



5 April 2018

Mr John Camillo
State Secretary
Australian Manufacturing Workers' Union
South Australian Branch

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

Dear Mr Camillo

**Australian Manufacturing Workers' Union, South Australian Branch
Financial Report for the year ended 30 September 2017 - FR2017/280**

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

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

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

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

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

1. Committee of Management Statement

Reference to s.272

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

The AMWU-SA Committee of Management statement, at reference (e)(v), refers to 'General Manager'. In future, please ensure that this reference is to the 'Commissioner'.

2. Auditor's Statement

Declaration relating to management use of going concern basis of accounting

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

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

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan', written in a cursive style.

KEN MORGAN

Financial Reporting Advisor

Registered Organisations Commission



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SOUTH AUSTRALIAN STATE COUNCIL

CERTIFICATE OF STATE SECRETARY

I, John Camillo, being the State Secretary of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union South Australian State Council certify:

- that the documents lodged herewith are copies of the Full Report, referred to in section 268 of the Fair Work (Registered Organisations) Act 2009; and
- that the Full Report was provided to members on the AMWU website on 21 December 2017; and
- that the Full Report was presented to a meeting of the Committee of Management of the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union South Australian State Council on 14 March 2018 in accordance with section 266(3) of the Fair Work (Registered Organisations) Act 2009.

State Secretary,
John Camillo



Signature

14 March, 2018

JOHN CAMILLO
State Secretary
Australian Manufacturing
Workers' Union
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FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

SOUTH AUSTRALIA BRANCH

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INDEPENDENT AUDITOR'S REPORT

To the members of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, South Australia Branch

**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, South Australia Branch, which comprises the statement of financial position as at 30 September 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, South Australia Branch, presents fairly, in all material respects the reporting unit's financial position as at 30 September 2017 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and Part 3 of the *Fair Work (Registered Organisations) Act 2009*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the reporting unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, South Australia Branch 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.

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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.


A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Declaration by the auditor

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

Ascensio Accountants


Natale Rugari
Director

Suite 12, 116 Melbourne Street, North Adelaide SA 5006

28th November, 2017

Registration Number: AA2017/32 (as registered by the RO Commission under the Act):

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OPERATING REPORT

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

The operational name for the Automotive Food Metals Engineering Printing and Kindred Industries Union (AFMEPKIU) is the Australian Manufacturing Workers' Union (AMWU). The Union is a 'not for profit' entity, a registered organisation under *RO Act*.

Review of the State'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 on a wide range of political issues.

Significant Changes in Principal Activities

There were no significant changes in the nature of the South Australia Branch's principal activities during the financial year.

Results of Principal Activities

During the year to 30 September 2017 the AFMEPKIU negotiated and registered 223 enterprise bargaining agreements nationally, 19 of which were from South Australia.

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

The South Australia Branch's principal activities resulted in a deficit for the financial year of (\$18,878.00).

Significant Changes in Financial Affairs

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

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OPERATING REPORT (cont'd)

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 the member ceases to be eligible to become a member;

whichever is later; or

- (b) In any other case:
 - (i) At the end of two weeks, after the notice is received by the organisation; or
 - (ii) On the day specified in the notice;

whichever is later.

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

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

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

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

Nothing in Rule 43(8) of the AFMEPKIU Rules interferes with a member's right to resign from the union as set out under section 174(1) of the *RO Act*. In accordance with section 174(1) of the *RO Act* 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.

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

Salaries

The South Australia Branch's top five salary rates are as follows:

Level	Position	Per Annum
4	Organiser	\$86,008.00
5	Senior Organiser	\$90,303.20
6	Team Leader/Assistant State Secretary Level 1	\$94,853.20
7	Assistant State Secretary Level 2	\$101,465.00
8	State Secretary	\$107,408.60

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 \$4,000.00 is payable to Officers with over 16 years of service.

The identity of the officers of the South Australian Branch who are the two highest paid in terms of relevant remuneration for the year ended 30 September 2017, are as follows:

Name	Office	Actual Amount of Relevant Remuneration - Salary, Super & Service Increment	Actual Amount of Relevant Remuneration - Travel & Other Allowances	Form and Value of Relevant Non-Cash Benefits
John Camillo	State Secretary	\$126,103.74	\$2,159.00	Provision of a Motor Vehicle - \$12,605.75
Peter Bauer	Assistant State Secretary	\$115,278.55	\$1,568.16	Provision of a Motor Vehicle - \$13,995.49

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The following officers left the employment of the South Australia Branch during the year ended 30 September 2017 and, in addition to their base salary and allowances for the period worked, they received payment for their accrued Long Service Leave and/or Annual Leave entitlements and/or a separation package consistent with National Council policy:

Name	Office	Actual Amount of Relevant Remuneration	Form and Value of Relevant Non-Cash Benefits
Colin Fenney	Organiser	\$286,786.82 (inclusive of \$60,607.52 AL/LSL Entitlement)	Provision of a Motor Vehicle - \$13,321.72
Craig Lerner	Organiser	\$238,973.54 (inclusive of \$35,277.22 AL/LSL Entitlement)	Provision of a Motor Vehicle - \$1,420.95

Board Fees

Board Fees received by the South Australia Branch on behalf of employees who are members of external boards, are as follows:

Organisation	Amount received
Construction Industry Long Service Leave Board	\$1,239.00

Associated Entities

The AFMEPKIU South Australian Branch is not involved with any associated entity over which it has controlling or significant influence.

Key Relationships

The AFMEPKIU South Australian State Branch 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	
Financial Services	Travel Services
Asceniso Accountants	FCM Travel Solutions
Holdfast Insurance Broker Pty Ltd	Qantasx
Legal Services	Vehicle Services
Anderson Solicitors	Summit Leasing
Printing & Publicity Services	
Winc Australia	
Aess (Adelaide Embroiderers)	

Officers' Material Personal Interests

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

Payments to related parties or declared persons

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

State Officers or Members who are Trustees of a Superannuation Entity

The details of each officer or member of the South Australia Branch who is a trustee of a superannuation entity or an exempt public sector superannuation scheme or a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation, are as follows:

Name of officer or member	Superannuation Fund	Position Held
Stuart Gordon	Media Super	Member Representative Director

Other Relevant Information

The South Australia Branch is not aware of any other relevant information

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OPERATING REPORT (cont'd)

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

Number of Members

- (a) The number of persons who were recorded in the register of members on 30 September 2017 was 5,878.

Number of Employees

- (b) The number of persons who were employees of the reporting unit on 30 September 2017 was 0.

Names of Committee of Management Members and period positions held during the financial year

- (c) The name of each person who has been a member of State Council, at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Period Position Held
Leonie Harris	1 October 2016 to 13 July 2017
Andrew Daniels	1 October 2016 to 30 May 2017
Matthew Primiero	7 June 2017 to 30 September 2017
John Camillo	1 October 2016 to 30 September 2017
Cath McKechnie	1 October 2016 to 30 September 2017
Scott Batchelor	1 October 2016 to 30 September 2017
Leanne Orbanic	1 October 2016 to 11 January 2017
Nick Lawrie	17 February 2017 to 30 September 2017
Heinz Joham	1 October 2016 to 16 December 2016
Don Palihakkara	29 June 2017 to 30 September 2017
Scott Baker	1 October 2016 to 30 September 2017
Darryl Waterman	1 October 2016 to 30 September 2017
Alex Christensen	1 October 2016 to 30 September 2017
Food Vacant	1 October 2016 to 30 September 2017
Clive Hopgood	1 October 2016 to 30 September 2017
Colin Fenney	1 October 2016 to 31 March 2017
Stuart Gordon	1 October 2016 to 30 September 2017
Glen Dallimore	1 October 2016 to 30 September 2017
Mark Plunkett	1 October 2016 to 30 September 2017
Derek Winter	1 October 2016 to 30 September 2017
Craig Lerner	1 October 2016 to 28 October 2016
Kevin Ralph	29 October 2016 to 30 September 2017
Gordon Wilson	1 October 2016 to 30 September 2017
Peter Bauer	1 October 2016 to 30 September 2017
Derek Christie	1 October 2016 to 30 September 2017
Shawn Matthews	1 October 2016 to 30 September 2017
Steve McMillan	1 October 2016 to 30 September 2017
Darryl Scanlan	1 October 2016 to 30 September 2017
Claire Strudwick	1 October 2016 to 30 September 2017

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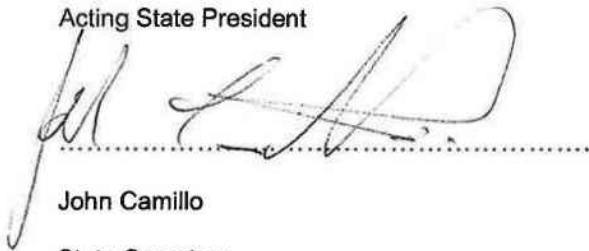
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Signed in accordance with a resolution of State Council

A handwritten signature in cursive script, appearing to read 'C. McKechnie', written over a horizontal dotted line.

Catherine McKechnie

Acting State President

A handwritten signature in cursive script, appearing to read 'John Camillo', written over a horizontal dotted line.

John Camillo

State Secretary

29th November 2017

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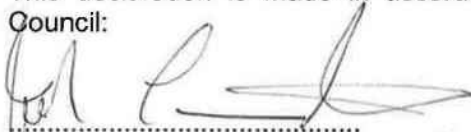
COMMITTEE OF MANAGEMENT STATEMENT

On 29th November 2017 the State Council of the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union South Australia Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the State Council for the year ended 30 September 2017.

The State 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 Branch for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Branch committee of management were held in accordance with the rules of the organisation and of the branch concerned; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and of the branch concerned; and
 - (iii) the financial records of the Branch have been kept and maintained in accordance with the RO Act; and
 - (iv) the financial records of the Branch 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 Branch or General Manager 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.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the South Australia State Council:



South Australia Secretary – John Camillo

29th November 2017

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 \$	2016 \$
INCOME			
Capitation Fees*		-	-
Levies*		-	-
Grants and/or Donations*		-	-
Membership Contributions*		-	-
Remittances from National Council General Fund		317,030	400,751
Board Fees		1,239	885
Interest Received		15	13
TOTAL INCOME		<u>318,284</u>	<u>401,649</u>
EXPENDITURE			
Affiliation fees*	3(a)	35,100	35,034
Bank charges		435	442
Capitation fees*		-	-
Consideration to employers for payroll deductions*		-	-
Compulsory levies*		-	-
Computing		-	-
Conference & meeting expenses*		18,062	39,869
Delegation/employee expenses – office holders		16,969	16,981
Delegation/employee expenses – other employees		2,217	2,466
Delegation expenses – members		18,012	18,645
Employee expenses		-	-
Fees/allowances – meeting and conferences*		-	-
Freight		-	-
General office expenses		7,828	11,320
Grants or donations*	3(b)	800	1,250
Insurance		26,998	28,484
Motor vehicle expenses		72,402	81,052
Newsletter expenses		11,581	18,165
Payroll tax		71,323	81,143
Penalties – via RO Act or RO Regulations*		-	-
Photocopying		1,276	801
Postage		14,112	14,101
Printing		5,142	605
Publicity		4,408	26,668
Professional services	4	19,272	18,737
Research		986	4,014
Stationery		3,741	4,136
Telephone		6,498	15,084
TOTAL EXPENDITURE		<u>337,162</u>	<u>418,997</u>
NET SURPLUS/ (DEFICIT) FOR THE YEAR		<u>(18,878)</u>	<u>(17,348)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(18,878)</u>	<u>(17,348)</u>

**Item required by the Reporting Guidelines. Item to remain even if 'nil'*

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The above statement should be read in conjunction with the notes

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

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	690	19,568
Receivables*		-	-
Total Current Assets		<u>690</u>	<u>19,568</u>
TOTAL ASSETS		<u>690</u>	<u>19,568</u>
TOTAL LIABILITIES			
Current Liabilities			
Trade and other payables*	6	17,245	17,245
Employee provisions*		-	-
NET ASSETS (LIABILITIES)		<u>(16,555)</u>	<u>2,323</u>
ACCUMULATED FUNDS (LOSSES)		<u>(16,555)</u>	<u>2,323</u>

The above statement should be read in conjunction with the notes

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

	Note	Accumulated Funds (Losses) \$
Balance at 30 September 2015		19,671
Net Surplus (Deficit) for the year		(17,348)
Total comprehensive income for the year		<u>-</u>
Balance at 30 September 2016		<u>2,323</u>
Net Surplus (Deficit) for the year		(18,878)
Total comprehensive income for the year		<u>-</u>
Balance at 30 September 2017		<u>(16,555)</u>

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The above statement should be read in conjunction with the notes

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

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Remittances from National Council	7(c)	317,030	400,751
Interest received		15	13
Payments to suppliers and employees	7(c)	<u>(335,923)</u>	<u>(418,415)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	7(b)	<u>(18,878)</u>	<u>(17,651)</u>
NET INCREASE (DECREASE) IN CASH HELD		(18,878)	(17,651)
Cash at the beginning of the year		<u>19,568</u>	<u>37,219</u>
CASH AT THE END OF THE YEAR	7(a)	<u>690</u>	<u>19,568</u>

[Recovery of wages activity requires a separate disclosure for Cash Flow disclosing Committee of Management Statement]

The above statement should be read in conjunction with the notes

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

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

The financial report has been prepared on an accrual basis and in accordance with historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Comparative amounts

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

Accounting Estimates and Judgements

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

(a) Critical accounting estimates and assumptions

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

(b) Critical judgments in applying the South Australia Branch'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.

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The following is a summary of the significant accounting policies adopted by the South Australia Branch in the preparation of the financial report.

Revenue

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

All members' contributions are paid direct to National Council. Remittances from National Council are the amounts reimbursed by the National Council to cover Branch expenses and are recognised when received by the Branch.

Donation income is recognised when it is received.

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

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

Expenditure

Expenses represent amounts paid directly by the Branch for operational costs. Other operational expenses e.g. salaries which relate to the Branch are paid for by the National Council and are included in the financial report of the National Council only.

1. SIGNIFICANT ACCOUNTING POLICIES

Cash

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Assets

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loan and receivables

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

Derecognition of financial assets

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

Financial Liabilities

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

Income Tax

No provision for income tax is necessary, as Trade Unions are exempt from income tax under Section 50-15 of the *Income Tax Assessment Act 1997*.

Goods and Services Tax (GST)

Revenues and expenses are recognised net 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 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 taxation authority is included as part of receivables or payables as appropriate.

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Going concern basis of accounting

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

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

The State Council does not provide any financial support to any other Branch of the AFMEPKIU.

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.

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year and have not been impacted by any new standards adopted in the current financial year.

Future Australian Accounting Standard requirements

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

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Future Australian Accounting Standard requirements (Cont'd)

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the Branch
AASB 15	Revenue from contracts with customers	This standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of goods or services is transferred rather than on transfer of risks and rewards as is currently the case under AASB118: Revenue.	For financial years commencing after 1 January 2019	The Branch is yet to assess its full impact.	1 October 2019
AASB 16 (issued February 2017)	Leases	This standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It requires the entity to bring most leases onto its balance sheet in a similar way to how existing leases are treated under AASB117. An entity will be required to recognise a lease liability and a right of use of the asset in its balance sheet. There are some exemptions such as leases with a period of 12 months or less and low value leases are exempted .	For financial years commencing on or after 1 January 2019.	The Branch is yet to assess its full impact.	1 October 2019

2. INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER OF FAIR WORK COMMISSION – SECTION 272

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

Information to be provided to members or Commissioner:

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

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER
2017 (Cont'd)**

Note 3 EXPENDITURE

	2017	2016
	\$	\$
3a. Affiliation Fees*		
Asbestos Victims Association	10	20
Federation Vehicle Industry Union	0	300
SA May Day Committee	350	350
SA Unions	34,740	34,260
ULTC Whyalla	0	104
	<u>35,100</u>	<u>35,034</u>
3b. Grants or Donations \$1,000 or less*		
Grants	-	-
Donations	800	1,250
	<u>800</u>	<u>1,250</u>
Grants or Donations over \$1,000*		
Grants	-	-
Donations	-	-
	<u>-</u>	<u>-</u>
4. PROFESSIONAL SERVICES		
	2017	2016
	\$	\$
Auditors - Auditing the financial report	5,682	5,682
- Other Services		
Legal Costs*	-	-
Litigation	-	-
Other Legal Matters	13,590	13,057
	<u>19,272</u>	<u>18,739</u>
5. CASH AND CASH EQUIVALENTS		
Cash at Bank	690	19,568
	<u>690</u>	<u>19,568</u>
6. TRADE AND OTHER PAYABLES		
Trade and other payables	17,245	17,245
Other payables – legal costs*	-	-
Consideration to employers for payroll deductions*	-	-
Payables to other reporting units*	-	-
	<u>17,245</u>	<u>17,245</u>

7,24517,245

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER
2017 (Cont'd)**

	2017	2016
	\$	\$
7. CASH FLOW		
(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 at bank	<u>690</u>	<u>19,568</u>
(b) Reconciliation of cash flow from operations with Net Surplus (Deficit)	<u>(18,878)</u>	<u>(17,248)</u>
Net Surplus (Deficit)	-	-
Changes in Assets and Liabilities:	-	-
(Increase) decrease in receivables	-	-
Increase (decrease) in payables	<u>-</u>	<u>(303)</u>
CASH FLOW FROM OPERATIONS	<u>(18,878)</u>	<u>(17,651)</u>
(c) CASH FLOW INFORMATION – Reporting Units		
Cash inflows*	1,254	898
Remittances from National Council	<u>317,030</u>	<u>400,751</u>
	<u>318,284</u>	<u>401,649</u>
Cash outflows*	<u>(337,162)</u>	<u>(419,300)</u>

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER
2017 (Cont'd)**

8. RELATED PARTIES

- (a) The aggregate amount of remuneration paid to officers during the financial year is included in the National Council's Financial Report.
- (b) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officials is included in the National Council's Financial Report.
- (c) There have been no other transactions between the officers and the Union other than those relating to their membership of the Union and the 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.
- (d) The ultimate controlling entity of the Branch is the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council.
- (e) Transactions with Ultimate Controlling Entity
 - (i) Remittances from National Council are disclosed in the statement of comprehensive income.
 - (ii) Net Amounts Receivable from the National Office are as follows:

	2017	2016
	\$	\$
Net amount receivable - National Office	<u>0-</u>	<u>0-</u>

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

9. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

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

There have been no substantive changes in the Branch'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 Branch's financial instruments consist mainly of deposits with banks and receivables. The main risks the Branch is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The State Council have overall responsibility for the determination of the Branch'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 Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

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

	2017	2016
	\$	\$
Cash and cash equivalents	<u>690</u>	<u>19,568</u>
Net amount receivable - National Council		
Sundry Debtors	<u>-</u>	<u>-</u>
Total receivables	<u>-</u>	<u>-</u>

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

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

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (Cont'd)

(c) *Liquidity risk*

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

The Branch is not significantly exposed to this risk; as at 30 September 2017 it had \$690.00 of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 30 September 2017 totalled \$17,245.00

The Branch manages liquidity risk by monitoring cash flows. Further the National Council has made an undertaking to provide financial support to the Branch.

(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 cashflows 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 Branch'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:

30 September 2017	Floating interest rate	Non interest Bearing	Total
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	690	-	690
Receivables	-	-	-
	690	-	690
Weighted average Interest rate			
Financial Liabilities			
Payables	-	17,245	17,245
Net Financial Assets (Liabilities)	690	17,245	(16,555)

NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

9. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest rate risk (Cont'd)

30 September 2016	Floating interest rate	Non interest bearing	Total
	\$	\$	\$
Financial Assets			
Cash and cash equivalents			
Receivables	<u>19,568</u>	<u>-</u>	<u>19,568</u>
	<u>19,568</u>	<u>-</u>	<u>19,568</u>
Weighted average Interest rate			
Financial Liabilities			
Payables	<u>-</u>	<u>17,245</u>	<u>17,245</u>
Net Financial Assets	<u>19,568</u>	<u>17,245</u>	<u>2,323</u>

Sensitivity Analysis

2017	Carrying Amount	+0.05% (5 basis points) Profit	-0.05% (5 basis points) Loss
	\$	\$	\$
Cash Assets	<u>690</u>	<u>0</u>	<u>0</u>
2016			
Cash Assets	<u>19,568</u>	<u>9</u>	<u>(9)</u>

(f) Other Price Risks

The Branch does not invest in shares or derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market.

(g) Foreign Exchange Risk

The Branch is not directly exposed to foreign exchange rate risk.

**NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER
2017 (Cont'd)**

10. SUBSEQUENT EVENTS

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

11. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

There were no contingent liabilities, assets or commitments as at 30th September 2017

12. KEY MANAGEMENT PERSONNEL COMPENSATION

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

13. ADDITIONAL BRANCH INFORMATION

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

53-61 Dale Street
PORT ADELAIDE SA 5015