



7 April 2021

Steven Murphy
National Secretary

"Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union" known as the Australian Manufacturing Workers' Union (AMWU)

Sent via email: national.secretary@amwu.org.au
CC: grant.saxon@bdo.com.au

Dear Steven Murphy,

**"Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union" known as the Australian Manufacturing Workers' Union (AMWU)
Financial Report for the year ended 30 September 2020 – (FR2020/255)**

I acknowledge receipt of the financial report for the year ended 30 September 2020 for the "Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union" known as the Australian Manufacturing Workers' Union (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 18 March 2021. I also acknowledge receipt of supplementary information on 31 March 2021 in relation to queries I raised in an email sent on 29 March 2021 regarding membership contribution recognition.

The financial report has now been filed.

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

Please note that the financial report for the year ending 30 September 2021 may be subject to an advanced compliance review.

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

Auditor's report

Audit scope to include officer's declaration statement

Where nil activity disclosures are contained in an officer's declaration statement, in accordance with reporting guideline 21, the officer's declaration statement also forms part of a general purpose financial report prepared under section 253 of the RO Act (see subsection 253(2)(c) of the RO Act.)

Please note that an officer's declaration statement must, where one is prepared, be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

An officer's declaration statement was included in the copy of the documents lodged with the ROC but the auditor did not refer to the statement in the auditor's report.

General purpose financial report (GPFR)

References to legislation and the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager/Industrial Registrar must be changed to the ROC and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that Note 3 refer to the Industrial Registrar instead of the Commissioner. Please ensure in future year that this note is updated accordingly.

AASB 15 - Revenue from contracts with customers disclosures

Australian Accounting Standard *AASB 15 Revenue from Contracts with Customers* paragraph 113(a) requires an entity to disclose revenue from contracts with customers separately unless already disclosed separately in the statement of comprehensive income. AASB 15 paragraph 114 also requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

It appears that no such disclosure has been made.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

Materiality and offsetting

In correspondence to the ROC from the reporting unit on 31 March 2021, it stated that the net impact of the membership dues in arrears and membership paid in advance was immaterial and therefore not disclosed within the financial report.

In most cases the principal objective of a not-for-profit entity is not the generation of profit but the achievement of objectives. It may, therefore, not be appropriate to assess materiality for the statement of financial position by reference to total assets and/or total liabilities alone but make assessments of the items in an absolute and a relative context.

Materiality is a matter of professional judgment however I would encourage the reporting unit to review these items, taking into consideration the information needs of the users.

AASB 101 *Presentation of Financial Statements* paragraph 97 requires material items to be presented separately. AASB 101 paragraph 31 also states that an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard.

Please ensure in future year that membership contributions due in arrears and membership contributions paid in advance are disclosed separately.

Reporting Requirements

The ROC website provides a number of 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 s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie', with a long horizontal stroke underneath.

Kylie Ngo
Registered Organisations Commission

16 March, 2021

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

NATIONAL COUNCIL

CERTIFICATE OF NATIONAL SECRETARY

I, Steve Murphy, 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 17 December 2020; 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 16 March, 2021 in accordance with section 266(3) of the Fair Work (Registered Organisations) Act 2009.



STEVE MURPHY
NATIONAL SECRETARY

Australian Manufacturing
Workers' Union
Registered as AFMEPKIU
National Office
Level 4
133 Parramatta Road
Granville NSW 2142
Telephone: 02 8868 1500
Facsimile: 02 9897 9274
amwu@amwu.asn.au

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

NATIONAL COUNCIL

FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

NATIONAL COUNCIL

CONTENTS

	Page
Report required Under Subsection 255(2A)	2
Operating Report	3
Committee of Management Statement	10
Statement of Comprehensive Income	11
Statement of Financial Position	14
Statement of Changes in Accumulated Funds and Reserves	15
Statement of Cash Flows	16
Notes to and forming part of the Accounts	17
Officer Declaration Statement	57
Independent Audit Report	58

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

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 2020.

Categories of expenditures	2020	2019
	\$	\$
Remuneration and other employment-related costs and expenses – employees	25,742,480	25,793,773
Advertising	61,239	807,902
Operating costs	11,666,541	12,885,321
Donations to political parties	-	2,700
Legal costs	219,074	179,414
Other Costs	4,195,852	5,628,941



.....
National Secretary – Steven Murphy

8 December 2020

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

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 2020.

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 2020 the AFMEPKIU negotiated and registered 288 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 2020 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 \$5,744,751 (2019: net surplus of \$3,351,273).

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.

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

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:

Level	Position	Per Annum
5	Officer	\$99,676
6	Senior Officer	\$104,699
7	Assistant Federal Secretary/Assistant State Secretary	\$112,000
8	Assistant National Secretary / National Executive Officer/State Secretary	\$118,560
9	National Secretary/National President	\$127,673

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.

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

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:

Organisation	Amount received
Australian Super	\$72,062.83
Construction & Building Industry Super	\$72,331.47
Motor Trades Association of Australia Superannuation Fund	\$77,437.00
Industry Capability Network Limited	\$11,000.00
Media Super	\$88,649.08
Publicity Works	\$12,000.00
Australian Construction Industry Redundancy Trust	\$19,915.40
Coal Mining Industry (Long Service Leave Funding) Corporation	\$22,192.00
TAFE Queensland	\$25,120.00

Associated Entities & Principal Relationships

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

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

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

Key Relationships

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

Supplier	
Building Services	Legal Services
CBD MECHANICAL ELECTRICAL	MAURICE BLACKBURN PTY LTD
ENERGY AUSTRALIA	TAYLOR & SCOTT
ORIGIN ENERGY SERVICES LTD	LUCY SAUNDERS
SIMPLY ENERGY	Printing & Publicity Services
SIEMENS LTD	DCMC DESIGN PTY LTD

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

NATIONAL COUNCIL

OPERATING REPORT (Cont'd)

Supplier	
Building Services	Printing & Publicity Services
BENITEZ HOLDINGS P/L	MCPHERSONS PRINTING GROUP
CONSOLIDATED PROPERTY SERVICES	CREATIVE WORKS
KNIGHT FRANK AUSTRALIA P/L	MOUNTAIN MEDIA
MCGEES PROPERTY	BLUE GUM CLOTHING CO. P/L
DAIKIN AUSTRALIA P/L	MINUTEMAN PRESS
J HUTCHISON P/L	ENVELOPE EXPERTS
HD & TA WEBER	CATE BROADBENT
EXTREME FIRE SOLUTIONS & ELECTRICAL	HORTON ADVISORY
OTIS LIFTS	Travel Services
AGL P/L	AMERICAN EXPRESS
SPIFFY CLEAN P/L	QANTAS
STEMAR GROUP P/L	FCM TRAVEL SOLUTIONS
Financial & Advisory Services	CABCHARGE AUST P/L
BDO AUDIT PTY LTD	MERCURE SYDNEY
COVERFORCE INSURANCE BROKING	Vehicle Services
ICARE	GILLEN MOTORS PTY LTD
NATIONAL AUSTRALIA BANK	HEARTLAND MOTORS
INDUSTRY FUNDS SERVICES	SUMMIT FLEET LEASING
Direct Membership Services	ROAM
ON THE LINE AUSTRALIA INC	
IT & Communications Services	
CANON AUSTRALIA P/L	TELSTRA
COMPUTER MERCHANTS	OPTUS
INFOR GLOBAL SOLUTIONS(ANZ)P/L	EXETEL
SOFTWARE ONE	SOFTWARE ONE AUST P/L
IT INTEGRITY	NORTHERN MANAGED FINANCE P/L
ASCENDER PTY LTD	PSI PACIFIC MANAGED SOLUTIONS
TPG TELECOM	THOMSON REUTERS (PROFESSIONAL)

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

NATIONAL COUNCIL

OPERATING REPORT (Cont'd)

Officers' Material Personal Interests

For the year ended 30 September 2020, the Officers of the AFMEPKIU have declared no material personal interests.

Payments to related parties or declared persons

For the year ended 30 September 2020, 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 2020 is a trustee of a superannuation entity or an exempt public sector superannuation scheme or a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation, are as follows:

Name of officer or member	Superannuation Fund	Position Held
Glenn Thompson	Australian Super	Member Director
Nixon Apple	Australian Super	Member Director-Alternate
Peter Cozens	Australian Super	Member Director-Alternate
Anne Donnellan	C+BUS	Member Director
Dave Smith	MTAA Super	Member Representative Director
Katrina Ford	Media Super	Member Representative Director
Gary Callaghan	Media Super	Member Representative Director
Jim Reid	Media Super	Member Representative Director
Ian Mortimer	Media Super	Member Representative Alternate Director

Other Relevant Information

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

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

- (a) The number of persons who were recorded in the register of members on 30 September 2020 was 59,127.
- (b) The number of persons who were employees of the reporting unit on 30 September 2020 was 242, 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:

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

NATIONAL COUNCIL

OPERATING REPORT (Cont'd)

Name	Period Position Held
Ann-Marie Allan	1 October 2019 to 30 September 2020
Robert Ballantyne	1 October 2019 to 30 September 2020
Paul Bastian	1 October 2019 to 18 September 2020
Peter Bauer	1 October 2019 to 30 September 2020
Chris Brandy	1 October 2019 to 19 November 2020
Shannon Brooks	1 October 2019 to 30 September 2020
Michael Cannon	1 October 2019 to 30 September 2020
Lorraine Cassin	1 October 2019 to 30 September 2020
Frank Cherry	1 October 2019 to 31 December 2019
Charlie Clarke	1 October 2019 to 30 September 2020
Andrew Dettmer	1 October 2019 to 30 September 2020
Paul Difelice	1 October 2019 to 30 September 2020
Steven Fainges	1 October 2019 to 30 September 2020
Dean Fairchild	1 October 2019 to 30 September 2020
Robyn Fortescue	29 September 2020 to 30 September 2020
Belinda Griggs	1 October 2019 to 15 June 2020
Chris Harper	1 October 2019 to 30 September 2020
Jesse Hawke	22 July 2020 to 30 September 2020
Tony Head	1 October 2019 to 30 September 2020
Jason Hefford	1 October 2019 to 30 September 2020
Chris Kirkby	1 October 2019 to 30 September 2020
Jon Lambropoulos	1 October 2019 to 30 September 2020
Keith Lang	1 October 2019 to 30 September 2020
Lou Malgeri	1 October 2019 to 30 September 2020
Tony Mavromatis	1 October 2019 to 30 September 2020
Steve McCartney	1 October 2019 to 30 September 2020
Glenn McLaren	1 October 2019 to 30 September 2020
Noel Mitchell	1 October 2019 to 30 September 2020
Leigh Monson	1 October 2019 to 30 September 2020
Chris Mooney	1 October 2019 to 30 September 2020
Ian Mortimer	1 October 2019 to 30 September 2020


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


NATIONAL COUNCIL

OPERATING REPORT (Cont'd)

Steve Murphy	1 October 2019 to 30 September 2020
David Norris	1 October 2019 to 30 September 2020
Colin Ormsby	1 January 2020 to 30 September 2020
Mark Pearce	1 October 2019 to 30 September 2020
Tony Piccolo	15 June 2020 to 30 September 2020
Jon Primrose	1 October 2019 to 30 September 2020
Dominic Rozario	1 October 2019 to 30 September 2020
Ahmet Sayan	19 November 2019 to 30 September 2020
John Short	1 October 2019 to 30 September 2020
Dave Smith	1 October 2019 to 30 September 2020
Karen Smith	1 October 2019 to 30 September 2020
Heidi Stenschke	1 October 2019 to 30 September 2020
Mick Terry	1 October 2019 to 30 September 2020
Glenn Thompson	1 October 2019 to 30 September 2020
Keith Topp	1 October 2019 to 30 September 2020
Jenny Tynan	1 October 2019 to 30 September 2020
Rohan Webb	1 October 2019 to 30 September 2020
Abi Winter	1 October 2019 to 15 July 2020
Cory Wright	1 October 2019 to 30 September 2020

Signed in accordance with a resolution of National Council


.....
National Secretary – Steven Murphy


.....
National President – Andrew Dettmer

8th December 2020

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

NATIONAL COUNCIL

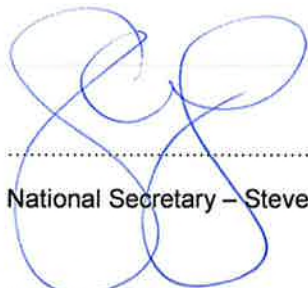
COMMITTEE OF MANAGEMENT'S STATEMENT

On 7th December 2020 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 2020.

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 – Steven Murphy

8th December 2020

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

NATIONAL COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 \$	2019 \$
INCOME			
Contributions	4A	33,936,200	33,953,212
Distribution from Available-for-Sale Financial Assets		2,205,372	2,290,051
Interest Received		147,757	481,628
Grant Income		476,078	363,487
Rent Received	4B	2,973,925	4,282,253
Sundry Income (including Board fees)	5	<u>5,110,459</u>	<u>7,191,080</u>
TOTAL INCOME		<u>44,849,791</u>	<u>48,561,711</u>
EXPENDITURE			
Depreciation			
Depreciation – investment property			
Buildings – owner occupied	15	901,528	892,191
Computer Installation	15	384,209	386,543
Furniture & Fittings	15	58,967	64,963
Motor Vehicles	15	892,481	878,145
Right of Use asset	16	<u>63,852</u>	<u>-</u>
Total Depreciation Property Plant and equipment		<u>2,301,037</u>	<u>2,221,842</u>
Employee Benefits Expense			
Salaries		21,679,262	21,265,031
Accrued Annual Leave		346,102	215,945
Long Service Leave		(14,285)	206,294
Redundancies		-	10,427
Superannuation		<u>2,313,456</u>	<u>2,309,976</u>
Sub total	6	24,324,535	24,007,673
Fringe Benefits Tax		539,719	509,651
Payroll Tax		<u>324,312</u>	<u>292,367</u>
		<u>25,188,566</u>	<u>24,809,691</u>
State Branch Expenditure	9A	<u>4,195,852</u>	<u>5,628,941</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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Cont'd)**

	Note	2020	2019
		\$	\$
EXPENDITURE (Cont'd)			
Other Expenses			
Affiliation Fees	7A	524,442	471,236
Bank and Government Charges		208,158	197,496
Building Expenses		2,780,725	2,784,553
Collectors Expenses		-	-
Computing		696,731	633,910
Conference and Meeting Expenses		-	537,664
Delegation/Employee Expenses	8	553,913	984,082
Donations and Grants	7B	24,296	24,535
Freight		15,626	14,982
Finance costs	16	3,328	-
Fund Expenses			
Political Fund Expenditure		440,399	1,043,439
Hardship Fund Expenditure		161,476	362,320
Vehicle Education Fund Expenditure		18,691	109,090
Education Fund Expenditure		534,405	350,642
Campaign & Organising Fund Expenditure		-	-
Strategic Plan Fund Expenditure		432,814	411,560
Funeral Benefits		47,070	31,940
General Office Expenses	7C	237,406	233,363
Impairment of Long term receivables		163,028	119,945
Insurance		1,120,487	1,138,969
Membership Printing		409,833	421,989
Motor Vehicle Expenses		244,322	251,521
Postage		11,675	7,882
Printing and Distribution - AMWU News		170,116	146,116
Printing and Distribution – Newsletters		6,032	29,219
Printing and Stationery		312,780	379,726
Professional Services	19	421,382	394,389
Publicity		61,239	807,902
Premises expenses	16	117,834	258,182
Research		116,559	77,438
Telephone		364,964	413,487
		<u>10,199,731</u>	<u>12,637,577</u>
TOTAL EXPENDITURE		<u>41,885,186</u>	<u>45,298,051</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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020 (Cont'd)**

	2020	2019
	\$	\$
OPERATING SURPLUS FOR YEAR	2,964,605	3,263,330
Gain on Disposal of Assets	110,146	87,613
Gain on Revaluation of Investment Properties	<u>2,670,000</u>	<u>-</u>
NET SURPLUS FOR YEAR	<u>5,744,751</u>	<u>3,351,273</u>
OTHER COMPREHENSIVE INCOME		
Net (Decrease)/ Increase in Value of Available-for-Sale Financial Assets	(1,894,685)	1,904,825
Gain on Revaluation of Land and Buildings	<u>7,829,949</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>5,935,264</u>	<u>1,904,825</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>11,680,015</u>	<u>5,256,098</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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020**

	Note	2020	2019
		\$	\$
ASSETS			
Current Assets			
Cash and Cash Equivalents	10	2,347,642	2,008,905
Receivables	11	5,712,819	5,937,808
Other Assets	11	1,096,370	1,079,142
Other Financial Assets	12	78,065,776	76,763,813
Total Current Assets		<u>87,222,607</u>	<u>85,789,668</u>
Non-Current Assets			
Property, Plant and Equipment	15A	66,798,132	59,191,227
Investment Property	15B	52,600,000	49,930,000
Investments	13	313,001	313,001
Right of use assets	16	162,871	-
Other Financial Assets	12	46,670	46,670
Receivables	11	251,724	414,751
Total Non-Current Assets		<u>120,172,398</u>	<u>109,895,649</u>
TOTAL ASSETS		<u>207,395,005</u>	<u>195,685,317</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	17	727,171	857,852
Lease liability	16	67,444	-
Provisions	18	8,879,245	8,879,711
Total Current Liabilities		<u>9,673,860</u>	<u>9,737,563</u>
Non-Current Liabilities			
Lease liability	16	99,692	-
Provisions	18	305,906	312,222
Total Non-Current Liabilities		<u>405,598</u>	<u>312,222</u>
TOTAL LIABILITIES		<u>10,079,458</u>	<u>10,049,785</u>
NET ASSETS		<u>197,315,547</u>	<u>185,685,532</u>
ACCUMULATED FUNDS AND RESERVES			
Available-for-Sale Investment Reserve		(758,398)	1,136,287
Revaluation Reserve		33,547,547	25,717,598
Accumulated Funds	21	164,526,398	158,781,647
TOTAL ACCUMULATED FUNDS AND RESERVES		<u>197,315,547</u>	<u>185,635,532</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

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Accumulated Funds	Fair Value Investment Reserve	Revaluation Reserve	Total
	\$	\$	\$	\$
Balance at 30 September 2018	156,430,374	(768,538)	25,717,598	180,379,434
Net surplus for the Year	3,351,273	-	-	3,351,273
Other comprehensive income:				
Available-for-Sale financial assets	-	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>
Balance at 30 September 2019	<u>158,781,647</u>	<u>1,136,287</u>	<u>25,717,598</u>	<u>185,635,532</u>
Net surplus for the Year	5,744,751	-	-	5,744,751
Other comprehensive income:				
Increase in value of				
financial assets at fair value	-	(1,894,685)	-	(1,894,685)
Revaluation surplus	-	-	7,829,949	7,829,949
Total Comprehensive Income	<u>5,744,751</u>	<u>(1,894,685)</u>	<u>7,829,949</u>	<u>11,680,015</u>
Balance at 30 September 2020	<u>164,526,398</u>	<u>(758,398)</u>	<u>33,547,547</u>	<u>197,315,547</u>

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

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

NATIONAL COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Contributions Received		33,936,200	33,953,212
Receipts from other Reporting Units		-	-
Payments to other Reporting Units	9B	(4,195,852)	(5,628,941)
Payments to Suppliers and Employees		(35,638,142)	(37,633,184)
Distributions Received		2,205,372	2,290,051
Interest Received		151,581	484,310
Interest paid		(3,328)	-
Rent Received		3,271,318	4,710,479
Grant Income		523,686	399,836
Sundry Income		<u>5,110,459</u>	<u>7,191,080</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	20B	<u>5,361,294</u>	<u>5,766,843</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant and Equipment		430,091	340,590
Net Proceeds from Investments		-	2,000,000
Payments for Property, Plant and Equipment		(2,196,413)	(1,628,931)
Payments for Investment property		-	-
Net Payments for Investments		<u>(3,202,805)</u>	<u>(5,641,886)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(4,969,127)</u>	<u>(4,750,227)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease liability repayments		<u>(59,586)</u>	-
NET CASH USED IN FINANCING ACTIVITIES		<u>(59,586)</u>	-
NET (DECREASE)/INCREASE IN CASH HELD		332,581	1,016,616
Cash at Beginning of Year	20A	<u>7,185,522</u>	<u>6,168,906</u>
CASH AT END OF YEAR	20A	<u>7,518,103</u>	<u>7,185,522</u>

(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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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.

**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 2020 (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.

**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 2020 (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.

**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 2020 (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.

**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 2020 (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.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c) Revenue

The National Council recognised revenue as follows;

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Membership contribution revenue is recognised over the period of time to which the subscription relates, as the benefits of the membership are provided to the customer.

Revenue from the sale of goods is recognised at the point in time the performance obligation is satisfied, being the point at which the customer obtains control of the goods.

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

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

Board fees are fees received where union officers are appointed to a board of trustees for superannuation funds as union representatives. These fees are recognised at the point in time that they are received.

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

Government grants

Government grant revenue is recognised over time, as the company satisfies its performance obligations as stated in the grant funding agreements, which is typically associated with the expenditure of related costs under the agreement. 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.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 Fair Value

All land and building assets are carried at their fair value, in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment. Fair value 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.

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 2020, 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.

All other classes of property, plant and equipment are carried at cost less, where applicable, any accumulated depreciation and any impairment in value.

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%

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) 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.

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. Assets are valued in accordance with AASB 13 Fair Value Measurement and AASB 140 Investment Property. Fair value 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.

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) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the National Council expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) 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.

h) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

i) 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.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

j) 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.

k) 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.

l) 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.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) 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.

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.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

n) Going concern support

The National Council is not reliant on the financial support of any other reporting units to ensure they can continue on a going concern basis. No financial support has been received in the year to 30 September 2020.

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

The National Council supports the branches through:

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

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

o) New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Branch.

The following Accounting Standards and Interpretations are most relevant to the Branch:

AASB 15 Revenue from Contracts with Customers

The National Council has adopted AASB 15 from 1 October 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) New Australian Accounting Standards (Cont'd)

The adoption of the standard did not have a material impact on the National Council's accounting policies, or the timing and nature of revenue recognition for the National Council. The accounting policies for revenue recognition are disclosed in Note 1 (c) of the financial report.

AASB 1058 Income of Not-for-Profit Entities

The National Council has adopted AASB 1058 from 1 October 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised.

Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

The adoption of the standard did not have a significant impact on the National Council accounting policies. The accounting policies for recognition of grant income are disclosed in Note 1 (c) of the financial report.

Impact of adoption

AASB 15 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) New Australian Accounting Standards

AASB 16 Leases

The National Council has adopted AASB 16 from 1 October 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 October 2019, and as such no adjustment has been made at the date of initial application.

The National Council applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117;

- Applied the exemption not to recognise right of use assets and liabilities for short term leases less than 12 months of term; and
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics, including similar class of assets and remaining lease terms.

Leases previously accounted for as operating leases

The National Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

**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 2020 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) New Australian Accounting Standards

On transition at 1 October 2019, the National Council recognised a right of use asset of \$226,723 and a lease liability of \$226,723. The group has since recognised an additional depreciation charge of \$63,852 in relation to the depreciation of the right of use assets, as well as an additional finance cost of \$3,328 due to interest expense on the lease liability.

When measuring lease liabilities, the National Council has discounted the payments using its incremental borrowing rate at the date of initial application of AASB 16. The weighted average rate applied was 3.5%.

A reconciliation from operating lease commitments to lease liabilities at 1 October 2019 is as follows:

	\$
Operating lease commitments as at 30 September 2019	273,118
Discounted using the National Council's weighted average incremental borrowing rate of 3.5%	(9,236)
(Less):	
• Short-term leases recognised on a straight-line basis as an expense	(37,159)
Lease liability recognised as at 1 October 2019	<u>226,723</u>

p) Comparative figures

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

**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 2020 (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 and PPE land & buildings

The National Council's assumptions in determining the fair value of investment property and land & buildings as property, plant & equipment 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(i) 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).

**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 2020 (Cont'd)**

	2020	2019
	\$	\$
4A. CONTRIBUTIONS		
Gross Contributions	33,936,200	33,953,212
Comprises the following various funds:		
Political Fund	488,869	511,006
Hardship Fund	161,476	362,320
Education Fund	310,190	311,723
Vehicle Division Education Fund	-	-
Campaign & Organising Fund	-	-
Strategic Plan Resource Fund	821,181	624,901
General Fund	<u>32,154,484</u>	<u>32,143,262</u>
	<u>33,936,200</u>	<u>33,953,212</u>
	2020	2019
	\$	\$
4B. RENT RECEIVED		
Electricity Recovered	70,818	98,481
Tenant Items Recovered	1,129	12,255
Rent Received – investment property	2,825,651	3,972,956
Rent Outgoings Received	13,608	75,360
Car Parking	<u>62,719</u>	<u>123,201</u>
	<u>2,973,925</u>	<u>4,282,253</u>
	2020	2019
	\$	\$
5. SUNDRY INCOME		
Dividend Received	-	858
Income from Associate – U-Cover Pty Ltd	2,579,610	2,557,680
Training course fees	290,750	315,556
Promotional income – advertising	216,818	272,273
Board Fees	395,877	379,276
Miscellaneous Income	<u>1,627,404</u>	<u>3,665,437</u>
	<u>5,110,459</u>	<u>7,191,080</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 2020 (Cont'd)**

	2020	2019
	\$	\$
6. EMPLOYEE BENEFITS EXPENSE		
Holders of office:		
Wages and salaries	6,153,756	6,226,176
Superannuation	685,146	692,439
Leave and other entitlements	115,243	119,947
Separation and redundancies	32,580	5,213
Subtotal employee expenses holders of office	<u>6,986,725</u>	<u>7,083,775</u>
Employees other than office holders:		
Wages and salaries	15,492,926	14,998,855
Superannuation	1,628,310	1,617,537
Leave and other entitlements	216,574	302,292
Separation and redundancies	-	5,214
	<u>17,337,810</u>	<u>16,923,898</u>
Total employee expenses	<u>24,324,535</u>	<u>24,007,673</u>
7A AFFILIATIONS		
Australian People for Health, Education & Development	25,293	25,054
Australasian Railway Association	1003	999
Australia Fair Trade & investment Network	276	240
Australian Council of Trade Unions	290,035	297,270
Australian Palestine Advocacy Network	401	400
First Nations Workers Alliance	796	454
IndustriALL	143,992	88,899
International Union of Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations	27,121	25,478
Phillipines Australia Union Link	50	50
Registered Workers Club Holiday Centre	4,014	3,997
Responsible Forest Management	1,706	1,700
Union Network International	29,755	26,695
Total affiliations	<u>524,442</u>	<u>471,236</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 2020 (Cont'd)**

	2020	2019
	\$	\$
7B. GRANTS OR DONATIONS \$1000 OR LESS		
Grants	-	-
Donations	1,900	2,035
	<u>1,900</u>	<u>2,035</u>
GRANTS OR DONATIONS OVER \$1000		
Grants	-	-
Donations	22,396	22,500
	<u>22,396</u>	<u>22,500</u>
Total	<u>24,296</u>	<u>24,535</u>
7C. GENERAL OFFICE EXPENSES		
Total paid to employers for payroll deductions of membership subscriptions	74,049	39,279
Other	163,357	194,084
Total	<u>237,406</u>	<u>233,363</u>
8 DELEGATION/EMPLOYEE EXPENSES/(REFUNDS)		
Employees - Office Holders	375,575	441,581
Employees - Other	-	329,064
Members	114,779	174,768
	<u>490,354</u>	<u>945,413</u>
International - Office Holders	18,075	21,844
International - Other	45,484	16,825
	<u>63,559</u>	<u>38,669</u>
Total	<u>553,913</u>	<u>984,082</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 2020 (Cont'd)**

9A STATE BRANCH EXPENDITURE	2020	2019
	\$	\$
State branch expenditure is broken down amongst the state branches as follows:		
New South Wales branch	575,077	696,838
Queensland branch	956,264	1,251,104
South Australia branch	184,610	290,330
Tasmania branch	166,508	200,402
Victoria branch	1,524,585	2,200,376
Western Australia branch	788,808	989,891
	<u>4,195,852</u>	<u>5,628,941</u>
9B PAYMENTS TO OTHER REPORTING UNITS		
Payments to other reporting units are broken down amongst the state branches as follows:		
New South Wales branch	575,077	696,838
Queensland branch	956,264	1,251,104
South Australia branch	184,610	290,330
Tasmania branch	166,508	200,402
Victoria branch	1,524,585	2,200,376
Western Australia branch	788,808	989,891
	<u>4,195,852</u>	<u>5,628,941</u>
10. CASH AND CASH EQUIVALENTS		
Advances and Floats	19,736	19,470
Bank Accounts:		
National Council General Fund	2,310,373	1,974,420
National Council Political Fund	-	-
Recoverable Deposits	17,893	15,015
	<u>2,347,642</u>	<u>2,008,905</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 2020 (Cont'd)**

	2020	2019
11. RECEIVABLES	\$	\$
<i>Current</i>		
Trade receivables	443,622	468,951
Accrued Interest	2,335	6,159
Membership in Arrears		195,836
Provision for bad debts	(38,778)	(38,778)
National Entitlement Security Trust (NEST) *	<u>5,305,640</u>	<u>5,305,640</u>
	<u>5,712,819</u>	<u>5,937,808</u>
<i>*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</i>		
<i>Non-Current</i>		
IPP Property Trust - Distribution Receivable	534,696	534,696
Less: Provision for expected credit losses	<u>(282,972)</u>	<u>(119,945)</u>
	<u>251,724</u>	<u>414,751</u>
OTHER ASSETS		
<i>Current</i>		
Prepayments	851,122	847,164
Sundry Debtors	<u>245,248</u>	<u>231,978</u>
	<u>1,096,370</u>	<u>1,079,142</u>
12. OTHER FINANCIAL ASSETS	2020	2019
	\$	\$
<i>Financial assets carried at amortised cost:</i>		
Short-Term Deposits	5,170,461	5,176,617
<i>Financial assets at fair value through other comprehensive income:</i>		
<i>Managed Funds</i>		
- Equity instruments, designated at fair value Through OCI	39,326,119	32,779,194
- Non-equity instruments at fair value through OCI	33,569,196	38,808,002
Total: Managed Funds	<u>72,895,315</u>	<u>71,587,196</u>
Foundation units	46,670	46,670
	<u>78,112,446</u>	<u>76,810,483</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 2020 (Cont'd)**

12. OTHER FINANCIAL ASSETS (Cont'd)

	2020	2019
	\$	\$
Current	78,065,776	76,763,813
Non-Current	<u>46,670</u>	<u>46,670</u>
	<u>78,112,446</u>	<u>76,810,483</u>

13. INVESTMENTS

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

2020	Balance	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income – Managed funds: Equity instruments	39,326,119	-	39,326,119	-
Financial assets at fair value through other comprehensive income – Managed funds: Non-equity instruments	33,569,196	-	33,569,196	-
Financial assets at fair value through other comprehensive income – Unquoted Foundation units	46,670	-	-	46,670

2019	Balance	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income – Managed funds: Equity instruments	32,779,194	-	32,779,194	-
Financial assets at fair value through other comprehensive income – Managed funds: 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

**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 2020 (Cont'd)**

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

	Foundation Units	Equity investments	Total
Opening balance - 2019	46,670	-	46,670
Total gains or losses			
- in profit or loss	-	-	-
- in other comprehensive income	-	-	-
Purchases	-	-	-
Disposals	-	-	-
Transfers out of Level 3		-	
Closing balance 2020	46,670	-	46,670
Total gains or losses for the period included in profit or loss			
2020	-	-	-
2019	-	-	-

14B. ASSOCIATED ENTITIES DISCLOSURES

Name of entity	Principal Activity	Ownership	
		2020	2019
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 2020 amounts are applied to represent the gains or losses.	24%	24%

**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 2020 (Cont'd)**

14B. ASSOCIATED ENTITIES DISCLOSURES (Cont'd)

Summary financial information of associates

Ucover – year ended 30 June 2020	2020	2019
	\$	\$
Statement of financial position:		
Assets	4,782,183	5,239,171
Liabilities	(4,782,183)	(5,239,171)
Net assets	-	-
Statement of comprehensive income:		
Income	5,508,371	5,582,287
Expenses	(513,779)	(520,843)
Net surplus/(deficit)	4,994,592	5,061,444
Share of net surplus:		
Share of net surplus before tax	2,447,350	2,480,108
Income tax expense	-	-
Share of net surplus after tax	2,447,350	2,480,108

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.

Summary financial information of associates

Industry Printing and Publishing Pty Limited – year ended 30 June 2020	2020	2019
	\$	\$
Statement of financial position:		
Assets	5,897,517	5,954,382
Liabilities	(4,845,885)	(4,836,755)
Net assets	1,051,632	1,117,627
Statement of comprehensive income:		
Income	120,048	120,099
Expenses	(186,043)	(144,116)
Net (deficit)	(65,995)	(24,017)
Share of net (deficit):		
Share of net (deficit) before tax	(15,839)	(5,764)
Income tax expense	-	-
Share of net (deficit) after tax	(15,839)	(5,764)

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.

**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 2020 (Cont'd)**

	2020 \$	2019 \$
15A. PROPERTY, PLANT AND EQUIPMENT		
Computer Equipment		
Cost	2,095,216	2,009,512
Less Accumulated Depreciation	<u>(1,289,232)</u>	<u>(905,022)</u>
	<u>805,984</u>	<u>1,104,409</u>
Furniture and Fittings		
Cost	5,896,069	5,874,645
Less Accumulated Depreciation	<u>(5,568,337)</u>	<u>(5,509,370)</u>
	<u>327,732</u>	<u>365,284</u>
Motor Vehicles		
Cost	4,727,426	4,991,894
Less Accumulated Depreciation	<u>(2,073,532)</u>	<u>(2,160,274)</u>
	<u>2,653,894</u>	<u>2,831,620</u>
Properties held for own use – at Valuation		
Land	33,934,309	28,402,598
Buildings	29,019,009	26,932,402
Less Accumulated depreciation	(143,318)	(892,191)
Buildings – Work in progress	<u>200,522</u>	<u>447,024</u>
	<u>63,010,522</u>	<u>54,889,833</u>
TOTAL PROPERTY PLANT & EQUIPMENT	<u>66,798,132</u>	<u>59,171,227</u>

MOVEMENTS IN CARRYING AMOUNTS 2020

	Computer Equipment \$	Furniture and Fittings \$	Motor Vehicles \$	Land and Buildings \$	Buildings -work in progress \$	Total \$
Balance at 1 Oct 2019	1,104,490	365,284	2,831,620	54,442,809	447,024	59,191,227
Additions	85,703	21,415	1,034,700	20,000	1,192,267	2,354,085
Disposals	-	-	(319,944)	-	-	(319,944)
Transfers	-	-	-	1,438,769	(1,438,769)	-
Re-valuations	-	-	-	7,829,949	-	7,829,949
Depreciation	<u>(384,209)</u>	<u>(58,967)</u>	<u>(892,481)</u>	<u>(901,528)</u>	<u>-</u>	<u>(2,237,185)</u>
Balance at 30 Sept 2020	<u>805,984</u>	<u>327,732</u>	<u>2,653,894</u>	<u>62,810,000</u>	<u>200,522</u>	<u>66,798,132</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 2020 (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 fair value, in accordance with AASB 13 Fair Value Measurement and AASB 116 Property, Plant and Equipment. Fair value 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.

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 2020, 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%

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.

**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 2020 (Cont'd)**

15B. INVESTMENT PROPERTY

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

	2020	2019
	\$	\$
Investment property		
Land	29,839,783	39,987,568
Rented Property	<u>22,760,217</u>	<u>10,942,432</u>
Net Book Value	<u>52,600,000</u>	<u>49,930,000</u>

	2020	2019
	\$	\$
Balance at start of year	49,930,000	49,930,000
Additions	-	-
Disposals	-	-
Transfers	-	-
Re-valuations	<u>2,670,000</u>	-
Balance at end of year	<u>52,600,000</u>	<u>49,930,000</u>

Investment Property

Investment properties are measured initially its costs, 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 includes 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.

**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 2020 (Cont'd)**

15B. INVESTMENT PROPERTY (Cont'd)

ASSETS MEASURED AT FAIR VALUE ON THIS STATEMENT OF FINANCIAL POSITION

2020	Balance	Level 1	Level 2	Level 3
Investment Properties	52,600,000	-	-	52,600,000

2019	Balance	Level 1	Level 2	Level 3
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: \$52,600,000 – are held at fair value, on the basis of director's valuations, supported by independent property valuations. The valuations have applied recognised valuation techniques, including the Income Capitalisation Method, Discounted Cash Flow Method and Direct Comparison Method.

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

	Investment Properties
Opening balance - 2019	<u>49,930,000</u>
Total gains or losses	
- in profit or loss	2,670,000
- in other comprehensive income	-
Purchases	-
Disposals	-
Transfers out of Level 3	-
Closing balance 2020	<u>52,600,000</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 2020 (Cont'd)**

16. LEASES	2020	2019
	\$	\$
<i>Right of use assets</i>		
Balance at 1 October 2019	-	-
Additions on adoption of AASB 16 Leases	226,723	-
Depreciation expense	<u>(63,852)</u>	<u>-</u>
	<u>162,871</u>	<u>-</u>
<i>Lease liabilities</i>		
Current	67,444	-
Non-current	<u>99,692</u>	<u>-</u>
	<u>167,136</u>	<u>-</u>
<i>Amounts recognised in statement of profit or loss and other comprehensive income</i>		
Interest on lease liabilities	3,328	-
Expenses relating to short term & low value leases	117,834	-
Depreciation expense	<u>63,852</u>	<u>-</u>
	<u>185,014</u>	<u>-</u>

The National Council leases a number of small office spaces over leases that range between 1-2 years in length. The National Council has not accounted for any options to extend its lease arrangements, on the basis that it is not reasonably likely these options will be exercised.

	2020	2019
	\$	\$
17. TRADE AND OTHER PAYABLES		
Trade payables	67,741	240,562
GST Payable	271,762	210,683
Sundry creditors	387,668	406,607
	<u>727,171</u>	<u>857,852</u>

As at 30 September 2020, the National Council held no balances payable to entities or persons in relation to legal costs or litigation matters.

As at 30 September 2020, there were no payables due to the following:

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

**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 2020 (Cont'd)**

18. PROVISIONS	2020	2019
Current	\$	\$
Annual Leave Entitlements	3,566,364	3,220,261
Long Service Leave Entitlements	5,312,881	5,320,850
Provision for Redundancy	-	-
Provision for Bonus	-	338,600
	<u>8,879,245</u>	<u>8,879,711</u>
Non-Current		
Long Service Leave Entitlements	<u>305,906</u>	<u>312,222</u>
	<u>9,185,151</u>	<u>9,191,933</u>
18A EMPLOYEE PROVISIONS	2020	2019
	\$	\$
Office Holders:		
Annual leave	884,239	881,428
Long service leave	1,871,176	1,870,443
Subtotal employee provisions—office holders	<u>2,755,415</u>	<u>2,751,871</u>
Employees other than office holders:		
Annual leave	2,682,125	2,338,833
Long service leave	3,747,611	3,762,629
Provision for Redundancy	-	-
Provision for Bonus	-	338,600
Subtotal employee provisions—employees other than office holders	<u>6,429,736</u>	<u>6,400,062</u>
Total employee provisions	<u>9,185,151</u>	<u>9,191,933</u>
19. PROFESSIONAL SERVICES	2020	2019
	\$	\$
Auditors		
Audit Fees	71,500	63,900
Preparation of financial statements	6,000	5,500
Other assurance engagements	10,700	11,800
	<u>88,200</u>	<u>81,200</u>
Legal Expenses		
Litigation	197,200	148,192
Other Legal Matters	21,874	31,222
	<u>219,074</u>	<u>179,414</u>
Other professional fees	114,018	133,775
Total professional fees	<u>421,382</u>	<u>394,389</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 2020 (Cont'd)**

20. CASH FLOW INFORMATION	Note	2020	2019
		\$	\$
A			
For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.			
Cash and Bank Balances	10	2,347,642	2,008,905
Short Term Deposits	12	<u>5,170,461</u>	<u>5,176,617</u>
		<u>7,518,103</u>	<u>7,185,522</u>
B Reconciliation of Cash Flow from Operations with Net Surplus			
Net Surplus		5,744,751	3,351,272
Non-Cash Flows in Net Surplus			
Depreciation		2,301,037	2,221,842
(Gain) on Disposal of Fixed Assets		(110,146)	(87,613)
(Gain) on Revaluation of Investment Property		(2,670,000)	-
Impairment of long term receivables		163,028	119,945
Changes in Assets and Liabilities			
Decrease/(Increase) in Current Receivables		241,475	(370,750)
(Decrease)/Increase in Trade and Other Payables		(302,069)	97,483
Increase in Trust Grants		-	-
(Decrease)/ Increase in Provisions		(338,600)	12,425
Increase in Employee Entitlements		<u>331,818</u>	<u>422,239</u>
CASH FLOWS FROM OPERATIONS		<u>5,361,294</u>	<u>5,766,843</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 2020 (Cont'd)**

21. ACCUMULATED FUNDS SUMMARY

Funds	Opening Balance 1 Oct 2019 \$	Contributions into Funds \$	Net Expenditure and transfers of funds \$	Profit and Loss of General Fund \$	Closing Balance 30 Sep 2020 \$
National Council Political	1,024,112	488,869	(440,399)	-	1,072,582
Education	7,640,328	310,190	(534,404)	-	7,416,114
Hardship	7,847,332	161,476	-	-	8,008,808
Vehicle Division Education	(5,999)	-	(18,691)	-	(24,690)
Campaign and Organising	1,698,916	-	-	-	1,698,916
Strategic Plan Resource	532,294	821,181	(432,814)	-	920,661
Fairfax Chapel Dispute	50,953	-	-	-	50,953
Australian Printing Federation	33,023	-	-	-	33,023
York Endowment	46,313	-	-	-	46,313
General	139,914,375	(1,781,716)	1,426,308	5,744,751	145,303,718
	<u>158,781,647</u>	<u>-</u>	<u>-</u>	<u>5,744,571</u>	<u>164,526,398</u>
			2020	2019	
NET TRANSFER TO FUNDS			\$	\$	
Net transfers to National Council Political Fund			48,470	(529,928)	
Net transfers to Education Fund			(224,214)	(38,919)	
Net transfers to Hardship			161,476	-	
Net transfers to Vehicle Division Education Fund			(18,691)	(109,090)	
Net transfers to Campaign and Organising Fund			-	-	
Net transfers to Strategic Plan Resource Fund			<u>388,367</u>	<u>213,340</u>	
Total Net transfers to Other Funds			<u>355,408</u>	<u>(464,597)</u>	
Total Other comprehensive income for the year			<u>6,100,159</u>	<u>3,815,870</u>	
NET SURPLUS FOR YEAR – GENERAL FUND			<u>5,744,751</u>	<u>3,351,273</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 2020 (Cont'd)**

21. ACCUMULATED FUNDS SUMMARY (Cont'd)

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

**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 2020 (Cont'd)**

22. 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:

	2020	2019
	\$	\$
Receivables		
National Entitlement Security Trust	5,305,640	5,305,640
Trade and Sundry Debtors	<u>377,204</u>	<u>632,168</u>
	<u>5,682,844</u>	<u>6,937,808</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.

**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 2020 (Cont'd)**

22. 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 2020 it had \$2,310,373 (2019: \$2,008,905) of cash and cash equivalents to meet its obligations as they fall due, and a further \$5,170,461 (2019: \$5,176,617) held in short term deposits. The Financial liabilities recorded in the financial statements at 30 September 2020 were \$697,196 (2019: \$857,852). The National Council manages liquidity risk by monitoring cash flows.

(d) *Market Risk*

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

(e) *Interest Rate Risk*

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

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

30 September 2020	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial Assets	\$	\$	\$	\$
Cash Assets	2,310,373	-	37,269	2,347,642
Receivables	-	5,305,640	377,204	5,682,844
Managed Funds/Other	72,895,315	-	46,670	72,941,985
Short term deposits	-	5,170,461	-	5,170,461
	<u>75,205,688</u>	<u>10,476,101</u>	<u>461,143</u>	<u>86,142,931</u>
Weighted average Interest rate	0.14%	0.43%		
Financial Liabilities				
Payables	-	-	(697,196)	(697,196)
Net Financial Assets	<u>75,205,688</u>	<u>10,476,101</u>	<u>(236,053)</u>	<u>85,445,735</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 2020 (Cont'd)**

22. FINANCIAL RISK MANAGEMENT (Cont'd)

30 September 2019	Floating interest rate	Fixed interest rate	Non- interest Bearing	Total
Financial Assets	\$	\$	\$	\$
Cash Assets	1,974,420		34,485	2,008,905
Receivables	-	5,305,640	632,168	5,937,808
Managed Funds	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%		
Financial Liabilities				
Payables	-	-	(857,852)	(857,852)
	<u>-</u>	<u>-</u>	<u>(857,852)</u>	<u>(857,852)</u>
Net financial assets (liabilities)	<u>73,561,616</u>	<u>10,482,257</u>	<u>(144,529)</u>	<u>83,899,344</u>

Sensitivity Analysis

2020	Carrying Amount	+1.00% (100 basis points) Profit	-1.00% (100 basis points) Loss
	\$	\$	\$
Cash Assets	2,310,373	23,104	(23,104)
Receivables	5,305,640	53,056	(53,056)
Managed Funds	72,895,315	728,953	(728,953)
Short term deposits	5,170,461	51,705	(51,705)

2019	Carrying Amount	+1.00% (100 basis points) Profit	-1.00% (100 basis points) Loss
	\$	\$	\$
Cash Assets	1,974,420	19,744	(19,744)
Receivables	5,305,640	53,056	(53,056)
Managed Funds	71,987,196	715,872	(715,872)
Short term deposits	5,176,617	51,766	(51,766)

**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 2020 (Cont'd)**

22. 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)

	2020	2019		2020	2019
Fund Allocation (%):			Fund Allocation (\$):		
Domestic Shares	11.67%	21.56%	Domestic Shares	8,510,407	15,435,328
International Shares	15.47%	16.80%	International Shares	11,277,098	12,027,507
Listed Property	3.86%	7.43%	Listed Property	2,812,824	5,316,359
Domestic Fixed Interest	30.52%	17.49%	Domestic Fixed Interest	22,245,965	12,517,963
International Fixed Interest	11.57%	14.38%	International Fixed Interest	8,434,089	10,295,224
Cash	16.60%	22.34%	Cash	12,097,943	15,994,815
Alternative Investments	10.31%	-	Alternative Investments	7,516,989	-
Total	100%	100%	Total	72,895,315	71,587,196

2020	Carrying Amount	+10.00% (1000 basis points) Other Comprehensive Income	- 10.00% (1000 basis points) Other Comprehensive Loss
	\$	\$	\$
Domestic Shares	8,510,407	851,041	(851,041)
International Shares	11,277,098	1,127,710	(1,127,710)
Listed Property	2,812,824	281,282	(281,282)
Domestic Fixed Interest	22,245,965	2,224,597	(2,224,597)
International Fixed Interest	8,434,089	843,409	(843,409)
Cash	12,097,943	1,209,794	(1,209,794)
Alternative Investments	7,516,989	751,699	(751,699)
Total	72,895,315	7,289,531	(7,289,531)

**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 2020 (Cont'd)**

22. FINANCIAL RISK MANAGEMENT (Cont'd)

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

2019	Carrying Amount \$	+10.00% (1000 basis points) Other Equity Profit \$	-10.00% (1000 basis points) Other Equity Profit \$
Domestic Shares	15,435,328	15,543,533	(15,543,533)
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)
Total	71,587,196	7,158,720	(7,158,720)

(g) *Foreign Exchange Risk*

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

23. 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

24. 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 \$685,146 (2019: \$692,439).
- (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 \$393,650 in the year (2019: \$463,425) as disclosed in Note 8 to the accounts.

**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 2020 (Cont'd)**

24. RELATED PARTIES (Cont'd)

- (iv) The National Council received income of \$2,579,610 (2019: \$2,557,680) from its associate, U Cover Pty Ltd during the year.
- (v) The National Council held amounts receivable of \$534,696 (2019: \$534,696) from its associate, Industrial Printing and Publishing Ltd as at balance date.

25. 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 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:

	2020	2019
Short-term employee benefits	\$	\$
Salary (including annual leave taken)	2,016,231	1,706,968
Annual leave accrued	124,872	121,848
Service entitlement/performance bonus accrued	53,000	49,000
Total short-term employee benefits	<u>2,194,103</u>	<u>1,877,816</u>
Post-employment benefits:		
Superannuation	211,855	190,087
Total post-employment benefits	<u>211,855</u>	<u>190,087</u>
Other long-term benefits:		
Long-service leave	40,583	39,601
Total other long-term benefits	<u>40,583</u>	<u>39,601</u>
Termination benefits	93,587	62,657
Total	<u>2,540,128</u>	<u>2,170,161</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 2020 (Cont'd)**

26. CONTINGENT LIABILITIES

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

27. ADDITIONAL INFORMATION

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

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

28. SUBSEQUENT EVENTS

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the National Council is unable to reliably estimate the full financial effects of the COVID-19 outbreak on the future financial performance and financial position of the National Council.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the National Council, the results of those operations, or the state of affairs of the National Council in subsequent financial periods.

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


NATIONAL COUNCIL

OFFICER DECLARATION STATEMENT

I, Steven Murphy, 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 2020:

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern
- Acquired an asset or liability due to an amalgamation Under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination of revocation by the General Manager, Fair Work Commission
- Receive capitation fees form 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
- 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 – Steven Murphy

8 December 2020



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 (the reporting unit), which comprises the statement of financial position as at 30 September 2020, 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 and the subsection 255(2A) report.

In our opinion the accompanying financial report of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council, presents fairly, in all material respects the reporting unit's financial position as at 30 September 2020 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 (including Independence Standards)* (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 reporting unit'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 RO Act.

BDO Audit Pty Ltd



Grant Saxon
Director

Sydney, 8 December 2020

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