



30 March 2020

Paul Bastian  
National Secretary  
Australian Manufacturing Workers' Union (AMWU)

cc. Warren Soos  
cc. Grant Saxon, Auditor

Dear Paul Bastian

**Re: – Australian Manufacturing Workers' Union (AMWU), National Council - financial report for year ending 30 September 2019 (FR2019/270)**

I refer to the financial report of the National Council of the Australian Manufacturing Workers' Union (AMWU). The documents were lodged with the Registered Organisations Commission (ROC) on 24 March 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comment to assist you when preparing the next report.

**National Council Political Fund**

The following differences were identified between the figures reported in the National Council Financial Report and the National Council Political Fund Financial Report:

- Cash at Bank – the Statement of Financial Position in the Political Fund Financial Report states \$40, however Note 10 in the National Council Financial Report states \$0.
- Fund Expenditure – the Statement of Comprehensive Income in the Political Fund Financial Report states \$1,040,934, consistent with the figure in Note 20 of the National Council Financial Report, however the Statement of Comprehensive Income in the National Council Financial Report states \$1,043,439.

**Reporting Requirements**

The ROC website provides several factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at [stephen.kellett@roc.gov.au](mailto:stephen.kellett@roc.gov.au).

Yours faithfully

A handwritten signature in black ink, appearing to read "Stephen Kellett", with a long horizontal stroke extending to the right.

Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

17 March, 2020



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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 23 December 2019; 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 17 March, 2020 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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133 Parramatta Road  
Granville NSW 2142  
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**NATIONAL COUNCIL**

**FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

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**NATIONAL COUNCIL**

**REPORT REQUIRED UNDER SUBSECTION 255(2A)**

The National Council presents the expenditure report, as required under subsection 255(2A), on the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council for the year ended 30 September 2019.

<b>Categories of expenditures</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Remuneration and other employment-related costs and expenses – employees	25,793,773	26,960,089
Advertising	807,902	902,217
Operating costs	12,885,321	14,779,792
Donations to political parties	2,700	-
Legal costs	179,414	236,022
Other costs	5,628,941	5,875,845



National Secretary – Paul Bastian  
10 December 2019

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**NATIONAL COUNCIL**

**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 2019.

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 2019 the AFMEPKIU negotiated and registered 338 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 2019 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 surplus for the financial year of \$3,351,273 (2018: net surplus of \$34,141,924).

**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
  - (ii) on the day specified in the notice, which is a day not earlier than the day when whichever is later; or
- (a) 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.

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**NATIONAL COUNCIL**

**OPERATING REPORT (Cont'd)**

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:

<b>Level</b>	<b>Position</b>	<b>Per Annum</b>
5	Officer	\$94,874.00
6	Senior Officer	\$99,655.40
7	Assistant Federal Secretary/Assistant State Secretary	\$106,602.60
8	Assistant National Secretary/National Executive Officer/State Secretary	\$112,847.80
9	National Secretary/National President	\$121,521.40

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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**NATIONAL COUNCIL**

**OPERATING REPORT (Cont'd)**

**Board Fees**

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

<b>Organisation</b>	<b>Amount received</b>
Australian Super	\$82,425.00
Construction & Building Industry Super	\$90,040.22
Motor Trades Association of Australia Superannuation Fund	\$22,123.00
Australian Construction Industry Redundancy Trust	\$7,000.00
Media Super	\$116,238.33
Publicity Works	\$12,000.00
Office of the Training and Skills Commission	\$6,818.18
Industry Capability Network Ltd	\$2,000.00
Coal Mining Industry (Long Service Leave Funding) Corporation	\$17,446.00
Department of Health & Human Services - VIC	\$2,395.00
TAFE Queensland	\$20,790.08

**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.

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

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**NATIONAL COUNCIL**

**OPERATING REPORT (Cont'd)**

**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:

<b>Supplier</b>	
<b><u>Building Services</u></b>	<b><u>Legal Services</u></b>
CBD MECHANICAL ELECTRICAL	MAURICE BLACKBURN PTY LTD
ENERGY AUSTRALIA	TAYLOR & SCOTT
ORIGIN ENERGY SERVICES LTD	LUCY SAUNDERS
SIMPLY ENERGY	GREENWAY CHAMBERS
SIEMENS LTD	<b><u>Printing &amp; Publicity Services</u></b>
<b>Building Services</b>	RIGHT LANE CONSULTING
BENITEZ HOLDINGS P/L	MCPHERSONS PRINTING GROUP
CONSOLIDATED PROPERTY SERVICES	ABCORP AUSTRALASIA P/L
KNIGHT FRANK AUSTRALIA P/L	MOUNTAIN MEDIA
MCGEES PROPERTY	BLUE GUM CLOTHING CO. P/L
DAIKIN AUSTRALIA P/L	MINUTEMAN PRESS
AUSTRALIAN GREEN CLEAN	ENVELOPE EXPERTS
HD & TA WEBER	CATE BROADBENT
EXTREME FIRE SOLUTIONS & ELECTRICAL	HORTON ADVISORY
OTIS LIFTS	<b><u>Travel Services</u></b>
AGL P/L	AMERICAN EXPRESS
SPIFFY CLEAN P/L	QANTAS
STEMAR GROUP P/L	FCM TRAVEL SOLUTIONS
<b><u>Financial &amp; Advisory Services</u></b>	CABCHARGE AUST P/L
BDO EAST COAST PARTNERSHIP	MERCURE SYDNEY
COVERFORCE INSURANCE BROKING	<b><u>Vehicle Services</u></b>
ICARE	GILLEN MOTORS PTY LTD
NATIONAL AUSTRALIA BANK	HEARTLAND MOTORS
INDUSTRY FUNDS SERVICES	SUMMIT FLEET LEASING
<b><u>Direct Membership Services</u></b>	ROAM
HUNTERLINK	LINKT

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**NATIONAL COUNCIL**

**OPERATING REPORT (Cont'd)**

**Key Relationships (Cont'd)**

<b><u>IT &amp; Communications Services</u></b>	
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
ASCENDER PTY LTD	PSI PACIFIC MANAGED SOLUTIONS
TPG TELECOM	THOMSON REUTERS (PROFESSIONAL)
FORPOINTS SOLUTIONS AUST P/L	PROFESSIONAL ADVANTAGE P/L

**Officers' Material Personal Interests**

For the year ended 30 September 2019, the Officers of the AFMEPKIU have declared no material personal interests.

**Payments to related parties or declared persons**

For the year ended 30 September 2019, 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 at 30 September 2019 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:

<b>Name of officer or member</b>	<b>Superannuation Fund</b>	<b>Position Held</b>
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
Jim Reid	Media Super	Member Representative Director
Gary Callaghan	Media Super	Member Representative Director
Ian Mortimer	Media Super	Member Representative Alternate Director

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**NATIONAL COUNCIL**

**OPERATING REPORT (Cont'd)**

**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 2019 was 60,962.
- (b) The number of persons who were employees of the reporting unit on 30 September 2019 was 236, 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:

<b>Name</b>	<b>Period Position Held</b>
Ann-Marie Allan	30 August 2019 to 30 September 2019
Robert Ballantyne	30 August 2019 to 30 September 2019
Paul Bastian	1 October 2018 to 30 September 2019
Peter Bauer	1 October 2018 to 30 September 2019
Chris Brandy	30 August 2019 to 30 September 2019
Shannon Brooks	30 August 2019 to 30 September 2019
John Camillo	1 October 2018 to 30 June 2019
Michael Cannon	30 August 2019 to 30 September 2019
Lorraine Cassin	1 October 2018 to 30 September 2019
Frank Cherry	1 October 2018 to 30 September 2019
Charlie Clarke	30 August 2019 to 30 September 2019
Tracey Davis	1 October 2018 to 29 August 2019
Andrew Dettmer	1 October 2018 to 30 September 2019
Paul Difelice	1 October 2018 to 30 September 2019
Anne Donnellan	1 October 2018 to 29 August 2019
Danny Dougherty	1 October 2018 to 29 August 2019
Steven Fainges	30 August 2019 to 30 September 2019
Dean Fairchild	30 August 2019 to 30 September 2019
Belinda Griggs	18 April 2019 to 30 September 2019
Chris Harper	30 August 2019 to 30 September 2019
Tony Head	30 August 2019 to 30 September 2019
Jason Hefford	1 October 2018 to 30 September 2019
Chris Kirkby	30 August 2019 to 30 September 2019
Jon Lambropoulos	30 August 2019 to 30 September 2019
Keith Lang	30 August 2019 to 30 September 2019
Alan Lindsey	1 October 2018 to 29 August 2019
David Lonsdale	1 October 2018 to 23 November 2018
Lou Malgeri	17 October 2018 to 30 September 2019

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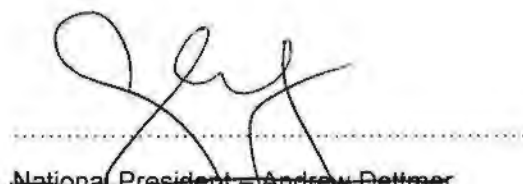
**NATIONAL COUNCIL**

**OPERATING REPORT (Cont'd)**

<b>Name</b>	<b>Period Position Held</b>
Tony Mavromatis	1 October 2018 to 30 September 2019
Steve McCartney	1 October 2018 to 30 September 2019
Glenn McLaren	30 August 2019 to 30 September 2019
Noel Mitchell	30 August 2019 to 30 September 2019
Leigh Monson	30 August 2019 to 30 September 2019
Chris Mooney	30 August 2019 to 30 September 2019
Ian Mortimer	1 October 2018 to 30 September 2019
Steve Murphy	1 October 2018 to 30 September 2019
Mike Nicolaides	1 October 2018 to 29 August 2019
David Norris	30 August 2019 to 30 September 2019
Allan Pearce	1 October 2018 to 29 August 2019
Mark Pearce	30 August 2019 to 30 September 2019
Tony Piccolo	1 October 2018 to 29 August 2019
Jon Primrose	30 August 2019 to 30 September 2019
Dominic Rozario	30 August 2019 to 30 September 2019
Vanessa Seagrove	1 October 2018 to 1 April 2019
John Short	1 October 2018 to 30 September 2019
Dave Smith	1 October 2018 to 30 September 2019
Karen Smith	30 August 2019 to 30 September 2019
Heidi Stenschke	30 August 2019 to 30 September 2019
Mick Terry	30 August 2019 to 30 September 2019
Glenn Thompson	1 October 2018 to 30 September 2019
Keith Topp	30 August 2019 to 30 September 2019
Jenny Tynan	30 August 2019 to 30 September 2019
Rohan Webb	1 October 2018 to 30 September 2019
Glenn Wilcox	1 October 2018 to 29 August 2019
Abi Winter	30 August 2019 to 30 September 2019
Cory Wright	1 October 2018 to 30 September 2019

Signed in accordance with a resolution of National Council

  
National Secretary – Paul Bastian  
10<sup>th</sup> December 2019

  
National President – Andrew Dettmer  
10<sup>th</sup> December 2019

9 National Councillor - Steve Murphy

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**NATIONAL COUNCIL**

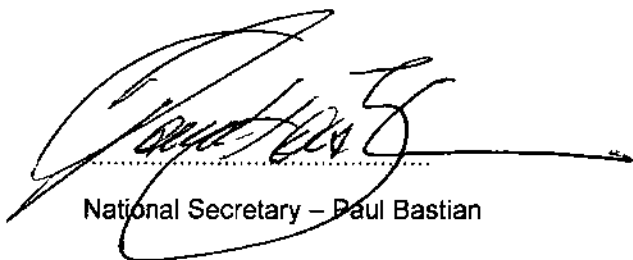
**COMMITTEE OF MANAGEMENT STATEMENT**

On 10<sup>th</sup> December 2019 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 for the year ended 30 September 2019.

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 statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the 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 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 to 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 Commissioner duly made under Section 272 of the RO Act; and
  - (vi) no orders for inspection of financial records has been made by Fair Work Commission under section 273 of the RO Act.

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



National Secretary – Paul Bastian

10<sup>th</sup> December 2019

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**NATIONAL COUNCIL**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 \$	2018 \$
<b>INCOME</b>			
Contributions	4A	33,953,212	34,330,048
Distribution from Financial Assets at Fair Value		2,290,051	2,241,471
Interest Received		481,628	380,754
Grant Income		363,487	496,527
Rent Received	4B	4,282,253	3,390,365
Sundry Income (including Board fees)	5	<u>7,191,080</u>	<u>4,586,460</u>
<b>TOTAL INCOME</b>		<b><u>48,561,711</u></b>	<b><u>45,425,625</u></b>
<b>EXPENDITURE</b>			
<b>Depreciation</b>			
Buildings – owner occupied	15	892,191	891,018
Computer Installation	15	386,543	234,322
Furniture & Fittings	15	64,963	75,516
Motor Vehicles	15	<u>878,145</u>	<u>858,321</u>
Total Depreciation Property Plant and equipment	15	<b><u>2,221,842</u></b>	<b><u>2,059,177</u></b>
<b>Employee Benefits Expense</b>			
Salaries		21,265,031	20,787,755
Accrued Annual Leave		215,945	(96,797)
Long Service Leave		206,294	128,794
Redundancies		10,427	1,913,481
Superannuation		<u>2,309,976</u>	<u>2,236,730</u>
Sub total	6	24,007,673	24,969,963
Fringe Benefits Tax		509,651	415,207
Payroll Tax		<u>292,367</u>	<u>322,503</u>
		<b><u>24,809,691</u></b>	<b><u>25,707,673</u></b>
<b>State Branch Expenditure</b>	9A	<b><u>5,628,941</u></b>	<b><u>5,875,845</u></b>

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

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**NATIONAL COUNCIL**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

	Note	2019	2018
		\$	\$
<b>EXPENDITURE (Cont'd)</b>			
<b>Other Expenses</b>			
Affiliation Fees	7A	471,236	477,187
Bank and Government Charges		197,496	190,880
Building Expenses		2,784,553	3,132,119
Collectors Expenses		-	-
Computing		633,910	625,115
Conference and Meeting Expenses		537,664	488,139
Delegation/Employee Expenses	8	984,082	1,252,416
Donations and Grants	7B	24,535	29,479
Freight		14,982	15,083
Fund Expenses			
Political Fund Expenditure		1,043,439	624,421
Hardship Fund Expenditure		362,320	725,940
Vehicle Education Fund Expenditure		109,090	105,961
Education Fund Expenditure		350,642	365,183
Campaign & Organising Fund Expenditure		-	1,888,146
Strategic Plan Fund Expenditure		411,560	79,884
Funeral Benefits		31,940	66,065
General Office Expenses	7C	233,363	169,737
Impairment of long term receivables	11	119,945	-
Insurance		1,138,969	1,000,336
Membership Printing		421,989	446,887
Motor Vehicle Expenses		251,521	168,417
Postage		7,882	11,364
Printing and Distribution - AMWU News		146,116	134,437
Printing and Distribution – Newsletters		29,219	17,067
Printing and Stationery		379,726	355,236
Professional Services	18	394,389	437,789
Publicity		807,902	902,217
Rent Paid		258,182	251,511
Research		77,438	76,997
Telephone		413,487	445,644
		<b>12,637,577</b>	<b>14,483,657</b>
<b>TOTAL EXPENDITURE</b>		<b>45,298,051</b>	<b>48,126,352</b>

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



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**NATIONAL COUNCIL**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING SURPLUS/(DEFICIT) FOR YEAR</b>	<b>3,263,660</b>	<b>(2,700,727)</b>
Gain on Disposal of Assets	87,613	127,696
Gain on Revaluation of Investment Properties	<u>-</u>	<u>36,714,955</u>
<b>NET SURPLUS FOR YEAR</b>	<b><u>3,351,273</u></b>	<b><u>34,141,924</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Net Increase in Fair Value of Financial Assets	1,904,825	684,558
Gain on Revaluation of Land and Buildings	<u>-</u>	<u>25,717,598</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>1,904,825</u></b>	<b><u>26,402,156</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>5,256,098</u></b>	<b><u>60,544,080</u></b>

(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**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019**

	Note	2019	2018
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10	2,008,905	2,599,705
Receivables	11	5,937,808	5,750,591
Other Assets	11	1,079,142	895,609
Other Financial Assets	12	76,763,813	69,789,687
<b>Total Current Assets</b>		<u>85,789,668</u>	<u>79,035,592</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	15A	59,191,227	60,037,115
Investment Properties	15B	49,930,000	49,930,000
Investments	13	313,001	313,001
Other Financial Assets	12	46,670	46,670
Receivables	11	414,751	534,696
<b>Total Non-Current Assets</b>		<u>109,895,649</u>	<u>110,861,482</u>
<b>TOTAL ASSETS</b>		<u>195,685,317</u>	<u>189,897,074</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	16	857,852	760,369
Provisions	17	8,879,711	8,367,628
<b>Total Current Liabilities</b>		<u>9,737,563</u>	<u>9,127,997</u>
<b>Non-Current Liabilities</b>			
Provisions	17	312,222	389,643
<b>Total Non-Current Liabilities</b>		<u>312,222</u>	<u>389,643</u>
<b>TOTAL LIABILITIES</b>		<u>10,049,785</u>	<u>9,517,640</u>
<b>NET ASSETS</b>		<u>185,635,532</u>	<u>180,379,434</u>
<b>ACCUMULATED FUNDS AND RESERVES</b>			
Fair Value Investment Reserve		1,136,287	(768,538)
Revaluation Reserve		25,717,598	25,717,598
Accumulated Funds	20	158,781,647	155,430,374
<b>TOTAL ACCUMULATED FUNDS AND RESERVES</b>		<u>185,635,532</u>	<u>180,379,434</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 2019**

	<b>Restated Accumulated Funds</b>	<b>Fair Value Investment Reserve</b>	<b>Revaluation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 30 September 2017</b>	<b>121,288,450</b>	<b>(1,453,096)</b>	-	<b>119,835,354</b>
Net surplus for the Year	34,141,924	-	-	34,141,924
<b>Other comprehensive income:</b>				
Available-for-Sale financial assets	-	684,558	-	684,558
Revaluation surplus	-	-	25,717,598	25,717,598
Total Comprehensive Income	<u>34,141,924</u>	<u>684,558</u>	<u>25,717,598</u>	<u>60,544,080</u>
<b>Balance at 30 September 2018</b>	<b><u>155,430,374</u></b>	<b><u>(768,538)</u></b>	<b><u>25,717,598</u></b>	<b><u>180,379,434</u></b>
Net surplus for the Year	3,351,273	-	-	3,351,273
<b>Other comprehensive income:</b>				
Increase in value of				
Financial assets at fair value	-	1,904,825	-	1,904,825
Revaluation surplus	-	-	-	-
Total Comprehensive Income	<u>3,351,273</u>	<u>1,904,825</u>	<u>-</u>	<u>5,256,098</u>
<b>Balance at 30 September 2019</b>	<b><u>158,781,647</u></b>	<b><u>1,136,287</u></b>	<b><u>25,717,598</u></b>	<b><u>185,635,532</u></b>

(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 2019**

	Note	2019 \$	2018 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Contributions Received		33,953,212	34,335,096
Receipts from other Reporting Units		-	-
Payments to other Reporting Units	9B	(5,628,941)	(5,875,845)
Payments to Suppliers and Employees		(37,633,184)	(40,812,706)
Distributions Received		2,290,051	2,241,471
Interest Received		484,310	399,795
Rent Received		4,710,479	3,390,365
Grant Income		399,836	496,527
Sundry Income		<u>7,191,080</u>	<u>4,393,098</u>
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	19B	<u>5,766,843</u>	<u>(1,432,199)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Property, Plant and Equipment		340,590	569,981
Net Proceeds from Investments		2,000,000	11,357,108
Payments for Property, Plant and Equipment		(1,628,931)	(1,613,590)
Payments for Investment property		-	(579,347)
Net Payments for Investments		<u>(5,461,886)</u>	<u>(9,662,052)</u>
<b>NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>		<u>(4,750,227)</u>	<u>72,100</u>
<b>NET INCREASE /(DECREASE) IN CASH HELD</b>		1,016,616	(1,360,099)
Cash at Beginning of Year	19A	<u>6,168,906</u>	<u>7,529,005</u>
<b>CASH AT END OF YEAR</b>	19A	<u>7,185,522</u>	<u>6,168,906</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 2019**

**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 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**a) Financial instruments**

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

**Initial recognition and measurement**

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

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

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

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

**Classification and subsequent measurement**

As at the reporting date, the National Council's financial assets consisted of cash and cash equivalents, investment portfolios of equity and other instruments which are measured at fair value through other comprehensive income, and trade and other receivables which are measured at amortised cost in accordance with the below accounting policy.

**Financial assets at amortised cost**

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

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

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**a) Financial instruments (Cont'd)**

**Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income include equity investments which the union intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Further, these assets must be held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The National Council's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value investment 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.

**De-recognition**

A financial asset is derecognised when:

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

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

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

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**a) Financial instruments (Cont'd)**

***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.

The National Council recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the National Council's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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

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

**Financial Liabilities**

**Initial recognition and measurement**

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



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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**a) Financial instruments (Cont'd)**

**Classification and subsequent measurement**

As at the reporting date, the Branch's financial liabilities include trade and other payables which are measured at amortised cost in accordance with the below accounting policy.

**Financial liabilities at amortised cost**

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

**Derecognition**

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

**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 know 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.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**c) Revenue (Cont'd)**

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 in accordance with the expected credit loss model, as outlined in Note 1 (a).

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.

Other revenue is recognised when it is received or when the right to receive payment is established.

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 National Council will comply with the conditions attaching to them and that the grants will be received.

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 National Council 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.

*Property, Plant and Equipment held at Revalued Amounts*

All land and building assets are carried at their revalued amounts, in accordance with AASB 116 Property, Plant and Equipment. The revalued amount of Land and Buildings is based on market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. When an item of Land and Building is revalued, the entire class of asset to which belongs shall be revalued.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**d) Property, Plant and Equipment (cont'd)**

*Revaluations*

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are to be conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. Land and buildings are revalued every 3 years. A revaluation of land and buildings was conducted as at 31 October 2017, and was based upon the assessment of an independent valuation expert.

Revaluation increments for all land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the statement of profit or loss, the increment is recognised immediately as a gain in the statement of profit or loss. Revaluation decrements for all property, plant and equipment are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation reserve on the same class of assets, in which case, the decrement is debited directly to the asset revaluation reserve.

*Property, Plant and Equipment held at Cost*

All other classes of property, plant and equipment are 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 2019 (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 de recognition 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.

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.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**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 National Council in respect of services provided by employees up to reporting date.

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

Provision is made for separation and redundancy benefit payments. The National Council 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 National Council 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.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**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 National Council 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.

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 National Council 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.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**l) Associates (Cont'd)**

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

**m) 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 2019.

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

The National Council provides financial support as required to each of the state 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 as noted above, and disclosed in Notes 9A and 9B.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**n) New Australian Accounting Standards**

***Adoption of New Australian Accounting Standards***

The National Council has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and interpretations have been adopted during the period:

***AASB 9 Financial Instruments***

The National Council has adopted AASB 9 from 1 October 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset based on its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. For receivables, a simplified approach is applied whereby impairment is measured using a lifetime expected loss allowance.

The National Council has adopted AASB 9 during the current period, using the modified retrospective approach, which requires a cumulative catch-up adjustment to retained earnings and no restatement of comparative amounts.

Financial assets continue to be recognised in a manner consistent with that previously adopted under the previous standard. The National Council's financial asset portfolio is recognised at fair value through other comprehensive income. The associated reserve has been renamed from the available-for-sale asset reserve, to the fair value investment reserve, to appropriately reflect the category of classification applicable under the new standard. Further, no adjustments to any provision for impairment on financial assets have been recognised following the adoption of the expected credit loss model.

Policies for measuring financial assets are outlined in Note 1.



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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**n) New Australian Accounting Standards (cont'd)**

***New accounting standards and interpretations not yet mandatory or early adopted.***

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 2019. 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 National Council is not expected to be materially impacted by this new standard	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 National Council is not expected to be materially impacted by this new standard	1 October 2019*  *(comparatives from 1 October 2018)

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
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**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**n) New Australian Accounting Standards (cont'd)**

***New accounting standards and interpretations not yet mandatory or early adopted.***

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 National Council is not expected to be impacted by this standards as it holds no operating leases at year end.	1 October 2019*  *(comparatives from 1 October 2018)
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**o) Comparative figures**

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

During the period, management has determined that amounts were classified as depreciation expenses on investment property in the prior period, which related to the gain on fair value of investment property in the statement of profit or loss and other comprehensive income. As a result, management has made a reclassification adjustment to the comparative figures, to reduce depreciation expense and reduce the corresponding gain on fair value of investment property, to reflect the appropriate classification.

This reclassification was determined to be immaterial to the financial statements as a whole, and has no impact on the previously reported carrying value of the assets, the total and net assets of the entity, nor the net surplus/(deficit) or total comprehensive income for the period.

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (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.

**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.

**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.

**(a) Impairment for expected credit losses**

The National Council's assumptions in determining the expected credit losses on financial assets are outlined in item Note 1 (a) of this report.

**(b) Fair value of investment property**

The National Council's assumptions in determining the fair value of investment property are outlined in item Note 15B of this report.

**(c) Estimation of useful life of assets**

The National Council's assumptions about the useful life of assets are set out in item Note 1(d) of this report.

**(d) Long service leave provision**

The National Council's assumptions in determining the provision for long service leave are set out in Note 1(h) of this report.

**3. SECTION 272 FAIR WORK (REGISTERED ORGANISATION) ACT 2009**

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

- (1) A member of an organisation of the Industrial Registrar, may apply to the organization for specified information prescribed by the regulations in relation of the organisation;
- (2) The organisation must, on the making of such an application, make the specified information available to the member or the Industrial Registrar in the manner, and within such time, as prescribed by the regulations; and
- (3) A reporting unit must comply with an application made under subsection (1).

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>4A. CONTRIBUTIONS</b>		
Gross Contributions	33,953,212	34,330,048
Comprises the following various funds:		
Political Fund	511,006	555,196
Hardship Fund	362,320	725,940
Education Fund	311,723	270,073
Vehicle Division Education Fund	-	-
Campaign & Organising Fund	-	937,572
Strategic Plan Resource Fund	624,901	398,837
General Fund	<u>32,143,262</u>	<u>31,442,430</u>
	<u>33,953,212</u>	<u>34,330,048</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>4B. RENT RECEIVED</b>		
Electricity Recovered	98,481	86,861
Tenant Items Recovered	12,255	3,671
Rent Received – investment property	3,972,956	3,154,491
Rent Outgoings Received	75,360	74,086
Car Parking	<u>123,201</u>	<u>71,256</u>
	<u>4,282,253</u>	<u>3,390,365</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>5. SUNDRY INCOME</b>		
Dividend Received	858	875
Income from Associate – U-Cover Pty Ltd	2,557,680	2,694,184
Training course fees	315,556	166,320
Promotional income – advertising	272,273	275,909
Board Fees	379,276	331,533
Miscellaneous Income	<u>3,665,437</u>	<u>1,117,639</u>
	<u>7,191,080</u>	<u>4,586,460</u>

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>6. EMPLOYEE BENEFITS EXPENSE</b>		
<b>Holders of office:</b>		
Wages and salaries	6,266,176	6,300,241
Superannuation	692,439	693,696
Leave and other entitlements	119,947	365,993
Separation and redundancies	5,213	1,468,269
<b>Subtotal employee expenses holders of office</b>	<u>7,083,775</u>	<u>8,828,199</u>
<b>Employees other than office holders:</b>		
Wages and salaries	14,998,855	14,487,514
Superannuation	1,617,537	1,543,034
Leave and other entitlements	302,292	(333,996)
Separation and redundancies	5,214	445,212
	<u>16,923,898</u>	<u>16,141,764</u>
<b>Total employee expenses</b>	<u>24,007,673</u>	<u>24,969,963</u>
<b>7A. AFFILIATIONS</b>		
Australian People for Health, Education & Development	25,054	24,840
Australasian Railway Association	999	998
Australia Fair Trade & investment Network	240	239
Australian Council of Trade Unions	297,270	278,056
Australian Palestine Advocacy Network	400	399
First Nations Workers Alliance	454	113
IndustriALL	88,899	111,771
International Union of Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations	25,478	29,836
Phillipines Australia Union Link	50	100
Registered Workers Club Holiday Centre	3,997	3,989
Responsible Forest Management	1,700	(5)
Union Network International	26,695	26,851
<b>Total affiliations</b>	<u>471,236</u>	<u>477,187</u>

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>7B. GRANTS OR DONATIONS \$1000 OR LESS</b>		
Grants	-	-
Donations	2,035	3,070
	<u>2,035</u>	<u>3,070</u>
<b>GRANTS OR DONATIONS OVER \$1000</b>		
Grants	-	-
Donations	22,500	26,409
	<u>22,500</u>	<u>26,409</u>
Total	<u>24,535</u>	<u>29,479</u>
<b>7C. GENERAL OFFICE EXPENSES</b>		
Total paid to employers for payroll deductions of membership subscriptions	39,279	42,959
Other	194,084	126,778
<b>Total</b>	<u>233,363</u>	<u>169,737</u>
<b>8. DELEGATION/EMPLOYEE EXPENSES</b>		
Employees - Office Holders	441,581	622,963
Employees – Other	329,064	259,091
Members	174,768	146,951
	<u>945,413</u>	<u>1,029,005</u>
International - Office Holders	21,844	101,852
International – Other	16,825	121,559
	<u>38,669</u>	<u>223,411</u>
Total	<u>984,082</u>	<u>1,252,416</u>
<b>9A. STATE BRANCH EXPENDITURE</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
State branch expenditure is broken down amongst the state branches as follows:		
New South Wales branch	696,838	898,070
Queensland branch	1,251,104	1,487,475
South Australia branch	290,330	306,989
Tasmania branch	200,402	178,352
Victoria branch	2,200,376	1,849,217
Western Australia branch	989,891	1,155,742
	<u>5,628,941</u>	<u>5,875,845</u>

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**9B. PAYMENTS TO OTHER REPORTING UNITS**

Payments to other reporting units are broken down amongst the state branches as follows:

New South Wales branch	696,838	898,070
Queensland branch	1,251,104	1,487,475
South Australia branch	290,330	306,989
Tasmania branch	200,402	178,352
Victoria branch	2,200,376	1,849,217
Western Australia branch	989,891	1,155,742
	<u>5,628,941</u>	<u>5,875,845</u>

**10. CASH AND CASH EQUIVALENTS**

Advances and Floats	19,470	19,470
Bank Accounts:		
National Council General Fund	1,974,420	2,563,700
National Council Political Fund	-	-
Recoverable Deposits	15,015	16,535
	<u>2,008,905</u>	<u>2,599,705</u>

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>11. RECEIVABLES</b>		
<i>Current</i>		
Trade receivables	468,951	377,854
Accrued Interest	6,159	8,842
Membership in Arrears	195,836	191,014
Provision for expected credit losses	(38,778)	(38,778)
National Entitlement Security Trust (NEST) *	<u>5,305,640</u>	<u>5,211,659</u>
	<u>5,937,808</u>	<u>5,750,591</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*

**Non-Current**

IPP Property Trust - Distribution Receivable	534,696	534,696
Less: provision for expected credit losses	<u>(119,945)</u>	<u>-</u>
	<u>414,751</u>	<u>534,696</u>

**OTHER ASSETS**

**Current**

Prepayments	847,164	700,535
Sundry Debtors	<u>231,978</u>	<u>195,074</u>
	<u>1,079,142</u>	<u>895,609</u>



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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>12. OTHER FINANCIAL ASSETS</b>		
<i>Financial assets carried at amortised cost:</i>		
Short-Term Deposits	5,176,617	3,569,201
<i>Financial assets at fair value through other comprehensive income:</i>		
<b>Managed Funds</b>		
- Equity instruments, designated at fair value through OCI	32,779,194	29,475,357
- Non-equity instruments at fair value through OCI	<u>38,808,002</u>	<u>36,745,129</u>
Total: Managed Funds	<u>71,587,196</u>	<u>66,220,486</u>
Foundation Units	46,670	46,670
	<u>76,810,483</u>	<u>69,836,357</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current	76,763,813	69,789,687
Non-Current	<u>46,670</u>	<u>46,670</u>
	<u>76,810,483</u>	<u>69,836,357</u>
<b>13. INVESTMENTS</b>		
Investments in associates accounted for using the equity method	313,001	313,001
	<u>313,001</u>	<u>313,001</u>

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

<b>2019</b>	Balance	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income – Managed portfolio: Equity instruments	32,779,194	-	32,779,194	-
Financial assets at fair value through other comprehensive income – Managed portfolio: Non-equity instruments	38,808,002	-	38,808,002	-
Financial assets at fair value through other comprehensive income – Unquoted Foundation units	46,670	-	-	46,670

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**14. ASSETS MEASURED AT FAIR VALUE ON THE STATEMENT OF FINANCIAL POSITION  
(Cont'd)**

<b>2018</b>	<b>Balance</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets at fair value through other comprehensive income – Managed funds: Equity instruments	29,475,357	-	29,475,357	-
Financial assets at fair value through other comprehensive income – Managed funds: Non-equity instruments	36,745,129	-	36,745,129	-
Financial assets at fair value through other comprehensive income – Unquoted Foundation units	46,670	-	-	46,670

	<b>Foundation Units</b>	<b>Total</b>
<b>Opening balance - 2018</b>	<b>46,670</b>	<b>46,670</b>
Total gains or losses		
- in profit or loss	-	-
- in other comprehensive income	-	-
Purchases	-	-
Disposals	-	-
Transfers out of Level 3	-	-
<b>Closing balance 2019</b>	<b>46,670</b>	<b>46,670</b>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
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**14B. ASSOCIATED ENTITIES DISCLOSURES**

<b>Name of entity</b>	<b>Principal Activity</b>	<b>Ownership</b>	
		<b>2019</b>	<b>2018</b>
		<b>%</b>	<b>%</b>
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 2018 amounts are applied to represent the gains or losses.	24%	24%

**Summary financial information of associates**

<b>Ucover – year ended 30 June 2019</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position:</b>		
Assets	5,239,171	4,670,299
Liabilities	(5,329,171)	(4,670,299)
Net assets	-	-
<b>Statement of comprehensive income:</b>		
Income	5,582,287	6,210,391
Expenses	(520,843)	(486,587)
Net surplus/(deficit)	5,061,444	5,723,804
<b>Share of net surplus/(deficit):</b>		
Share of net surplus/(deficit) before tax	2,480,108	2,804,664
Income tax expense	-	-
<b>Share of net surplus/(deficit) after tax</b>	<b>2,480,108</b>	<b>2,804,664</b>

*Note that the AFMEPKIU receives dividends from Ucover which represents their share of profits on the underlying investment, therefore no further movement on the carrying value has been recorded.*

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**14B. ASSOCIATED ENTITIES DISCLOSURES (CONT'D)**

**Summary financial information of associates**

<b>Industry Printing and Publishing Pty Limited – year ended 30 June 2019</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position:</b>		
Assets	5,954,382	5,783,024
Liabilities	(4,836,755)	(4,641,380)
Net assets	1,117,627	1,141,644
<b>Statement of comprehensive income:</b>		
Income	120,099	120,046
Expenses	(144,116)	(157,135)
Net surplus/(deficit)	(24,017)	(37,089)
<b>Share of net surplus/(deficit):</b>		
Share of net deficit before tax	(5,764)	(8,901)
Income tax expense		-
<b>Share of net deficit after tax</b>	<b>(5,764)</b>	<b>(8,901)</b>

*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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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>15A. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Computer Equipment</b>		
Cost	2,009,512	1,962,976
Less Accumulated Depreciation	<u>(905,022)</u>	<u>(518,285)</u>
	<u>1,104,490</u>	<u>1,444,691</u>
<b>Furniture and Fittings</b>		
Cost	5,874,654	5,862,296
Less Accumulated Depreciation	<u>(5,509,370)</u>	<u>(5,444,407)</u>
	<u>365,284</u>	<u>417,889</u>
<b>Motor Vehicles</b>		
Cost	4,991,894	5,068,687
Less Accumulated Depreciation	<u>(2,160,274)</u>	<u>(2,229,152)</u>
	<u>2,831,620</u>	<u>2,839,535</u>
<b>Properties held for own use – at Valuation</b>		
Land	28,402,598	28,402,598
Buildings	26,932,402	26,932,402
Less Accumulated Depreciation	(892,191)	
Buildings – Work in progress	<u>447,024</u>	<u>-</u>
	<u>54,889,833</u>	<u>55,335,000</u>
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<u>59,171,227</u>	<u>60,037,115</u>

**MOVEMENTS IN CARRYING AMOUNTS 2019**

	<b>Computer Equipment</b>	<b>Furniture and Fittings</b>	<b>Motor Vehicles</b>	<b>Land and Buildings</b>	<b>Buildings – Work in progress</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at</b>						
<b>1 Oct 2018</b>	1,444,691	417,889	2,839,535	55,335,000	-	60,037,115
Additions	46,342	12,358	1,123,207	-	447,024	1,628,931
Disposals	-	-	(252,977)	-	-	(252,977)
Transfers	-	-	-	-	-	-
Re-valuations	-	-	-	-	-	-
Depreciation	<u>(386,543)</u>	<u>(64,963)</u>	<u>(878,145)</u>	<u>(892,191)</u>	<u>-</u>	<u>(2,221,842)</u>
<b>Balance at</b>						
<b>30 Sept 2019</b>	<u>1,104,490</u>	<u>365,284</u>	<u>2,831,620</u>	<u>54,442,809</u>	<u>447,024</u>	<u>59,191,227</u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (Cont'd)**

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

**Property, Plant and Equipment**

All property, plant and equipment (inclusive of land and buildings) 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.

All land and building assets are carried at their revalued amounts, in accordance AASB 116 Property, Plant and Equipment. Revalued amounts of Land and Buildings are based on market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs.

When an item of Land and Building is revalued, the entire class of asset to which belongs shall be revalued.

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

**Revaluations**

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are to be conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. Land and buildings are revalued every 3 years. A revaluation of land and buildings was conducted as at 31 October 2017, and was based upon the assessment of an independent valuation expert.

Revaluation increments for all land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the statement of profit or loss, the increment is recognised immediately as a gain in the statement of profit or loss. Revaluation decrements for all property, plant and equipment are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation reserve on the same class of assets, in which case, the decrement is debited directly to the asset revaluation reserve.

**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%

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

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.

**15B. INVESTMENT PROPERTIES**

Rental income is received on buildings owned and occupied by the National Council 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 National Council 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.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Investment properties</b>		
Land	39,987,568	38,987,568
Rented Property	<u>10,942,432</u>	<u>10,942,432</u>
Net Book Value	<u>49,930,000</u>	<u>49,930,000</u>

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance at start of year	49,930,000	7,969,810
Additions	-	579,347
Disposals	-	-
Transfers	-	4,665,888
Increase in fair value	-	36,714,955
Depreciation	-	-
Balance at end of year	<u>49,930,000</u>	<u>49,930,000</u>

**Investment Properties**

Investment properties are measured initially 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.

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**15B. INVESTMENT PROPERTIES (Cont'd)**

**ASSETS MEASURED AT FAIR VALUE ON THE STATEMENT OF FINANCIAL POSITION**

<b>2019</b>	<b>Balance</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investment Properties	49,930,000	-	-	49,930,000

<b>2018</b>	<b>Balance</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investment Properties	49,930,000	-	-	49,930,000

**Level 1** – Investments in equity and debt 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.

**Equity instruments and non-equity instruments 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).

**Investment Properties: \$49,930,000** - are held at fair value, on the basis of director's valuations, applying an income approach on the basis of future market rentals and other inputs. These are supported by independent property valuations where appropriate.

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

	<b>Investment Properties</b>
<b>Opening balance - 2018</b>	<u><b>49,930,000</b></u>
Total gains or losses	
- in profit or loss	-
- in other comprehensive income	-
Purchases	-
Disposals	-
Transfers out of Level 3	
<b>Closing balance 2019</b>	<u><u><b>49,930,000</b></u></u>



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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>16. TRADE AND OTHER PAYABLES</b>		
Trade payables	240,562	260,708
GST payable	210,683	199,880
Sundry creditors	406,607	299,782
	<u>857,852</u>	<u>760,369</u>

As at 30 September 2019, the National Council held the following balances payable to entities or persons in relation to legal costs or litigation matters;

- Slater and Gordon \$73,132

As at 30 September 2019, there were no payables due to the following:

- Other Branches with the AMWU; or
- Members' employers in respect of payroll deductions for memberships.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>17. PROVISIONS</b>		
<b><i>Current</i></b>		
Annual Leave Entitlements	3,220,261	3,004,317
Long Service Leave Entitlements	5,320,850	5,037,136
Provision for Redundancy	-	-
Provision for Bonus	338,600	326,175
	<u>8,879,711</u>	<u>8,367,628</u>
<b><i>Non-Current</i></b>		
Long Service Leave Entitlements	312,222	389,643
	<u>9,191,933</u>	<u>8,757,271</u>

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>17A EMPLOYEE PROVISIONS</b>		
Office Holders:		
Annual leave	881,428	862,350
Long service leave	1,870,443	1,905,675
Subtotal employee provisions—office holders	<u>2,751,871</u>	<u>2,768,025</u>
Employees other than office holders:		
Annual leave	2,338,833	2,141,967
Long service leave	3,762,629	3,521,104
Provision for Redundancy	-	-
Provision for Bonus	338,600	326,175
Subtotal employee provisions—employees other than office holders	<u>6,440,062</u>	<u>5,989,246</u>
Total employee provisions	<u>9,191,933</u>	<u>8,757,271</u>

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<b>18. PROFESSIONAL SERVICES</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Auditors		
Audit Fees	63,900	61,750
Preparation of financial statements	5,500	5,000
Other assurance engagements	11,800	5,750
	<u>81,200</u>	<u>72,500</u>
Legal Expenses		
Litigation	148,192	151,943
Other Legal Matters	31,222	84,079
	<u>179,414</u>	<u>236,022</u>
Other professional fees	133,775	129,267
Total professional fees	<u>394,389</u>	<u>437,789</u>
<b>19. CASH FLOW INFORMATION</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>A</b>		
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 2,008,905	2,599,705
Short Term Deposits	12 5,176,617	3,569,201
	<u>7,185,522</u>	<u>6,168,906</u>
<b>B Reconciliation of Cash Flow from Operations with Net Surplus</b>		
Net Surplus	3,351,272	34,141,924
<b>Non-Cash Flows in Net Surplus</b>		
Depreciation	2,221,842	2,686,790
(Gain) on Disposal of Fixed Assets	(87,613)	(127,696)
(Gain) on Revaluation of Investment Property	-	(37,342,568)
Impairment of long term receivables	119,945	-
<b>Changes in Assets and Liabilities</b>		
(Increase) in Current Receivables	(370,750)	(941,966)
Increase in Trade and Other Payables	97,483	144,919
Increase/(Decrease) Increase in Provisions	12,425	(181,643)
Increase in Employee Entitlements	422,239	188,040
<b>CASH FLOWS FROM OPERATIONS</b>	<u>5,766,843</u>	<u>(1,432,200)</u>

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**20. ACCUMULATED FUNDS SUMMARY**

<b>Funds</b>	<b>Opening Balance 1 Oct 2018</b>	<b>Contributions into Funds</b>	<b>Net Expenditure and transfers of funds</b>	<b>Profit and Loss of General Fund</b>	<b>Closing Balance 30 Sep 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
National Council Political	1,554,040	511,006	(1,040,934)	-	1,024,112
Education	7,679,247	311,723	(350,642)	-	7,640,328
Hardship	7,847,332	362,320	(362,320)	-	7,847,332
Vehicle Division Education	103,091	-	(109,090)	-	(5,999)
Campaign and Organising	1,698,916	-	-	-	1,698,916
Strategic Plan Resource	318,954	624,901	(411,561)	-	532,294
Fairfax Chapel Dispute	50,953	-	-	-	50,953
Australian Printing Federation	33,023	-	-	-	33,023
York Endowment	46,313	-	-	-	46,313
General	136,098,505	(1,809,950)	2,274,547	3,351,273	139,914,375
	<u>155,430,374</u>	<u>-</u>	<u>-</u>	<u>3,351,273</u>	<u>158,781,647</u>

**NET TRANSFER TO FUNDS**

Net transfers to National Council Political Fund	(529,928)	(69,226)
Net transfers to Education Fund	(38,919)	(95,110)
Net transfers to Hardship		
Net transfers to Vehicle Division Education Fund	(109,090)	(105,961)
Net transfers to Campaign and Organising Fund		(950,574)
Net transfers to Strategic Plan Resource Fund	213,340	318,954
Total Net transfers to Other Funds	<u>(464,597)</u>	<u>(901,917)</u>
Total Other comprehensive income for the year	<u>3,815,870</u>	<u>35,043,841</u>
<b>NET SURPLUS FOR YEAR – GENERAL FUND</b>	<u><b>3,351,273</b></u>	<u><b>34,141,924</b></u>

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**NOTES TO AND FORMING PART OF THE ACCOUNTS  
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**20. ACCUMULATED FUNDS SUMMARY (Cont'd)**

<b>FUNDS</b>	<b>THE SPECIFIC PURPOSE OF THE FUND</b>
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.
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.
Strategic Plan	Established for initiatives arising from the National Strategic Plan or the National Industry Committees.

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**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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Trade and other receivables</b>		
National Entitlement Security Trust	5,305,640	5,211,659
Trade and Sundry Debtors	<u>632,168</u>	<u>538,932</u>
	<u>5,937,808</u>	<u>5,750,591</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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**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 2019 it had \$2,008,905 (2018: \$2,599,705) of cash and cash equivalents to meet its obligations as they fall due, and a further \$5,176,617 (2018: \$3,569,201) held in short term deposits. The Financial liabilities recorded in the financial statements at 30 September 2019 were \$857,852 (2018: \$760,369). 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:

<b>30 September 2019</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash Assets	1,974,420	-	34,485	2,008,905
Receivables	-	5,305,640	632,168	5,937,808
Managed Funds/Other	71,587,196	-	46,670	71,633,866
Short term deposits	-	5,176,617	-	5,176,617
	<u>73,561,616</u>	<u>10,482,257</u>	<u>713,323</u>	<u>84,757,196</u>
Weighted average Interest rate	0.38%	1.92%		
<b>Financial Liabilities</b>				
Payables	-	-	(857,852)	(857,852)
	<u>-</u>	<u>-</u>	<u>(857,852)</u>	<u>(857,852)</u>
<b>Net Financial Assets</b>	<u>73,561,616</u>	<u>10,482,257</u>	<u>(144,529)</u>	<u>83,899,344</u>

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**21. FINANCIAL RISK MANAGEMENT (Cont'd)**

<b>30 September 2018</b>	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non- interest Bearing</b>	<b>Total</b>
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash Assets	2,563,700	-	36,055	2,599,705
Receivables	-	5,211,659	538,932	5,750,591
Managed Funds	66,220,486	-	46,670	66,267,156
Short term deposits	-	3,569,201	-	3,569,201
	<u>68,784,186</u>	<u>8,780,860</u>	<u>621,657</u>	<u>78,186,653</u>
Weighted average Interest rate	0.20%	2.76%		
<b>Financial Liabilities</b>				
Payables	-	-	(760,369)	(760,369)
	-		<u>(760,369)</u>	<u>(760,369)</u>
<b>Net financial assets (liabilities)</b>	<u>68,784,186</u>	<u>8,780,860</u>	<u>(138,712)</u>	<u>77,426,284</u>

**Sensitivity Analysis**

<b>2019</b>	<b>Carrying Amount</b>	<b>+1.00% (100 basis points) Profit</b>	<b>-1.00% (100 basis points) Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash Assets	1,974,420	19,744	(19,744)
Receivables	5,305,640	53,056	(53,056)
Managed Funds	71,587,196	715,872	(715,872)
Short term deposits	5,176,617	51,766	(51,766)

<b>2018</b>	<b>Carrying Amount</b>	<b>+1.00% (100 basis points) Profit</b>	<b>-1.00% (100 basis points) Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash Assets	2,563,700	25,637	(25,637)
Receivables	5,211,659	52,117	(52,117)
Managed Funds	66,220,486	662,205	(662,205)
Short term deposits	3,569,201	25,692	(25,692)

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**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)**

	2019	2018		2019	2018
<b>Fund Allocation (%):</b>			<b>Fund Allocation (\$):</b>		
Domestic Shares	21.56%	20.40%	Domestic Shares	15,435,328	13,509,590
International Shares	16.80%	16.90%	International Shares	12,027,507	11,192,047
Listed Property	7.43%	7.21%	Domestic Listed Property	5,316,359	4,773,710
Domestic Fixed Interest	17.49%	24.35%	Domestic Fixed Interest	12,517,963	16,127,851
International Fixed Interest	14.38%	14.98%	International Fixed Interest	10,295,224	9,917,933
Cash	22.34%	16.16%	Cash	15,994,815	10,699,355
<b>Total</b>	<u>100%</u>	<u>100%</u>	<b>Total</b>	<u>71,587,196</u>	<u>66,220,486</u>

2019	Carrying Amount	+10.00% (1000 basis points) Gain through OCI	- 10.00% (1000 basis points) Loss through OCI
	\$	\$	\$
Domestic Shares	15,435,328	1,543,533	(1,543,533)
International Shares	12,027,507	1,202,751	(1,202,751)
Listed Property	5,316,359	531,636	(531,636)
Domestic Fixed Interest	12,517,963	1,251,796	(1,251,796)
International Fixed Interest	10,295,224	1,029,522	(1,029,522)
Cash	15,994,815	1,599,482	(1,599,482)
<b>Total</b>	<u>71,587,196</u>	<u>7,158,720</u>	<u>(7,158,720)</u>



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**21. FINANCIAL RISK MANAGEMENT (Cont'd)**

*(f) Other Price Risks (Cont'd)*

2018	Carrying Amount	+10.00% (1000 basis points) Gain through OCI	-10.00% (1000 basis points) Loss through OCI
	\$	\$	\$
Domestic Shares	13,509,590	1,350,959	(1,350,959)
International Shares	11,192,057	1,119,206	(1,119,206)
Listed Property	4,773,710	477,371	(477,371)
Domestic Fixed Interest	16,127,841	1,612,784	(1,612,784)
International Fixed Interest	9,917,933	991,793	(991,793)
Cash	10,699,355	1,069,936	(1,069,936)
Total	66,220,486	6,622,049	(6,822,049)

*(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 \$692,439 (2018: \$693,696).
- (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 \$463,425 in the year (2018: \$724,815) as disclosed in Note 8 to the accounts.

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**23. RELATED PARTIES (Cont'd)**

- (iv) The National Council received income of \$2,557,680 (2018: \$2,694,184) from its associate, U Cover Pty Ltd during the year.
- (v) The National Council held amounts receivable of \$534,696 (2018: \$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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	1,706,968	1,728,304
Annual leave accrued	121,848	127,344
Service entitlement/performance bonus accrued	49,000	60,250
<b>Total short-term employee benefits</b>	<u>1,877,816</u>	<u>1,915,898</u>
<b>Post-employment benefits:</b>		
Superannuation	190,087	215,695
<b>Total post-employment benefits</b>	<u>190,087</u>	<u>215,695</u>
<b>Other long-term benefits:</b>		
Long-service leave	39,601	41,387
<b>Total other long-term benefits</b>	<u>39,601</u>	<u>41,387</u>
<b>Termination benefits</b>	62,657	352,052
<b>Total</b>	<u><b>2,170,161</b></u>	<u><b>2,525,032</b></u>

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

**NATIONAL COUNCIL**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019 (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 2019 are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
(i) not later than one year;	3,272,620	2,695,101
(ii) later than one year and not later than five years;	5,775,213	8,267,204
(iii) later than five years;	-	-
	<u>9,047,833</u>	<u>10,962,305</u>
<b>(b) total contingent rents recognised as income in the period;</b>	<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.

**28. ADDITIONAL INFORMATION**

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

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

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

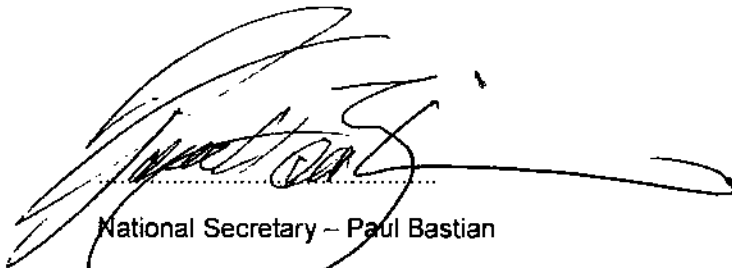
**NATIONAL COUNCIL**

**OFFICER DECLARATION STATEMENT**

I Paul Bastian, being the Secretary of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, declare that the following did not occur during the reporting period ending 30 September 2019:

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern
- Acquire an asset or liability due to an amalgamation Under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination of revocation by the General Manager, Fair Work Commission
- Receive capitation fees form another reporting unit
- Receive any other revenue from another reporting unit
- Receive revenue via compulsory levies
- Receive revenue from undertaking recovery of wages activity
- Pay capitation fees to another reporting unit
- Pay compulsory levies
- Pay a grant that was \$1,000 or less
- Pay a grant that exceeds \$1,000
- Pay a person fees or allowances to attend conferences of meeting as a representation of the reporting unit
- Pay a penalty imposed under the RO Act or the Fair Work Act 2009
- Have a receivable with other reporting unit(s)
- Have a payable with other reporting unit(s)
- Have a payable to an employer for that employer making payroll deductions of membership
- Receive cash flows from another reporting units
- Have another entity administer the financial affairs of the reporting unit
- Make a payment to a former related party of the reporting unit



National Secretary – Paul Bastian  
10 December 2019



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Fax: +61 2 9240 9821  
www.bdo.com.au

Level 11, 1 Margaret St  
Sydney NSW 2000  
Australia

## 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 2019, the statement of 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, the Committee of Management Statement, the Officer Declaration Statement and the subsection 255(2A) report.

In our opinion the accompanying financial report of AFMEPKIU, presents fairly, in all material respects the AFMEPKIU's financial position as at 30 September 2019 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and any other requirement imposed by these Reporting Guidelines or Part 3 of Chapter 8 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 AFMEPKIU 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 the 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 the 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AFMEPKIU's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the AFMEPKIU's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the AFMEPKIU's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the AFMEPKIU to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the AFMEPKIU audit. We remain solely responsible for our audit opinion.

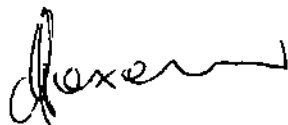
We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during our audit.

This description forms part of our auditor's report.

### Declaration by the auditor

I, Grant Saxon, declare that I am an auditor registered under the *Fair Work (Registered Organisations) Act 2009*.

BDO East Coast Partnership



Grant Saxon  
Partner

Sydney, 10 December 2019

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 2019**



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

**NATIONAL COUNCIL POLITICAL FUND**

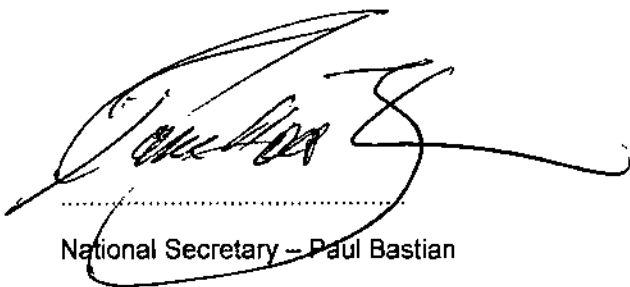
**COMMITTEE OF MANAGEMENT'S STATEMENT**

On 10<sup>th</sup> December 2019 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 Political Fund for the year ended 30 September 2019.

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 statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of *the Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the National Council Political Fund for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the National Council Political Fund 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 Political Fund were held in accordance with the rules of the organisation; and
  - (ii) the financial affairs of the National Council Political Fund have been managed in accordance with the rules of the organisation; and
  - (iii) the financial records of the National Council Political Fund have been kept and maintained in accordance with the RO Act; and
  - (iv) the financial records of the National Council Political Fund have been kept, as far as practicable, in a consistent manner to 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 Commissioner duly made under Section 272 of the RO Act; and
  - (vi) no orders for inspection of financial records has been made by Fair Work Commission under section 273 of the RO Act.

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



.....  
National Secretary – Paul Bastian

10<sup>th</sup> December 2019

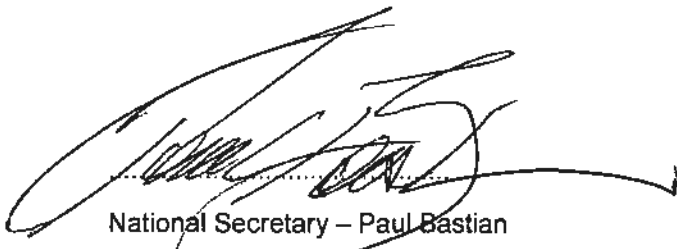
**AUTOMOTIVE, FOOD, METALS, ENGINEERING,  
PRINTING AND KINDRED INDUSTRIES UNION**

**NATIONAL COUNCIL POLITICAL FUND**

**REPORT REQUIRED UNDER SUBSECTION 255(2A)**

The National Council presents the expenditure report, as required under subsection 255(2A), on the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund for the year ended 30 September 2019.

<b>Categories of expenditures</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Remuneration and other employment-related costs and expenses – employees	2,880	-
Advertising	1,417	-
Operating costs	493,929	390,977
Donations to political parties	542,708	233,445
Legal costs	-	-



National Secretary – Paul Bastian

10 December 2019

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

**NATIONAL COUNCIL POLITICAL FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>INCOME</b>			
Contributions		491,579	518,773
Interest Received		<u>19,427</u>	<u>36,423</u>
<b>TOTAL INCOME</b>		<u>511,006</u>	<u>555,196</u>
<b>EXPENDITURE</b>			
Affiliation Fees	3	381,345	384,805
Audit and Accountancy Fees	4	14,900	5,400
Bank and Government Charges		240	240
Delegation Expenses – Employees		2,880	-
Donations – over \$1000		532,240	230,990
Donations – \$1000 or less		10,468	2,455
General Office		2,138	532
Marginal seat election expenses		93,923	-
Postage, Printing and Stationery		<u>2,800</u>	<u>-</u>
<b>TOTAL EXPENDITURE</b>		<u>1,040,934</u>	<u>624,422</u>
<b>DEFICIT FOR YEAR</b>		<u>(529,928)</u>	<u>(69,226)</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other Comprehensive Income for the year		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS</b>		<u>(529,928)</u>	<u>(69,226)</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,  
PRINTING AND KINDRED INDUSTRIES UNION**

**NATIONAL COUNCIL POLITICAL FUND**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 SEPTEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Cash at Bank	40	80
Receivable from: Cash Investments National Council	1,002,736	1,535,169
Prepayments	25,836	23,141
<b>TOTAL ASSETS</b>	<u>1,028,612</u>	<u>1,558,390</u>
<b>LIABILITIES</b>		
Trade and other payable	4,500	4,350
<b>TOTAL LIABILITIES</b>	<u>4,500</u>	<u>4,350</u>
<b>NET ASSETS</b>	<u>1,024,112</u>	<u>1,554,040</u>
<b>ACCUMULATED FUNDS</b>		
Accumulated Funds	1,024,112	1,554,040
<b>TOTAL ACCUMULATED FUNDS</b>	<u>1,024,112</u>	<u>1,554,040</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 2019**

	<b>Accumulated Funds</b>
	<b>\$</b>
<b>Balance at 30 September 2017</b>	1,623,266
Total comprehensive loss for the year	(69,226)
<b>Balance at 30 September 2018</b>	<u>1,554,040</u>
Total comprehensive loss for the year	(529,928)
<b>Balance at 30 September 2019</b>	<u><u>1,024,112</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 2019**

	Note	2019	2018
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Contributions and Remittances		1,128,360	585,801
Interest Received		19,427	36,423
Payments to Suppliers		(1,147,827)	(624,420)
		<hr/>	<hr/>
<b>NET USED IN OPERATING ACTIVITIES</b>	5(b)	(40)	(2,196)
		<hr/>	<hr/>
<b>NET DECREASE IN CASH HELD</b>		(40)	(2,196)
		<hr/>	<hr/>
Cash at Beginning of Year		80	2,276
		<hr/>	<hr/>
<b>CASH AT END OF YEAR</b>	5(a)	40	80
		<hr/>	<hr/>

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

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

**NATIONAL COUNCIL POLITICAL FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**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.

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

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

**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.

**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 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial Instruments**

***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective rate of interest method.

**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 Standards***

The Union has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and interpretations have been adopted during the period;

***AASB 9 Financial Instruments***

The entity has adopted AASB 9 from 1 October 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset based on its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').



**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 2019**

**New Australian Accounting Standards (Cont'd)**

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. For receivables, a simplified approach is applied whereby impairment is measured using a lifetime expected loss allowance.

The union has adopted AASB 9 during the current period, using the modified retrospective approach, which requires a cumulative catch-up adjustment to retained earnings and no restatement of comparative amounts. No adjustments to any provision for impairment on financial assets have been recognised following the adoption of the expected credit loss model.

Policies for measuring financial assets are outlined in Note 1.

***New accounting standards and interpretations not yet mandatory or early adopted.***

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 2019. 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 Political Fund is not expected to be materially impacted by this new standard	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 Political Fund is not expected to be materially impacted by this new standard	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 Political Fund is not expected to be impacted by this standards as it holds no operating leases at year end.	1 October 2019*  *(comparatives from 1 October 2018)

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

**NATIONAL COUNCIL POLITICAL FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Going concern basis of accounting**

The financial report has been prepared on the basis that the fund is a going concern, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Political Fund believes it is appropriate to adopt the going concern basis for preparing the report on the grounds that the National Council has made an undertaking to provide financial support to the fund.

The Political Fund does not provide any financial support to any other Branch of the AFMEPKIU.

**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.

**3. AFFILIATION FEES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Australian Labor Party NSW	69,575	70,300
Australian Labor Party Victoria	116,026	125,647
Australian Labor Party Queensland	89,071	80,486
Australian Labor Party Northern Territory	3,308	3,132
Australian Labor Party South Australia	31,061	33,016
Australian Labor Party Western Australia	65,977	66,409
Australian Labor Party Tasmania	6,327	5,815
	<b>381,345</b>	<b>384,805</b>

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

**NATIONAL COUNCIL POLITICAL FUND**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**4. AUDIT AND ACCOUNTANCY FEES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Auditors		
Audit Fees	3,450	3,350
Preparation of financial statements	1,050	1,000
Financial member affiliation audit	8,800	-
Other audit and accountancy services	1,600	1,050
	<u>14,900</u>	<u>5,400</u>

**5. CASH FLOW INFORMATION**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
(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>40</u>	<u>80</u>
(b) <b>Reconciliation of Cash Flow from Operations with (Deficit)/Surplus</b>		
{Deficit}/Surplus	(529,928)	(69,226)
<b>Changes in Assets and Liabilities</b>		
Increase in Prepayments	(2,695)	(98)
Decrease in Receivables from National Council General Fund	532,433	67,028
Increase in Trade and other payables	<u>150</u>	<u>100</u>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(40)</u>	<u>(2,196)</u>

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**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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	40	80

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

Receivables from National Council General Fund	1,002,736	1,535,169
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**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 2019 it had \$40 (2018: \$80) of cash and cash equivalents to meet these obligations as they fall due. The financial liabilities recorded in the financial statements at 30 September 2019 and 30 September 2018 was \$4,500 and \$4,350 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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6. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest Rate Risk (Cont'd)

30 September 2019	Floating/fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	40	-	40
Receivable	<u>1,002,736</u>	<u>-</u>	<u>1,002,736</u>
	<u>1,002,776</u>	<u>-</u>	<u>1,002,776</u>
Weighted average interest rate	1.94%	0%	1.94%
<b>Financial Liabilities</b>			
Payables	<u>(4,500)</u>	<u>-</u>	<u>(4,500)</u>
<b>Net Financial Assets</b>	<u>998,276</u>	<u>-</u>	<u>998,276</u>
30 September 2018	Floating/fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	80	-	80
Receivable	<u>1,535,169</u>	<u>-</u>	<u>1,535,169</u>
	<u>1,535,249</u>	<u>-</u>	<u>1,535,249</u>
Weighted average interest rate	2.37%	0%	2.37%
<b>Financial Liabilities</b>			
Payables	<u>(4,350)</u>	<u>-</u>	<u>(4,350)</u>
<b>Net Financial Assets</b>	<u>1,530,899</u>	<u>-</u>	<u>1,530,899</u>

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**6. FINANCIAL RISK MANAGEMENT (Cont'd)**

(e) *Interest Rate Risk (Cont'd)*

**Sensitivity Analysis**

<b>2019</b>	<b>Carrying Amount</b>	<b>+0.50% (50 basis points) Profit</b>	<b>-0.50% (50 basis points) Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	40	-	-

<b>2019</b>	<b>Carrying Amount</b>	<b>+0.50% (50 basis points) Profit</b>	<b>-0.50% (50 basis points) Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Receivable	1,002,736	5,014	(5,014)

<b>2018</b>	<b>Carrying Amount</b>	<b>+0.50% (50 basis points) Profit</b>	<b>-0.50% (50 basis points) Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	80	-	-

<b>2018</b>	<b>Carrying Amount</b>	<b>+0.50% (50 basis points) Profit</b>	<b>-0.50% (50 basis points) Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Receivable	1,535,169	7,676	(7,676)

**7. SUBSEQUENT EVENTS**

There were no events that occurred after 30 September 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Political Fund.

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**8. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS**

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

**9. RELATED PARTIES**

Key management personnel compensation and other Related Party transactions have been disclosed in the National Council's financial report.

**10. SECTION 272 FAIR WORK (REGISTERED ORGANISATION) ACT 2009**

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

Information to be provided to members or Commissioner:

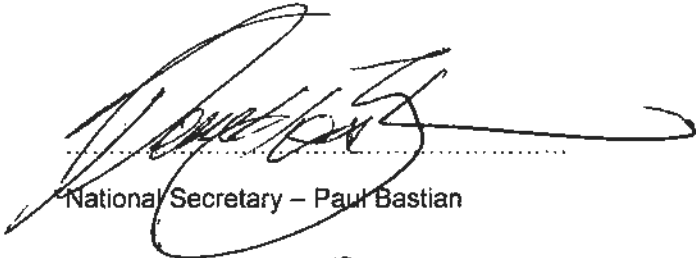
- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which,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



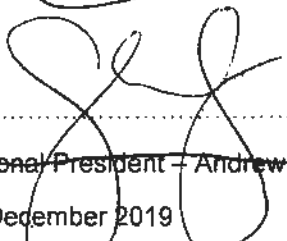
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**NATIONAL COUNCIL POLITICAL FUND**

Signed in accordance with a resolution of National Council



.....  
National Secretary - Paul Bastian



.....  
National President - Andrew Dettmer  
10 December 2019

National Councillor - Steve Murphy

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**OFFICER DECLARATION STATEMENT**

I Paul Bastian, being the Secretary of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union, declare that the following did not occur during the reporting period ending 30 September 2019:

The reporting unit did not:

- Agree to provide financial support to another reporting unit to ensure they continue as a going concern
- Acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- Receive capitation fees from another reporting unit
- Receive revenue via compulsory levies
- Receive donations or grants
- Receive revenue from undertaking recovery of wages activity
- Incur fees as consideration for employers making payroll deductions of membership subscriptions
- Pay capitation fees to another reporting unit
- Pay Wages and Salaries, Superannuation, Leave and Other Entitlements, Separation and Redundancies to Office Holders or other than Office Holders, as these are paid by the National Council and are included in the financial report of the National Council only
- Pay any other expense to another reporting unit
- Pay compulsory levies
- Pay a grant that was \$1,000 or less
- Pay a grant that exceeded \$1,000
- Pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- Incur expenses due to holding a meeting as required under the rules of the organisation
- Pay legal costs relating to litigation
- Pay legal costs relating to other legal matters
- Pay a penalty imposed under the RO Act or the Fair Work Act 2009
- Have a payable for Wages and Salaries, Superannuation, Leave and Other Entitlements, Separation and Redundancies to Office Holders or other than Office Holders, as these are paid by the National Council and are included in the financial report of the National Council only
- Have a payable for Employee Provisions for Office Holders or other than Office Holders, as these are paid by the National Council and are included in the financial report of the National Council only
- Have a payable with other reporting unit(s)
- Have a payable to an employer for that employer making payroll deductions of membership subscriptions
- Have a payable in respect of legal costs relating to litigation
- Have a payable in respect of legal costs relating to other legal matters
- Have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- Provide cash flows to another reporting unit and/or controlled entity
- Have another entity administer the financial affairs of the reporting unit
- Make a payment to a former related party of the reporting unit

  
National Secretary – Paul Bastian

10 December 2019

## 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 2019, 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, the Committee of Management Statement, the Officer Declaration Statement and the subsection 255(2A) report.

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 2019 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and any other requirement imposed by these Reporting Guidelines or Part 3 of Chapter 8 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 the 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 the reporting unit 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

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

This description forms part of our auditor's report.

### **Declaration by the auditor**

I, Grant Saxon, declare that I am an auditor registered under the *Fair Work (Registered Organisations) Act 2009*.

**BDO East Coast Partnership**

Grant Saxon  
Partner

Sydney, 10 December 2019

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