



14 August 2018

Mr Allan Barden
Assistant National Secretary
Australian Rail, Tram and Bus Industry Union
Level 2, 4-10 Goulburn St
SYDNEY NSW 2000
By email: rtbu@rtbu.org.au

CC: gwebb@hallchadwick.com.au

Dear Mr Barden,

**Australian Rail, Tram and Bus Industry Union
Financial Report for the year ended 31 December 2017 - [FR2017/360]**

I acknowledge receipt of the financial report of the Australian Rail, Tram and Bus Industry Union (the ARTBIU). The documents were lodged with the Registered Organisations Commission (the ROC) on 13 June 2018.

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 31 December 2018 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged, however I make the following 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.

Committee of Management Statement & Notes to the financial report

Reference to s.272 & 273

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to the Commissioner of the ROC instead of the General Manager, Fair Work Commission. Section 273 continues to refer to the Fair Work Commission.

The ARTBIU Committee of Management statement, at reference (e)(v), and at Note 21 in the Notes to the Financial Statements, refers to the 'General Manager' of the Fair Work Commission. In future, please ensure these references are to the 'Commissioner'.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. Updates and information on the new guidelines will be provided through the ROC website and the [subscription service](#).

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'David Vale', with a long horizontal flourish extending to the right.

David Vale
Registered Organisations Commission

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION

NATIONAL OFFICE

ABN 28 921 128 419

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

CONTENTS

Operating Report	3
Committee of Management Statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to and Forming part of the Financial Statements	11
Independent Audit Report	25

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

This Operating Report covers:

- the activities of the Australian Rail, Tram & Bus Industry Union, National Office, for the financial year ended 31st December 2017,
- { the results of those activities and
- { any significant changes in the nature of those activities as required under s.254 Fair Work (Registered Organisations) Act 2009. ("RO Act")

1. Principal Activities of the National Office

The principal activities of the National Office of the Union, as conducted through the National Office, during the past year fell into the following categories:

ACTIVITIES
Making agreements with employers
Implementation of the decisions of the National Executive and National Council
Implementation of the union's organising agenda, including direct assistance and strategic advice on particular industry or site organising projects, the training and development of officials and assistance to branches on planning and resourcing campaigns.
Industrial support including representation of individual member grievances, advice on legal and legislative matters, holding of union elections as provided for in the rules of the union, and responding to the needs of branches and members as provided for within the rules of the union, within the scope of any statutory or legal obligations.
The administration of federal awards, the certification of federal industrial agreements, the variation of awards following major test cases, and making application to vary federal awards on behalf of branches.
National media and communications to members, branches and the broader community via media releases in support of campaigns, web based technology, including the national bulletin <i>Transport Now</i> .
Coordination of and Negotiation of key national industries, and assistance to branches on bargaining by request.
The National Office has consulted with the ACTU on the development of claims to be pursued in the FWC and union policy in general. Where appropriate, the National Office has assisted branches in the implementation of relevant decisions via the variation of awards.
The National Office has been involved in campaigns and negotiations with government, political parties and industry organisations, including with financial donations and/or other support, around issues of importance for members, eg EBA negotiations, training, skill shortages, fatigue laws.

2 Any Significant Changes in Activities

The Biennial National Council was held on the 1st and 2nd November 2017.

3 Details of any Significant Changes in Financial Affairs

The financial affairs of the National Office have altered marginally due to the following:

- The engagement of consultants to implement a series of governing body recommendations concerning research, policy, development and publicity.
- Legal expenses in relation to advocacy, EBA and union structures advice.

4 Right of Members to Resign

All Members of the Union have the right to resign from the Union in accordance with Rule 14 of the Union Rules (and Section 174 of Fair Work (RO) Act 2009); namely by providing notice addressed and delivered to the Secretary of the relevant Branch, including via email.

14 - RESIGNATION FROM MEMBERSHIP

- (1) 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.

Note: The notice of resignation can be given electronically if the organisation's rules allow for this (see section 9 of the *Electronic Transactions Act 1999*).

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

- (2) A notice of resignation from membership of an organisation 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 2 weeks, or such shorter period as is specified in the rules of the organisation, after the notice is received by the organisation; or
- (ii) on the day specified in the notice; whichever is later.
- (3) Any dues payable but not paid by a former member of an 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.
- (4) A notice delivered to the person mentioned in subsection (1) is taken to have been received by the organisation when it was delivered.
- (5) A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered in accordance with subsection (1).
- (6) A resignation from membership of an organisation is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted.

Note: Regulations may require employers who offer payroll deduction facilities to inform employees that cessation of payroll deduction by an employee does not constitute resignation (see section 359).

5 Board Positions held by officers, employees of the National Office to be inserted here.

To the best of our knowledge and belief, only the following Officers held any of the following positions by virtue of their office of the Rail, Tram and Bus Union National Council are:

- a trustee of a superannuation entity or exempt public sector superannuation scheme; or
- a director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and
- where a criterion for the officer being the trustee or director is that the officer is an officer of a registered organisation.

The member(s) listed below hold the following position(s) as trustees or company directors:

OFFICIAL	ORGANISATION
Bob Nanva	Transport & Logistics Industry Skills Council - Director
Allan Barden	TrackSafe Foundation - Director

6 Membership of the Union.

There were 30,426 members of the union as at 31st December 2017.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

7 Employees of the National Office

As at 31 December 2017 the National Office employed 5 full time employees and 1 casual employee.

8 Members of the National Executive

The following persons were members of the National Executive, during the year ending 31st December 2017;

Bob Nanva	National Secretary	01/01/2017 to 31/12/2017
Allan Barden	Assistant National Secretary	01/01/2017 to 31/12/2017
Phil Altieri	National President	01/01/2017 to 31/12/2017
James Styles	National Vice-President (Rail)	01/01/2017 to 31/12/2017
David Woollams	National Vice - President (Road)	01/01/2017 to 31/12/2017
Leanne Holmes	National Vice-President (Affirmative Action)	01/01/2017 to 31/12/2017
Alex Claassens	Branch Secretary – NSW	01/01/2017 to 31/12/2017
Luba Grigorovitch	Branch Secretary – Victoria	01/01/2017 to 31/12/2017
Samantha Simonetis	Branch Secretary – Tasmania	01/01/2017 to 31/12/2017
Owen Doogan	Branch Secretary – Queensland	01/01/2017 to 31/12/2017
Darren Phillips	Branch Secretary – SA&NT	01/01/2017 to 31/12/2017
Phillip Woodcock	Branch Secretary – WA	01/01/2017 to 31/12/2017
Paul Robinson	Branch Secretary- WA PTA Branch	01/01/2017 to 31/12/2017
John Curley	Assistant National Secretary Rail Operations	01/01/2017 to 31/12/2017
Greg Tatnell	Assistant National Secretary Fleet Manufacture, Overhaul, Maintenance and Service	01/01/2017 to 31/12/2017
Ross Schimke	Assistant National Secretary Infrastructure	01/01/2017 to 31/12/2017
Chris Preston	Assistant National Secretary Tram and Bus	01/01/2017 to 31/12/2017
Grant Wainwright	Assistant National Secretary Administrative, Supervisory, Technical and Professional	01/01/2017 to 31/12/2017
Keith McMahon	Assistant National Secretary Locomotive	01/01/2017 to 31/12/2017
Tom Brown	QLD Branch Delegate	01/01/2017 to 31/12/2017
Peter Allen	QLD Branch Delegate	01/01/2017 to 31/12/2017
Michael Cartwright	NSW Branch Delegate	01/01/2017 to 31/12/2017
VACANT	NSW Branch Delegate	
Robert Hayden	NSW Branch Delegate	01/01/2017 to 31/12/2017
John Anderson	Vic Branch Delegate	01/01/2017 to 31/12/2017
Darren Galea	Vic Branch Delegate	01/01/2017 to 31/12/2017

ALLAN BARDEN

ASSISTANT NATIONAL SECRETARY

Dated:

9TH MAY 2018

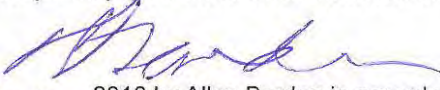
AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

On 9/5/2018, the Committee of Management of the Australian Rail Tram & Bus Industry Union National Office passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended 31 December 2017:

The Committee of Management declared 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 reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that National Office will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of the National Office; and
 - (ii) the financial affairs of the National Office have been managed in accordance with the rules of the organisation including the rules of the National Office; and
 - (iii) the financial records of the National Office have been kept and maintained in accordance with the RO Act; and
 - (iv) the financial records of the National Office have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation; and
 - (v) no further information has been sought in any request of a member of the National Office or General Manager of FWC under section 272 of the RO Act; and
 - (vi) no order for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act.
- (f) The National Office has not derived any revenue during the year as a result of any recovery of wages activity it may have undertaken on behalf of members.


Signed 9th MAY, 2018 by Allan Barden in accordance with such resolution as is passed by the committee of management.

ALLAN BARDEN
Assistant National Secretary

Dated: 9th MAY, 2018

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
REVENUE			
Capitation Fees	2A	1,944,631	1,939,717
Affiliation Fees	2B	160,280	155,325
Levies	2C	-	-
Investment Income	2D	125,188	91,632
Rent Received	2E	104,400	104,400
Sponsorship Income		26,636	-
Gain on revaluation of investment property	9	250,000	1,600,000
Other income		<u>39,257</u>	<u>25,789</u>
TOTAL REVENUE		<u>2,652,392</u>	<u>3,916,863</u>
EXPENSES			
Employee Expenses	3A	789,580	774,076
Affiliation Fees	3B	200,166	198,277
Administration Expenses	3C	927,585	543,735
Grants or Donations	3D	24,961	48,951
Depreciation and Amortisation	10 & 11	33,156	49,598
Legal Costs	3E	82,958	135,906
Audit Fees	19	17,338	19,225
Other Expenses	3G	204,366	198,244
Loss on Asset Disposal	3F	-	-
TOTAL EXPENSES		<u>2,280,110</u>	<u>1,968,012</u>
PROFIT FOR THE YEAR		<u>372,282</u>	<u>1,948,851</u>

The accompanying Notes form part of this Financial Report.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,056,889	2,342,787
Receivables	5	246,845	102,967
Financial Assets	6	2,276,123	2,181,610
Other	7	47,566	42,376
TOTAL CURRENT ASSETS		<u>4,627,423</u>	<u>4,669,740</u>
NON CURRENT ASSETS			
Financial Assets	8	20	20
Investment Property	9	5,750,000	5,500,000
Plant & Equipment	10	120,281	137,523
Intangible Assets	11	15,492	30,379
TOTAL NON CURRENT ASSETS		<u>5,885,793</u>	<u>5,667,922</u>
TOTAL ASSETS		<u>10,513,216</u>	<u>10,337,662</u>
CURRENT LIABILITIES			
Trade and other Payables	12	144,814	170,570
Provisions	13	433,849	452,783
Income in Advance	14	23,790	175,828
TOTAL CURRENT LIABILITIES		<u>602,453</u>	<u>799,181</u>
TOTAL LIABILITIES		<u>602,453</u>	<u>799,181</u>
NET ASSETS		<u>9,910,763</u>	<u>9,538,481</u>
ACCUMULATED SURPLUS			
Accumulated Surplus		<u>9,910,763</u>	<u>9,538,481</u>
ACCUMULATED SURPLUS		<u>9,910,763</u>	<u>9,538,481</u>

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Retained Surplus \$	Total \$
Balance at 1 January 2016	15	7,589,630	7,589,630
Transfer from Reserve to Retained Earnings			-
Profit for the Year		<u>1,948,851</u>	<u>1,948,851</u>
Balance at 31 December 2016		<u>9,538,481</u>	<u>9,538,481</u>
Profit for the Year		<u>372,282</u>	<u>372,282</u>
Balance at 31 December 2017		<u>9,910,763</u>	<u>9,910,763</u>

NOTE TO THE STATEMENT OF CHANGES IN EQUITY

Note A - Compulsory Levy

Other than capitation fees and ACTU Levies, National Office receive no other compulsory levy.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
CASH FLOW FROM OPERATING ACTIVITIES:			
Receipts from other reporting units	5	2,081,382	2,305,832
Other Income		15,073	28,368
Payments to other reporting units		-	-
Payments to Suppliers and Employees		(2,506,685)	(1,886,373)
Rent Received		114,840	114,840
Interest Received		10,519	91,633
Net cash (used)/provided by operating activities	16	<u>(284,872)</u>	<u>654,300</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(1,026)	(9,158)
Net cash used in investing activities		<u>(1,026)</u>	<u>(9,158)</u>
Net (decrease)/increase in cash and cash equivalents held		(285,898)	645,142
Cash and cash equivalents at the beginning of the year		<u>2,342,787</u>	<u>1,697,645</u>
Cash and cash equivalents at the end of the year	4	<u>2,056,889</u>	<u>2,342,787</u>

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Australian Rail, Tram and Bus Industry Union, National Office is a not-for-profit entity.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below.

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

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

Accounting Policies

(a) Income Tax

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

(b) Fair Value of Assets and Liabilities

The Union measures its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property Plant & Equipment

Property Plant and equipment is carried at cost less any accumulated depreciation

The carrying amount of plant and equipment is reviewed for impairment annually by the Committee of Management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(d) Depreciation

The depreciable amount of all fixed assets including buildings and leasehold improvements, is depreciated on either a straight line or diminishing balance basis over their useful lives to the Union commencing from the time the asset is held ready for use.

The depreciation rates used for each asset are between 3% and 66% The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings

(e) Impairment of Assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Accounting Policies (Con't)

(f) Investment Property

Investment property comprises investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income and which are not occupied by the Union.

Land and buildings comprising the investment property are considered composite assets and are disclosed as such in the accompanying notes to the financial statements. Investment property acquired is initially recorded at cost on date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Valuations

After initial recognition, investment property is measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date. When assessing fair value, the discounted cash flows of the property will be considered, the highest and best use of the property and sales of similar properties.

Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- (i) a willing, but not anxious, buyer and seller on an arm's length basis;
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- (iii) that the property will be reasonably exposed to that market;
- (iv) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- (v) it only takes into account instructions given by the Union and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the Union.

The investment property is considered one class of asset. Under AASB 140: Investment Property, adjustments to fair value are to be recognised directly in the statement of comprehensive income.

Derecognition

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.

(g) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life of the union's intangible assets are:

Website Development	2017 2 to 3 years	2016 2 to 3 years
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(h) Employee Entitlements

Provision for employee entitlements in the form of Long Service Leave and Accrued Annual Leave has been made for the estimated accrued entitlement of all employees on the basis of their terms of employment. In the case of Long Service Leave, the accrual has been measured by reference to periods of service and current salary rates as it is considered that this results in an amount not materially different to that achieved by discounting estimated future cash flows.

Contributions are made by the National Council to employee superannuation funds and are charged as expenses when incurred.

(i) Defined Superannuation Schemes

In respect to defined benefit plans, the cost of providing the benefits is determined using the projected unit cost method. Actuarial calculations are conducted by State Super. The amount recognised in the Statement of Financial Position represents the present value of the defined benefits obligations adjusted for any unrecognised actuarial gains and losses and unrecognised past service costs less the fair value of the plan's assets. The Union has defined benefit obligations for members participating in the State Authorities Superannuation Scheme and the State Authorities Non-Contributory Superannuation Scheme. All Schemes are closed to new members.

(j) Leases

All lease payments are for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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.

(k) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to a contractual provision to the instrument. For financial assets, this is equivalent to the date that Union commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Financial Instruments (Con't)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial Liabilities

Non-derivative financial liabilities, (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At each reporting date, the Union assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired.

The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(m) Financial assets

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

Fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

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

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

(n) Revenue

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

Revenue from capitation fees and levies are accounted for on an accrual basis and are recorded as revenue in the year to which it relates.

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

Rental revenue from lease is recognised on an accrual basis and is recorded as revenue in the year to which it relates.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Financial Instruments (Con't)

(o) Gains - Sale of Assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

(p) 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 Taxation 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 in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within receipts from customers or payments to suppliers.

(q) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(r) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Union prior to the end of the financial year that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(s) Comparatives

When required by Accounting Standards and the Fair Work (Registered Organisation) Act 2009, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Adoption of new and revised accounting standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Union. The Union has decided not to early adopt any of the new and amended pronouncements. The Union's assessment of the new and amended pronouncements that are relevant to the Union but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These standards will be applicable retrospectively (subject to the provisions on hedge accounting) and include revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the union on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items.

The committee of management does not anticipate that the adoption of AASB 9 will impact the Union's financial statements.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

This Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases and related Interpretations*. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospect application as an adjustment to opening equity on the date of initial application

The adoption of AASB 16 will impact the Union's financial statements by including a right to use asset of an office lease on the balance sheet at the date of adoption.

AASB 1058: Income for Not-for-Profit Entities (applicable for annual reporting periods commencing on or after 1 January 2019).

This standard provides guidance on income recognition and will work in conjunction with AASB15.

AASB 1058 applies to transactions where the consideration to acquire an asset is significantly less than fair value, and to the receipt of volunteer services

The committee of management does not anticipate that the adoption of AASB 1058 will impact the Union's financial statements.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE

ABN 28 921 128 419

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
2 INCOME		
2A: Capitation Fees		
NSW Branch	830,219	823,760
QLD Branch	363,333	353,022
SA & NT Branch	72,156	74,612
VIC Branch	555,334	565,600
TAS Branch	21,488	20,478
WA Branch	102,098	102,245
	<u>1,944,631</u>	<u>1,939,717</u>
2B: Affiliation Fees		
NSW Branch	74,775	71,918
QLD Branch	33,766	31,755
SA & NT Branch	5,191	5,374
VIC Branch	36,807	37,067
TAS Branch	2,282	1,981
WA Branch	7,457	7,231
	<u>160,280</u>	<u>155,325</u>
2C: Levies		
NSW Branch	-	-
QLD Branch	-	-
SA & NT Branch	-	-
VIC Branch	-	-
TAS Branch	-	-
WA Branch	-	-
	<u>-</u>	<u>-</u>
2D: Investment Income		
Interest Received	10,829	9,451
Income & Gains on IFP	114,359	82,181
	<u>125,188</u>	<u>91,632</u>
2E: Rent Received		
Property at Redfern	104,400	104,400
	<u>104,400</u>	<u>104,400</u>
3 EXPENSES		
3A: Employee Expenses		
Holders of Office:		
Wages and Salaries	350,256	294,524
Superannuation	16,075	15,493
Leave and Other Entitlements	(49,174)	27,745
Separation and Redundancies	-	-
Retirement Benefit Expenses	(3,746)	(63,750)
	<u>313,411</u>	<u>274,012</u>
Employees Other than Officeholders:		
Wages and Salaries	391,277	423,196
Superannuation	43,504	46,498
Leave and Other Entitlements	41,388	30,370
Separation and Redundancies	-	-
Other Employee Expenses	-	-
	<u>476,169</u>	<u>500,064</u>
	<u>789,580</u>	<u>774,076</u>
3B: Affiliation Fees		
ACTU	160,280	155,325
International Transport Workers Federation	19,934	24,332
Rail Industry Safety Standards Board	4,455	4,880
The McKell Institute	4,000	5,625
Law Society of NSW	-	1,050
Tracksafe	10,000	5,000
Union Aid Abroad	1,498	2,066
	<u>200,166</u>	<u>198,277</u>
3C: Administration Expenses		
Consideration to employers for payroll deductions	-	-
Compulsory Levies		
ACTU 2016 IR Levy	-	-
ACTU 2017 IR Levy	-	-
Fee/Allowances – Meeting and Conferences		
Attendance	582	269
Council Executive Expenses and Lost Time	100,579	15,015
Conference and Meeting Expenses		
Accommodations	99,600	52,930
Airfares & Travelling Expenses	261,447	136,007
Conference and Meetings	74,848	22,548
National Executive	-	-
Accountancy	69,155	63,904
Advertising	119	3,724
Bank Charges & Fees	20,990	14,229
Consultants	98,331	40,282
Property Expenses		
Building Expenses	23,603	22,327
Rates & Land Taxes	13,819	10,677
Rent Paid	86,908	83,600

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

3C: ADMINISTRATION EXPENSES (Con't)

	2017	2016
	\$	\$
Office Expenses		
General Expenses	23,292	15,622
Postage	719	2,005
Printing and Stationery	22,847	27,488
Subscription and Membership	8,373	8,435
Telephone	20,131	16,881
Website	2,243	7,792
	<u>927,585</u>	<u>543,735</u>
3D: Grants or Donations		
Grants	-	-
Donations		
Total paid that were \$1,000 or less	5,220	2,760
Total paid that exceeded \$1,000	19,741	46,191
	<u>24,961</u>	<u>48,951</u>
3E: Legal Costs		
Litigation	48,660	91,238
Other Legal Matters	34,299	44,668
	<u>82,959</u>	<u>135,906</u>
3F: Net Losses on Asset Disposal		
Motor Vehicles	-	-
	<u>-</u>	<u>-</u>
3G: Other Expenses		
Campaigns	-	12,323
Fringe Benefit Tax	4,040	5,855
Fines	-	-
General Expense	35,014	10,711
Insurances – General	-	20,833
Interest	26,571	210
Motor Vehicle Expenses	16,047	16,299
Penalties - via RO Act or RO Regulations	-	-
Repairs and Maintenance	487	8,170
Badges & Other Items	27,594	-
Doubtful Debt Expenses	94,612	123,843
	<u>204,366</u>	<u>198,244</u>

The following items have not occurred in the reporting periods:

Periodic or Membership Subscriptions
Donations or Grants Received
Capitation Fees Paid

4 CASH AND CASH EQUIVALENTS

Cash at Bank and on Deposit	2,056,889	2,342,787
	<u>2,056,889</u>	<u>2,342,787</u>

5 TRADE AND OTHER RECEIVABLES

Receivables from the Branches	459,573	225,553
Other Receivables	5,728	1,257
Provision for doubtful debts	(218,455)	(123,843)
	<u>246,845</u>	<u>102,967</u>

Receivables from the Branches

	VIC	NSW	SA/NT	QLD	TAS	WA	TOTAL
<i>Opening Balance - Receivables</i>	37,615	5,330	5,444	50,782	2,540	123,843	225,553
Amounts Charged to Branches							
Capitation Fees	610,868	913,241	79,374	399,666	23,636	112,308	2,139,094
Affiliation Fees	40,488	82,253	5,711	37,143	2,510	8,203	176,308
ACTU Levies	-	-	-	-	-	-	-
Other Reimbursements	-	-	-	-	-	-	-
<i>Total amounts charged to branches</i>	651,356	995,494	85,085	436,809	26,147	120,511	2,315,401
Amount Received from Branches							
Capitation Fees	(526,346)	(895,553)	(77,680)	(386,904)	(5,642)	(12,949)	(1,905,074)
Affiliation Fees	(40,488)	(82,253)	(5,711)	(37,143)	(2,510)	(8,203)	(176,308)
ACTU Levies	-	-	-	-	-	-	-
<i>Total amounts received from branches</i>	(566,834)	(977,806)	(83,390)	(424,047)	(8,152)	(21,152)	(2,081,382)
<i>Closing Balance 31/12/2017</i>	122,136	23,018	7,138	63,544	20,535	223,201	459,573

6 FINANCIAL ASSETS - CURRENT	2017	2016
	\$	\$
Opening Investment with Industry Fund Services	2,181,610	2,114,111
Income & Gains on IFF (Note 2D)	114,359	82,181
Management Fees	(19,846)	(14,683)
Investment with Industry Fund Services	<u>2,276,123</u>	<u>2,181,610</u>

7 OTHER CURRENT ASSETS

Prepayments	47,566	42,376
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8 FINANCIAL ASSETS - NON-CURRENT

Shares Encompass Credit Union	20	20
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AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
9 INVESTMENT PROPERTY		
Redfern Property – at Valuation	5,750,000	5,500,000

The investment property is measured at fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transactions, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

An independent valuations on the investment property at 83-89 Renwick Street, Redfern, NSW was carried out by PJC Property Services, and a report issued on 13th February, 2018. The valuation determined a market value of \$5,750,000. The net revaluation gain on the property of \$250,000 was recorded in the Statement of Comprehensive Income.

The highest and best use of the investment properties is not considered to be different from its current use.

Rental income earned and received from the investment property during the year was \$104,400 (2016: \$104,400).

Direct expenses incurred in relation to the investment property that generated rental income during the year were \$34,520 (2016: \$21,799). During the year and as at the year-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Union does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements

The fair value of investment property is determined by the independent valuer using recognised valuation techniques. These techniques comprise both the Discounted Cash Flow (DCF) method and Income Capitalisation method.

Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value.

This involves the projection of a series of cash flows and to this an appropriate, market-derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return).

The fair value of investment property is included within Level 2 - refer Note 20D.

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
Plant and Equipment	99,388	194,574	60,079	354,041
Less: Accumulated Depreciation	(22,758)	(178,677)	(32,325)	(233,760)
	76,629	15,897	27,754	120,281

MOVEMENTS IN CARRYING AMOUNTS OF PROPERTY, PLANT AND EQUIPMENT

31 December 2016

	Leasehold Improvements	Plant & Equipment	Motor Vehicle	Total
Balance at Beginning of Year	84,908	18,229	46,210	149,348
Additions	-	8,326	-	8,323
Disposals	-	-	-	-
Depreciation	(4,245)	(5,506)	(10,397)	(20,148)
Carrying Amount at End of Year	80,663	21,049	35,812	137,524

31 December 2017

	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
Balance at Beginning of Year	80,663	21,049	35,812	137,524
Additions	-	1,026	-	1,026
Disposals	-	-	-	-
Depreciation	(4,033)	(6,177)	(8,059)	(18,269)
Carrying Amount at End of Year	76,630	15,898	27,753	120,281

11 INTANGIBLE ASSETS

	2017	2016
	\$	\$
Website Development	78,547	78,547
Less: Accumulated Amortisation	(63,055)	(48,167)
	15,492	30,380
Balance at Beginning of Year	30,379	59,828
Additions	-	-
Disposals	-	-
Amortisation	(14,887)	(29,449)
Carrying Amount at End of Year	15,492	30,379

12 ACCOUNTS PAYABLE

Consideration to Employers for Payroll Deductions	-	-
Payable to the Branches		
NSW Branch	886	5,359
TAS Branch	7,082	1,101
QLD Branch	-	12,540
WA Branch	-	-
SA Branch	-	-
Trade Creditors	57,959	26,588
Legal Cost - Other Legal Matters (Litigation \$0)	-	40,551
Other Payable	78,887	84,431
	144,814	170,570

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016		
	\$	\$		
13 PROVISIONS				
Officeholders:				
Provision for Annual Leave	80,064	143,187		
Provision for Long Service Leave	133,112	118,656		
Provision for ADO	42,621	43,129		
Provision for Retirement Benefits	(25,058)	(21,312)		
Provision for Separations and Redundancies	-	-		
	230,740	283,660		
Employees Other than Officeholders:				
Provision for Annual Leave	125,590	98,373		
Provision for Long Service Leave	57,209	51,409		
Provision for ADO	20,309	19,340		
Provision for Separations and Redundancies	-	-		
	203,108	169,123		
	433,849	452,783		
Movement during the Year:				
	Annual Leave	Long Service Leave	ADO	Retirement Benefits
Benefits Balance at the Beginning of the Year	241,561	170,065	62,469	(21,312)
Increase/(Decrease) in Provision	(35,907)	20,256	461	(3,746)
Balance at the End of Year	205,654	190,321	62,931	(25,058)
14 INCOME IN ADVANCE				
Capitation Fees in Advance - RTBU NSW	23,790	175,828		
15 EQUITY				
Compulsory Levy/voluntary contribution fund- if invested in assets	-	-		
Other fund(s) required by rules	-	-		
16 CASH FLOW INFORMATION				
Reconciliation of cash flow from operations				
Profit	372,262	1,948,851		
<i>Adjustments for non-cash items:</i>				
Depreciation	33,156	49,598		
(Gain) on Financial Asset	(94,513)	(67,499)		
Gain on revaluation of investment property	(250,000)	(1,600,000)		
<i>Changes in assets and liabilities:</i>				
Decrease/(Increase) in receivables	(149,067)	134,276		
(Decrease)/Increase in payables	(25,756)	37,071		
(Decrease)/Increase in Income in Advance	(152,036)	162,389		
(Decrease)/Increase in provisions	(18,934)	(10,387)		
Net cash flows from operations	(284,872)	654,299		
17 RETIREMENT BENEFITS OBLIGATIONS				
Other than for one employee, employees of the National Council are entitled to benefits from a superannuation plan on retirement, disability or death. For these employees, the National Council participated in a defined contribution plan. The benefits provided under this plan are based on accumulated contributions and earnings for each employee. The National Council's liability is limited to paying the contributions to the plan.				
For one employee, the National Council participated in an employer sponsored defined benefits plan during the year. The benefit provided by the plan is based on the length of service of the member at retirement. Employees contribute various percentages of their gross income and the union may contribute up to 4.5 times the employees final average salary at retirement depending on the length of membership and the employees own contributions.				
Reconciliation of the present value of the defined benefit obligation -				
	2017	2016		
	\$	\$		
Present Value at the Beginning of the Year	1,076,919	876,062		
Opening PV adjustment	10,611	389,014		
Current Service Cost	3,580	14,758		
Interest Cost	28,780	37,226		
Contributions by Funds Participants	1,890	3,942		
Actuarial Gains	45,976	(51,645)		
Benefits Paid	(25,312)	(192,441)		
Taxes, Premiums & Expenses Paid	(771)	3		
Present Value at the End of the Year	1,141,673	1,076,919		

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

RETIREMENT BENEFITS OBLIGATIONS (Con't)

	2017	2016
	\$	\$
Fair Value at the Beginning of the Year	1,098,231	833,622
Opening FV adjustment	(9,052)	333,237
Interest Income	29,297	29,651
Actual Return	79,813	36,974
Employer Contributions	-	-
Contributions by Funds Participant	1,882	3,881
Benefits (Paid) Transferred In	(8,975)	(139,137)
Taxes, Premiums & Expenses Paid	273	3
<i>Fair Value at the End of the Year</i>	<u>1,190,923</u>	<u>1,098,231</u>

Reconciliation of assets and liabilities recognised in the Statement of Financial Position -

Present Value of Funded Defined Benefit Obligations	1,141,673	1,076,919
Fair Value of Fund Assets at End of Year	(1,190,923)	(1,098,231)
Surplus in excess of recovery available from schemes	24,192	-
Net (Asset)/Liability Recognised in the Statement of Financial Position	<u>(25,058)</u>	<u>(21,312)</u>

The percentage of the Funds assets invested in each asset class at 31 December

Australian Equities	22.4	25.0
Overseas Equities	29.6	31.0
Australian Fixed Interest	6.9	5.6
Overseas Fixed Interest	3.6	1.9
Property	8.7	9.0
Cash	6.9	5.7
Other	19.3	22.0

All fund assets are invested at arm's length through independent fund managers.

Description of risks

There are a number of risks to which the fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk - The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
- Longevity risk - The risk that pensioners live longer than assumed, increasing future pensions.
- Pension indexation risk - The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
- Salary growth risk - The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
- legislative risk - The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The fund has no significant concentration of investment risk or liquidity risk.

Significant Actuarial Assumptions at the Reporting Date

As at	31-Dec-17
Discount rate	2.65% pa
Salary increase rate (excluding promotional increases)	2.50% 2016/2017 to 2018/2019; 3.50% 2019/2020 and 2020/2021; 3.00% pa 2021/2022 to 2025/2026; 3.50% pa thereafter
Rate of CPI increase	2.25% 2017/2018 to 2019/2020; 2.50% pa thereafter

18 RELATED PARTY DISCLOSURES

18A: RELATED PARTY TRANSACTIONS

	VIC	NSW	SA/NT	QLD	TAS	WA
Revenue Received from						
Capitation Fees	478,496	814,139	70,618	351,731	5,129	11,772
Affiliation Fees	36,807	74,775	5,191	33,766	2,282	7,457
ACTU Levies	-	-	-	-	-	-
	<u>515,304</u>	<u>888,914</u>	<u>75,809</u>	<u>385,497</u>	<u>7,411</u>	<u>19,229</u>
Amount owed by						
	122,136	23,018	7,138	63,544	20,535	223,201
	<u>122,136</u>	<u>23,018</u>	<u>7,138</u>	<u>63,544</u>	<u>20,535</u>	<u>223,201</u>
Income in advance						
	-	23,790	-	-	-	-
	<u>-</u>	<u>23,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
18B: KEY MANAGEMENT PERSONNEL REMUNERATION		
Short-Term Employee Benefit		
Salary (including annual leave taken)	350,256	294,524
Annual Leave Accrued	80,064	143,187
ADO Accrued	42,621	43,129
Performance Bonus	-	-
	<u>472,942</u>	<u>480,841</u>
Post-Employment Benefits		
Superannuation	16,075	15,493
Retirement Benefit Accrued	(25,058)	(21,312)
	<u>(8,983)</u>	<u>(5,819)</u>
Other Long-Term Benefits:		
Long-Service Leave Accrued	133,112	118,656
	<u>133,112</u>	<u>118,656</u>
Total	<u>597,071</u>	<u>593,677</u>
19 AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	17,338	19,225
- other services	-	-
	<u>17,338</u>	<u>19,225</u>
20 FINANCIAL INSTRUMENTS		

The Union's financial instruments consist mainly of deposits with banks, accounts receivable and payable and bank

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

20A: Categories of Financial Instruments

Financial Assets

Cash and cash equivalents	2,056,889	2,342,787
Trade and other receivables	465,300	228,810
Financial assets	<u>2,276,123</u>	<u>2,181,610</u>
Carrying amount of financial assets	<u>4,798,313</u>	<u>4,751,207</u>

Financial Liabilities

Financial liabilities at amortised cost		
Trade and other payables	144,814	170,570
Carrying amount of financial liabilities	<u>144,814</u>	<u>170,570</u>

20B: Financial risk management policies

The Committee of Management's overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee on a regular basis. These include the credit risk policies and future cash flow requirements.

20C: Specific financial risk exposures and management

The main risks the Union is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

(a) Interest Rate Risk

Exposure to interest rate risk arises on financial assets recognised at reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Net Income and Expense from Financial Assets

Cash & Financial Assets		
Interest Received	10,829	9,451
Income & Gains on IFF	114,359	82,181
Net gain from cash and receivables	<u>125,187</u>	<u>91,632</u>

The Union has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

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

31 December 2016

	Fixed Interest Rate	Floating Interest Rate	Non Interest	Total
	\$	\$	\$	\$
Financial Assets	118,655	2,224,405	(275)	2,342,785
Receivables	-	2,181,610	-	2,181,610
	<u>118,655</u>	<u>4,406,015</u>	<u>230,066</u>	<u>4,754,736</u>

Weighted Average Interest Rate 1.9%

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(a) Interest Rate Risk (Con't)

31 December 2017

	Fixed Interest Rate	Floating Interest Rate	Non Interest	Total
	\$	\$	\$	\$
Financial Assets	119,628	1,937,261	-	2,056,889
Receivables	-	2,276,123	-	2,276,123
	-	-	465,300	465,300
	119,628	4,213,384	465,300	4,798,313

Weighted Average Interest Rate 2.6%

Sensitivity analysis

The following table illustrates sensitivities to the Union's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that the Committee of Management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Sensitivity analysis of the risk that the Union is exposed to for 2016	Change in risk variable %	Effect on	
		Equity	Profit or Loss
Interest Rate risk	+/- 0.5%	22,622	22,622

Sensitivity analysis of the risk that the Union is exposed to for 2017	Change in risk variable %	Effect on	
		Equity	Profit or Loss
Interest Rate risk	+/- 0.5%	21,665	21,665

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Union manages this risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturing profiles of financial assets and financial liabilities.

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

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

Contractual maturities for financial liabilities 2016

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Financial liabilities due for payment						
Accounts payable (excluding leave provisions)	170,570	-	-	-	-	170,570
Total expected outflows	170,570	-	-	-	-	170,570

Contractual maturities for financial liabilities 2017

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Financial liabilities due for payment						
Accounts payable (excluding leave provisions)	144,814	-	-	-	-	144,814
Total expected outflows	144,814	-	-	-	-	144,814

Contractual maturities for financial assets 2016

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Financial assets - cash flows realisable						
Cash and cash equivalents	2,294,746	48,040	-	-	-	2,342,786
Trade and other receivables	226,810	-	-	-	-	226,810
Financial assets	2,181,610	-	-	-	-	2,181,610
Total expected inflows	4,703,166	48,040	-	-	-	4,751,206

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Contractual maturities for financial assets 2017

	On Demand	< 1 year	1- 2 years	2- 5 years	>5 years	Total
Financial assets - cash flows realisable		\$	\$	\$	\$	\$
Cash and cash equivalents	2,008,096	48,794	-	-	-	2,056,890
Trade and other receivables	465,300	-	-	-	-	465,300
Financial assets	2,276,123	-	-	-	-	2,276,123
Total expected inflows	4,749,520	48,794	-	-	-	4,798,314

20C: Specific financial risk exposures and management (Con't)

(c) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Union.

Credit risk is managed and reviewed regularly by the Committee of Management. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Committee of Management has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Union has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 6. There is no collateral held by the Union securing trade and other receivables.

The Union does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Union. The trade receivables balance at 31 December 2017 and 31 December 2016 do not include any counterparties with external credit ratings.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved Union policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and other receivables	93,182	9,786	-	-	102,968

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and other receivables	150,687	26,973	52,924	16,263	246,846

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20D: Fair Value Estimation

The net carrying amounts of all financial assets and financial liabilities approximate net fair values.

The Union measures and recognises Investment Property at fair value on a recurring basis after initial recognition.

The Union does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

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

Level 1	Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Measurements based on unobservable inputs for the asset or liability.

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

Valuation Techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Union are consistent with one or more of the following valuation approaches:

-Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

-Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single

-Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

(a) Fair Value Hierarchy (Con't)

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

31 December, 2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				-
<i>Non-financial assets</i>				-
Investment property	-	5,500,000	-	5,500,000
Total non-financial assets recognised at FV	-	5,500,000	-	5,500,000

31 December, 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				-
<i>Non-financial assets</i>				-
Investment property	-	5,750,000	-	5,750,000
Total non-financial assets recognised at FV	-	5,750,000	-	5,750,000

Description	Fair Value at 31-Dec 2017	Valuation technique	Inputs used
Investment property	5,750,000	Market approach using recent observable market data for	Price per square metre

(i) The fair value of the investment property and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Committee reviews the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the Union to determine Level 2 fair values.

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION - NATIONAL OFFICE
ABN 28 921 128 419

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21 SECTION 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or General Manager:

(1) A member of a reporting unit, or the General Manager, 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).

22 REGISTERED OFFICE

The registered office and principle place of business of National Office:

Suite 210, Trades Hall
4 - 10 Goulburn Street
Sydney NSW 2000

23 RECOVERY WAGES

The Union has not derived any revenue during the year as a result of any recovery of wages activity it may have undertaken on behalf of members.

24 GOING CONCERN

The Union's ability to continue as a going concern is not reliant on any other reporting units.

25 FINANCIAL SUPPORT

The Union has not agreed to provide any financial support to any reporting units nor did it require any financial support.

26 ASSETS & LIABILITIES ACQUIRED

The Union has not acquired any asset or liability as a result of an amalgamation, a restructure of branches, determination or revocation of the Fair Work Commission.

27 OPERATING LEASE COMMITMENTS - AS LESSOR

The Investment property is leased to a third party on a 'month to month' basis. Accordingly there are no future minimum rentals receivable at balance date.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION
NATIONAL OFFICE**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

Opinion

We have audited the financial report of Australian Rail, Tram and Bus Industry Union National Office, which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Rail, Tram and Bus Industry Union National Office as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Union is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. We are independent of the Reporting Union 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 my audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION
NATIONAL OFFICE**

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Union is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 Union'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 Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Union to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION
NATIONAL OFFICE**

- 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 Union 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 I identify during our audit.

We declare that Mr. Graham Webb is an approved auditor, a member of Institute of Chartered Accountants Australia and New Zealand and holds a current Public Practice Certificate.

H M Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

G Webb

Graham Webb
Partner
Dated: 9 May 2018

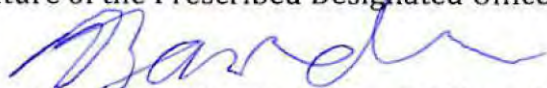
RAIL TRAM AND BUS UNION NATIONAL OFFICE
s268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
Certificate for the period ended 31 December 2017

I, Allan Barden, being the Assistant National Secretary of the Rail, Tram and Bus Industry Union (RTBU) National Office, certify:

- That the documents lodged herewith is the full report for the Rail, Tram and Bus Union for the period ended 31 December 2017 referred to in s268 of the Fair Work (*Registered Organisations*) Act 2009; and
- That the full report was presented to a meeting of the committee of management of the reporting unit on the 9th May 2018 in accordance with s268 of the Fair Work (*Registered Organisations*) Act 2009
- That the full financial report was provided to members of the reporting unit on the 11th May 2018; and
- That the full report was then confirmed and passed at a meeting of the committee of management of the reporting unit on the 13th June 2018 in accordance with s268 of the Fair Work (*Registered Organisations*) Act 2009.

Signature of the Prescribed Designated Officer



Name of the Prescribed Designated Officer: **Allan Barden**

Title of Prescribed Designated Officer: **Assistant National Secretary**

Dated; **13th June 2018**



Australian Government
Registered Organisations Commission

22 January 2018

Mr Bob Nanva
National Secretary
Australian Rail, Tram and Bus Industry Union

By Email: bnanva@rtbu.org.au

Dear Mr Nanva,

**Re: Lodgement of Financial Report - [FR2017/360]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Rail, Tram and Bus Industry Union (the reporting unit) ended on 31 December 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 30 June 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

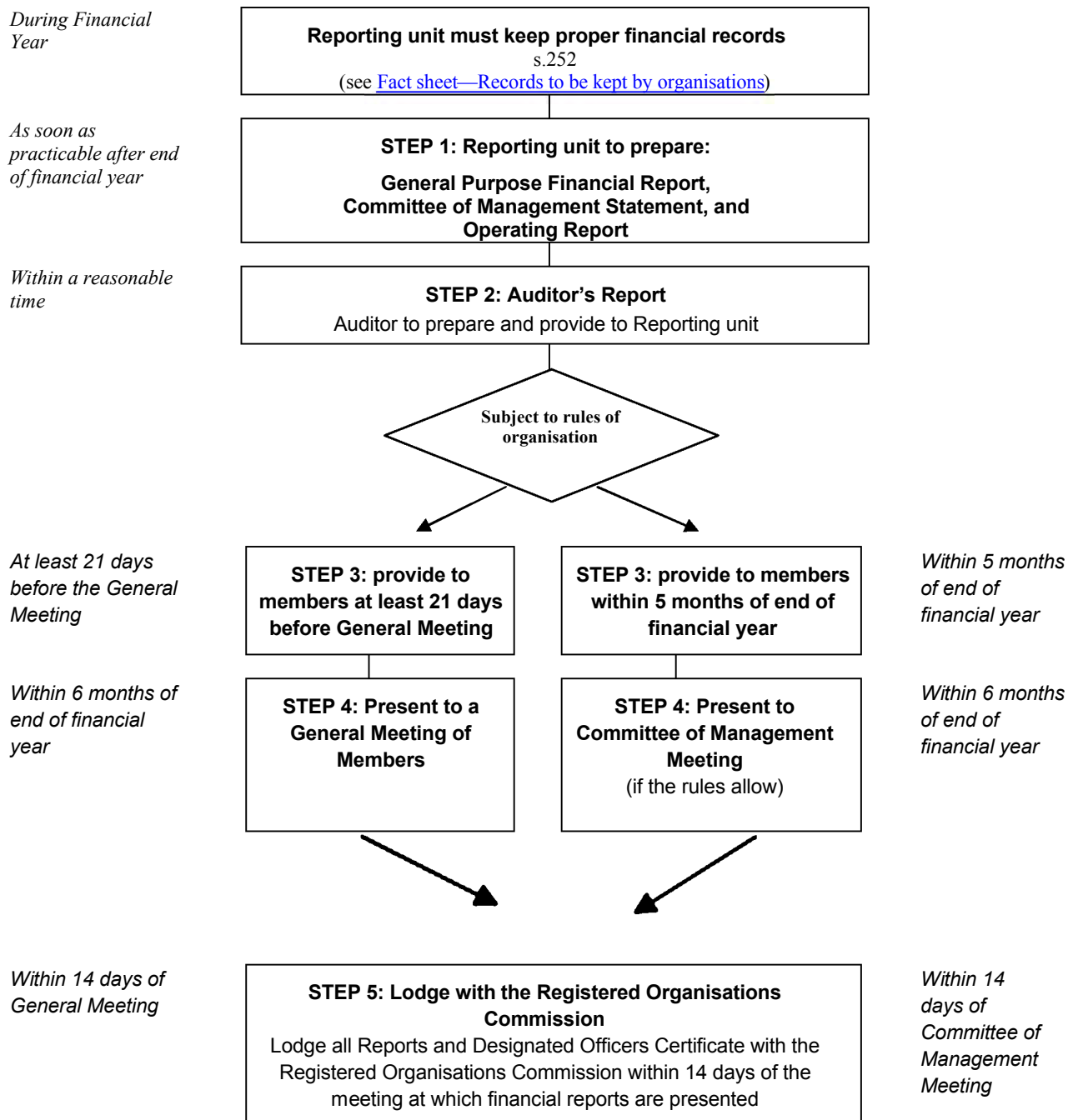
Yours faithfully,

Sam Gallichio
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
<p>X Only reporting units must lodge the Statement.</p>	<p>✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.</p>
<p>X Employees can sign the Statement.</p>	<p>✓ The statement must be signed by an elected officer of the relevant branch.</p>

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

	[Current year]	[Previous year]
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report.

Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

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