council is not aware of any contingent liabilities that would require disclosure in this financial report.

26. OPERATING LEASE COMMITMENTS – AS LESSOR

Future minimum rentals receivable under non-cancellable operating leases as at 30 September 2017 are as follows:

	2017	2016
	\$	\$
(i) not later than one year;	3,162,723	829,192
(ii) later than one year and not later than five years;	9,595,961	981,995
(iii) later than five years;	-	35,274
	<u>12,758,684</u>	<u>1,846,461</u>
(b) total contingent rents recognised as income in the period;	<u>-</u>	<u>-</u>

General description of the lessor's leasing arrangements

The operating leases applicable to the buildings owned by the Union leased under operating leases of between 1 month and 5 years. The leases are subject to annual lease reviews with increases based on varying levels, subject to varying conditions and inflation.

27. PRIOR PERIOD RESTATEMENT OF LAND AND BUILDINGS

It was noted during the audit as at 30 September 2017 that a number of rental properties were incorrectly classified as property, plant and equipment. These properties were held for the purposes of receiving rental receipts and therefore do not meet the definition of property, plant and equipment per the AMWU National Council's stated accounting policy and per the relevant Australian Accounting Standard, AASB 140 Investment Property. Following additional work surrounding the presentation of these balances, it was noted that a number of properties were also incorrectly classified in the prior period. Given the material nature of this variance, both the current year and prior year comparative figures have been restated to correctly present these balances within Investment Property. See below for details of the prior year balances per the signed financials at 30 September 2016 and the restated balances presented as comparatives in the current year financial statements.

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NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

27. PRIOR PERIOD RESTATEMENT OF LAND AND BUILDINGS (Cont'd)

	Note	As at 30 September 2016 \$	Movement on restatement \$	2016 Restated \$
Properties held for own use – at Cost				
Land		3,955,000	(1,270,000)	2,685,000
Buildings		54,835,928	(16,333,377)	38,502,551
Buildings – Work in progress		880,056	-	880,056
Less Accumulated Depreciation		(22,185,524)	9,631,829	(12,553,695)
Net Book Value	15A	37,485,460	(7,971,548)	29,513,912
Investment property				
Land		375,000	1,270,000	1,645,000
Rented Property - at Cost		1,089,158	16,333,377	17,422,535
Accumulated Depreciation		-1,059,158	(9,661,829)	-10,720,987
Net Book Value	15B	375,000	7,971,548	8,346,548
Total		37,860,460	-	37,860,460

RESTATEMENT OF PRIOR PERIOD FINANCIAL STATEMENTS

	As at 30 September 2016 \$	Movement on restatement \$	2016 Restated \$
Current Assets	92,594,323	-	92,594,323
Non-current assets			
Property, Plant and Equipment	41,104,207	(7,971,548)	33,132,659
Investment Property	375,000	7,971,548	8,346,548
Total Non-current Assets	42,373,574	-	42,373,574
Total Assets	134,967,897	-	134,967,897
Total Liabilities	11,093,181	-	11,093,181
Net Assets	123,874,716	-	123,874,716
Operating surplus for the year	3,614,568	-	3,614,568
Other comprehensive income for the year	2,244,492	-	2,244,492
Total comprehensive income for the year	5,859,060	-	5,859,060

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NATIONAL COUNCIL

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

28. ADDITIONAL INFORMATION

The registered office and principal place of business of the union is:

Level 4, 133 – 137 Parramatta Road, Granville NSW 2142.

INDEPENDENT AUDITOR'S REPORT

To the members of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council (AFMEPKIU), which comprises the statement of financial position as at 30 September 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion the accompanying financial report of AFMEPKIU, presents fairly, in all material respects the AFMEPKIU's financial position as at 30 September 2017 and of its financial performance and its cash flows for the year then ended in accordance with

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

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 reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to 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.

Other information

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in AFMEPKIU's operating report, but does not include the financial report and our auditor's report thereon.

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 our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 the Committee of Management for the Financial Report

The Committee of Management of AFMEPKIU are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the registered entity'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Declaration by the auditor

I, Grant Saxon, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

BDO East Coast Partnership



Grant Saxon
Partner

Sydney, 13 December 2017

Registration number (as registered by the RO Commissioner under the Act): AA2017/103

**AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED
INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	2017	2016
	\$	\$
INCOME		
Contributions	568,773	619,806
Interest Received	<u>37,418</u>	<u>47,049</u>
TOTAL INCOME	<u>606,191</u>	<u>666,855</u>
EXPENDITURE		
Affiliation Fees	4 396,627	423,875
Audit and Accountancy Fees	19,600	4,750
Bank and Government Charges	240	241
Consultancy	-	-
Delegation Expenses – Employees	25,000	-
Donations – over \$1000	96,620	569,687
Donations – \$1000 or less	3,493	2,374
General Office	2,159	1,600
Marginal seat election expenses	3,873	81,895
Postage, Printing & Stationery	<u>-</u>	<u>102,656</u>
TOTAL EXPENDITURE	<u>562,913</u>	<u>1,187,078</u>
SURPLUS/(DEFICIT) FOR YEAR	<u>43,278</u>	<u>(520,223)</u>
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income for the year	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>43,278</u>	<u>(520,223)</u>

(The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes)

AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	2017	2016
	\$	\$
ASSETS		
Cash at Bank	2,276	97
Receivable from: Cash Investments National Council	1,602,197	1,553,721
Prepayments	23,043	26,170
TOTAL ASSETS	<u>1,627,516</u>	<u>1,579,988</u>
LIABILITIES		
Trade and other payable	4,250	-
TOTAL LIABILITIES	<u>4,250</u>	<u>-</u>
NET ASSETS	<u>1,623,266</u>	<u>1,579,988</u>
ACCUMULATED FUNDS		
Accumulated Funds	1,623,266	1,579,988
TOTAL ACCUMULATED FUNDS	<u>1,623,266</u>	<u>1,579,988</u>

(The above statement of financial position should be read in conjunction with the
accompanying notes)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Accumulated Funds
	\$
Balance at 30 September 2015	2,100,211
Total comprehensive loss for the year	(520,223)
Balance at 30 September 2016	<u>1,579,988</u>
Total comprehensive profit for the year	43,278
Balance at 30 September 2017	<u><u>1,623,266</u></u>

(The above statement of changes in accumulated funds should be read in conjunction with the accompanying notes)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		568,773	619,806
Interest Received		37,418	47,049
Payments to Suppliers		<u>(604,012)</u>	<u>(666,795)</u>
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	5(b)	<u>2,179</u>	<u>60</u>
NET INCREASE/ (DECREASE) IN CASH HELD		2,179	60
Cash at Beginning of Year		<u>97</u>	<u>37</u>
CASH AT END OF YEAR	5(a)	<u>2,276</u>	<u>97</u>

(The above statement of cash flows should be read in conjunction with the accompanying notes)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund is a not-for-profit entity.

The financial report is for the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union is an organisation registered under the RO Act. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund is a Branch of the registered organisation. In accordance with the RO Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on an accrual basis and in accordance with historical cost. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue

Contributions are recognised as income when National council transfers the monies it receives from members for the Political Fund.

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

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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Tax

No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50 - 15 of the Income Tax Assessment Act.

Goods and Services Tax (GST)

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

Cash flows are included in the statement of cash flows on a gross basis.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 September 2017. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the company
AASB 1058	Income of Not-for-Profit Entities	This standard establishes principles and guidance when accounting for: a. Transactions where the consideration given to acquire an asset is significantly less than its fair value, in order to enable the entity to further its objectives; and b. The receipt of volunteer services.	For financial years commencing after 1 January 2019	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)
AASB 15	Revenue from contracts with customers	This standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of goods or services is transferred rather than on transfer of risks and rewards as is currently the case under AASB118: Revenue.	For financial years commencing after 1 January 2019	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)

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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

New Australian Accounting Standards (Cont'd)

AASB 16 (issued February 2016)	Leases	This standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It requires the entity to bring most leases onto its balance sheet in a similar way to how existing leases are treated under AASB117. An entity will be required to recognise a lease liability and a right of use of the asset in its balance sheet. There are some exemptions such as leases with a period of 12 months or less and low value leases are exempted .	For financial years commencing on or after 1 January 2019.	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)
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2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The National Council Political Fund makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Critical judgments in applying the National Council Political Fund's accounting principles

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

**3. INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER OF
FAIR WORK COMMISSION**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Section 272 of Fair Work (Registered Organisations) Act 2009 which read as follows:

- 1) A member of a reporting unit, or the General Manager of Fair Work Commission, 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)

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NATIONAL COUNCIL POLITICAL FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

4. AFFILIATION FEES

	2017	2016
	\$	\$
Australian Labor Party NSW	74,744	82,757
Australian Labor Party Victoria	131,367	132,974
Australian Labor Party Queensland	76,995	92,523
Australian Labor Party Northern Territory	2,800	2,399
Australian Labor Party South Australia	34,070	36,978
Australian Labor Party Western Australia	70,457	69,528
Australian Labor Party Tasmania	6,194	6,716
	<u>396,627</u>	<u>423,875</u>

5. CASH FLOW INFORMATION

	2017	2016
	\$	\$
(a) For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.		
Cash and Bank Balances	<u>2,276</u>	<u>97</u>
(b) Reconciliation of Cash Flow from Operations with (Deficit)/Surplus		
(Deficit)/Surplus	43,278	(520,223)
Changes in Assets and Liabilities		
(Increase)/Decrease in Prepayments	3,127	7,650
(Increase)/Decrease in National Council General Fund	(48,476)	512,633
Increase/(Decrease) in Trade and other payables	<u>4,250</u>	<u>-</u>
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>2,179</u>	<u>60</u>

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

6. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

The National Council Political Fund is exposed to risks that arise from its use of financial instruments. This note describes the National Council Political Fund's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the National Council Political Fund's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The National Council Political Fund's financial instruments consist mainly of deposits with banks and receivables. The main risks the National Council Political Fund is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The National Council have overall responsibility for the determination of the National Council Political Fund's risk management objectives and policies.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the National Council Political Fund incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the National Council Political Fund.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2017	2016
	\$	\$
Cash and cash equivalents	2,276	97
	<hr/>	<hr/>
National Council General Fund	1,602,197	1,553,721
	<hr/>	<hr/>

The cash and cash equivalents are held in a high quality Australian financial institution.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

6. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit Risk (Cont'd)

There has been no history of default, no amounts are past due and all receivables are likely to be repaid within the expected terms.

(c) Liquidity Risk

Liquidity risk is the risk that the National Council Political Fund may encounter difficulties raising funds to meet commitments associated with financial instruments.

The National Council Political Fund is not significantly exposed to this risk; as at 30 September 2017 it had \$2,276 (2016: \$97) of cash and cash equivalents to meet these obligations as they fall due. The financial liabilities recorded in the financial statements at 30 September 2017 and 30 September 2016 was \$4,250 and nil respectively.

The National Council Political Fund manages liquidity risk by monitoring cash flows.

(d) Market Risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

(e) Interest Rate Risk

The National Council Political Fund's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

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NATIONAL COUNCIL POLITICAL FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

6. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest Rate Risk (Cont'd)

30 September 2017	Floating/fixed interest rate	Non-interest bearing	Total
Financial Assets	\$	\$	\$
Cash and cash equivalents	2,276	-	2,276
Receivable	1,602,197	-	1,602,197
	<u>1,604,473</u>	<u>-</u>	<u>1,604,473</u>
Weighted average Interest rate	2.33%	-	
Financial Liabilities			
Payables	(4,250)	-	(4,250)
Net Financial Assets	<u>1,600,223</u>	<u>-</u>	<u>1,600,223</u>
30 September 2016	Floating/fixed interest rate	Non-interest bearing	Total
Financial Assets	\$	\$	\$
Cash and cash equivalents	97	-	97
Receivable	1,553,721	-	1,553,721
	<u>1,553,818</u>	<u>-</u>	<u>1,553,818</u>
Weighted average Interest rate	2.52%		
Financial Liabilities			
Payables	-	-	-
Net Financial Assets	<u>1,553,818</u>		<u>1,553,818</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

6. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest Rate Risk (Cont'd)

Sensitivity Analysis

2017	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Cash and cash equivalents	2,276	11	(11)

2017	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Receivable	1,602,197	8,011	(8,011)

2016	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Cash and cash equivalents	97	-	-

2016	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Receivable	1,553,721	7,768	(7,768)

7. SUBSEQUENT EVENTS

There were no events that occurred after 30 September 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Branch.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL POLITICAL FUND

8. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

The National Council Political Fund is not aware of any contingent liabilities that would require disclosure in this financial report.

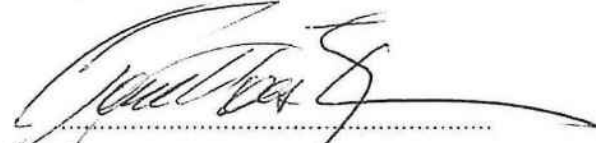
9. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation has been disclosed in the National Council's financial report.


**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
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NATIONAL COUNCIL

Signed in accordance with a resolution of National Council



.....
National Secretary – Paul Bastian



.....
National President – Andrew Dettmer

13th December 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council Political Fund.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council Political Fund (National Council Political Fund), which comprises the statement of financial position as at 30 September 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion the accompanying financial report of National Council Political Fund, presents fairly, in all material respects the National Council Political Fund's financial position as at 30 September 2017 and of its financial performance and its cash flows for the year then ended in accordance with

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

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 reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to 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.

Other information

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in National Council Political Fund's operating report, but does not include the financial report and our auditor's report thereon.

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 our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 the Committee of Management for the Financial Report

The Committee of Management of National Council Political Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management are responsible for assessing the registered entity'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Declaration by the auditor

I, Grant Saxon, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

BDO East Coast Partnership



Grant Saxon
Partner

Sydney, 13 December 2017

Registration number (as registered by the RO Commissioner under the Act): AA2017/103