FAIR WORK
AUSTRALIA

11 August 2011

Mr Trevor Dobbyn
Secretary, Victorian Branch
ARTBIU
Level 2, 365 Queen Street
MELBOURNE VIC 3000

Dear Mr Dobbyn

Re: Lodgement of Financial Statements and Accounts – Victorian Branch – for year ending 31 December 2010 (FR2010/2919)

I refer to the email forwarded to me by Mr Keith Wright today attaching an amendment to the original audit opinion by the Auditor.

The documents have now been filed.

Yours respectfully,

Stephen Kellett

Statutory Services Branch

Terrace Towers
80 William Street
East Sydney NSW 2011

Telephone: (02) 8374 6666
International: (612) 8374 6666
Facsimile: (02) 9380 6990
Email: sydney@fwa.gov.au

KELLETT, Stephen

From: Keith Wright [keith.wright@rtbuvic.com.au]
Sent: Thursday, 11 August 2011 3:21 PM
To: KELLETT, Stephen
Subject: FW: Message from KMBT_C550

Hi Stephen

Please see attached email from our auditors regarding Financial Report for Year Ending Dec 2010

Regards
Keith Wright
Rail Tram and Bus Union

RECEIVED 11-8-11

From: Tom Mullarkey [mailto:tmullarkey@moorestephens.com.au]
Sent: Thursday, 11 August 2011 1:02 PM
To: Keith Wright
Subject: RE: Message from KMBT_C550

Hi Keith

I have re-worded our opinion section. It now complies with S275(5) of the Fair Work (Registered Organisations) Act 2009.

Please advise Fair Work Australia that our audit report opinion has been re-worded as follows:

Opinion

In our opinion, the financial statements of The Australian Rail, Tram & Bus Industry Union - Victorian Branch for the year ended 31 December 2010 presents fairly the financial position of the Union at 31 December 2010 and its performance for the year ended on that date and are prepared, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009

If Fair Work Australia have any further questions then please let me know.

Regards

Tom Mullarkey
Manager - Assurance
Moore Stephens

T +61 3 8635 1800
D +61 3 8635 1826
F +61 3 8102 3400

Level 10, 530 Collins Street, Melbourne VIC 3000
www.moorestephens.com.au

Moore Stephens ABN 39 533 589 331

From: Keith Wright [mailto:keith.wright@rtbuvic.com.au]
Sent: Wednesday, 10 August 2011 10:57 AM
To: Tom Mullarkey
Subject: FW: Message from KMBT_C550

Hi Tom

When you get a chance could you please see attached from Fair Work Aust

Regards
Keith Wright
RTBU

From: photocopier@rtbuvic.com.au [mailto:photocopier@rtbuvic.com.au]
Sent: Wednesday, 10 August 2011 10:51 AM
To: Keith Wright
Subject: Message from KMBT_C550

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FAIR WORK
AUSTRALIA

2 August 2011

Mr Trevor Dobbyn
Secretary, Victorian Branch
ARTBIU
Level 2, 365 Queen Street
MELBOURNE VIC 3000

FILE COPY

Dear Mr Dobbyn

Re: Lodgement of Financial Statements and Accounts – Victorian Branch – for year ending 31 December 2010 (FR2010/2919)

Thank you for lodging the above financial return which was received by Fair Work Australia on 19 July 2011.

Before filing the documents I seek your comments and advice regarding the following.

In stating simply that the financial statements "are prepared….in accordance with Australian Accounting Standards…"etc. the Auditor's opinion does not appear to comply strictly with section 257(5) of the *Fair Work (Registered Organisations) Act 2009* which requires that the auditor state whether the report "is presented fairly". Section 257(5) reflects Auditing Standard ASA 700 which I understand is relevant here, and which requires that the auditor state whether the report "gives a true and fair view" or "presents fairly".

The wording actually used bears a significant difference in meaning and must be said to fall short of these requirements.

I would appreciate it if you could bring this to the attention of your auditor and provide Fair Work Australia with the reason why different wording was used in the audit opinion.

Yours respectfully,

Stephen Kellett

Statutory Services Branch

Terrace Towers
80 William Street
East Sydney NSW 2011

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Email: sydney@fwa.gov.au

FR2010/2919

THE RAIL TRAM & BUS UNION

Victorian Branch

Level 2/365 Queen Street Melbourne 3000

Telephone (03) 9600 3030

Fax (03) 9600 3363

Email rtbu@rtbuvic.com.au

13/7/11

Fair Work Australia
Level 8 Terrace Towers
80 William Street
East Sydney NSW2011

Financial Reports for the year ended 31st December 2010.

I Trevor Dobbyn being the State Branch Secretary of the ARTBIU Victorian Branch certify,

That the documents lodges herewith are copies of the full report referred to in S286 of the RAO schedule and
The Committee of management statement report was passed on 31/5/11

That the full report was provided to members on the 1/6/11 and

That the full report was presented to the State Branch Executive on 8/6/11 and

That the report has been endorsed by the State Branch Executive on the 13/7/11.

Signed

Trevor Dobbyn
State Branch Secretary

RECEIVED 19 JUL 2011 FAIR WORK AUSTRALIA NEW SOUTH WALES

OPERATING REPORT FOR THE RAIL TRAM AND BUS UNION (RTBU) VICTORIAN BRANCH

SCOPE OF OPERATING REPORT

This operating report covers the activities of the Rail, Tram and Bus Union (RTBU) Victorian Branch, for the calendar year 1 January 2010 to 31 December 2010, the results of those activities and any significant changes in the nature of the activities as required under **s.254 Workplace Relations Act 1996.**

1. The Principle Activities And Results Of The Activities of the National Council

The RTBU (Victorian Branch) is a branch of the federally registered RTBU representing members whose usual place of work is located within the state of Victoria. The Victorian Branch has members employed in Rail and Tram sectors who are employed by the public and private sectors. The reporting unit's activities are directed by the Victorian Branch Executive and Branch council.

The principle activities and results of these activities fell into the following categories:

Activities	2010 Results
Making agreements with employers.	- 6 Signed federally registered Union Collective Agreements;
Implementation of Branch Council's membership agenda, including providing assistance and strategic advice to individual members in relation to workplace issues.	- Increase in membership of 373
Attended meetings called by peak union bodies in Victoria	- 8 Attended meetings called by the Victorian Trades Hall Council.
Training delegates and representatives	- 60 Workplace delegates were trained
Produced and distributed circulars, bulletins, newsletters and materials as authorised by the union.	- Produced and Distributed - 24 copies of Union Express (Rail Division) - 2 Loco Lines Locomotive Division Newsletters - 6 Tram and Bus Division Newsletter

2. Any Significant Changes In

The principle activities of the branch during the year were that of a registered trade union. No significant change occurred in the nature of those activities during the year.

3. Details of Any Significant Changes In Financial

Significant changes in the RTBU's (Victorian Branch) financial affairs included:

- An increase of $853,916 for the operating year to 31 December 2010.

- An increase of membership contributions of $181,279 for the operating year to 31 December 2010.

- An increase in union fees of 4% for Tram, Rail and Locomotive Divisions. .

4. Details of The Rights of Members To Resign

All members of the RTBU (Victorian Branch) have the right to resign from the union in accordance with **Rule 14, Resignation from Membership,** of the rules of the Rail Tram and Bus Industry Union.

5. Details of Superannuation Trustees

There are no superannuation Trustees in the Victorian Branch.

6. Prescribed Information

Number of Members

As of the 31 December 2010 there were 7,864 members of the RTBU Victorian Branch.

Number of Employees

As of the 31 December 2010 there were 15 employees both full time and part time of the Victorian Branch.

Members of The Committee of Management

The members of the Branch Executive during the year end 31 December 2010:

NAME	DIVISION/POSITION	PERIOD OF APPOINTMENT
Brian Head	Branch President	01.01.10 - 31.12.10
Grant Wainwright	Senior Branch Vice President	01.01.10 – 31.12.10
Doug Brady	Jnr Vice President	01.01.10 – 31.12.10
Trevor Dobbyn	Branch Secretary	01.01.10 – 31.12.10
Lou Di Gregorio	Assistant Branch Secretary	01.01.10 – 31.12.10
Phil Altieri	Assistant Secretary Tram & Bus Division	01.01.10 – 31.12.10
Brian Hill	Secretary Locomotive Division	01.01.10 – 31.12.10
Martin Strebs	Tram & Bus, Vice President	01.01.10 – 31.12.10
Terry Sheedy	President Locomotive	01.01.10 – 31.12.10
Bob Bassett	President Operations	01.01.10 – 31.12.10
Victor Moore	Secretary Operations	01.01.10 – 31.12.10
Chris Tsirkas	President Administration	01.01.10 – 31.12.10
Stephen Kozmevski	Secretary Administration	01.01.10 – 31.12.10
Bob Wilson	President Infrastructure	01.01.10 – 31.12.10
Kevin Killender	Secretary Infrastructure	01.01.10 – 31.12.10
Kevin Killender	Organiser Fleet	01.01.10 – 14.05.10

	manufacture, Overhaul, Maintenance & Service & Infrastructure Division	
Phil Barnett	President Fleet manufacture, Overhaul, Maintenance & Service	01.01.10 – 31.12.10
Calvin Harvey	Secretary Fleet manufacture, Overhaul, Maintenance & Service	01.01.10 – 14.05.10
Calvin Harvey	Organiser Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	15.05.10 – 31.12.10
Wayne Leahy	Secretary Fleet manufacture, Overhaul, Maintenance & Service	14.5.10-31.12.10

The members of Branch Council during the year ending 31 December 2010:

Division/Position	**Name**	**Period of Appointment**
Branch President	Brian Head	01.01.10 – 31.12.10
Branch Senior Vice President	Grant Wainwright	01.01.10 – 31.12.10
Branch Junior Vice President	Doug Brady	01.01.10 – 31.12.10
Branch Secretary	Trevor Dobbyn	01.01.10 – 31.12.10
Assistant Branch Secretary	Lou Di Gregorio	01.01.10 – 31.12.10
Secretary - Admin	Steven Kozmevski	01.01.10 – 31.12.10
Secretary – Infrastructure	Kevin Killender	01.01.10 – 31.12.10
Secretary – Locomotive	Brian Hill	01.01.10 – 31.12.10
Secretary – Rail Ops	Victor Moore	01.01.10 – 31.12.10
Secretary – Tram and Bus	Lou Di Gregorio	01.01.10 – 31.12.10
Secretary – Fleet, Manu etc…	Wayne Leahy	01.01.10 – 31.12.10
Branch Divisional Ass Secretary Tram and Bus	Phil Altieri	01.01.10 – 31.12.10
Branch Divisional Organiser (Infrastructure) & Fleet, Manu etc	Calvin Harvey	15.05.10 – 31.12.10
Delegates from Branch Divisions		01.01.10 – 31.12.10
Rail Ops		01.01.10 – 31.12.10
Elected Delegate from V/Line	Andrew Robertson	01.01.10 – 31.12.10
Elected Delegate from V/Line	Lindsay Bounds	01.01.10 – 31.12.10
Elected Delegate from Metro	Fred Howman	01.01.10 – 31.12.10
Elected Delegate from Metro	Andrew Stokie	01.01.10 – 31.12.10

Elected Delegate from Metro	Darren Galea	01.01.10 – 31.12.10
Infrastructure		01.01.10 – 31.12.10
Elected Delegate	David Snelgrove	01.01.10 – 31.12.10
Elected Delegate	Norm Milledge	01.01.10 – 31.12.10
Elected Delegate	Robert Wilson	01.01.10 – 31.12.10
Administration		01.01.10 – 31.12.10
Elected Delegate	Jim Burvill	01.01.10 – 31.12.10
Elected Delegate from Metro	John Nicolopoulos	01.01.10 – 31.12.10
Fleet manufacture, Overhaul, Maintenance & Service		01.01.10 – 31.12.10
Elected Delegate	Wayne Leahy	01.01.10 – 31.12.10
Tram and Bus		01.01.10 – 31.12.10
Branch Divisional President	Doug Brady	01.01.10 – 31.12.10
Branch Divisional Vice President	Martin Strebs	01.01.10 – 31.12.10
Sub-Divisional Representatives	Eryan Sidhom Geoff Caruana Don Blewitt Mario Mizzi Mark Teasdale	01.01.10 – 31.12.10
Locomotive		01.01.10 – 31.12.10
Branch Divisional President	Terrence Sheedy	01.01.10 – 31.12.10
Branch Divisional Vice President	Darren Lamont	01.01.10 – 31.12.10
Sub-Divisional Representatives	Jim Chrysostomou Gary Jordon Glenn Webb	01.01.10 – 31.12.10
Delegates from Regional Sub Branches		01.01.10 – 31.12.10
Northern Region – President	Peter Bulmer	01.01.10 – 31.12.10
Northern Region – Sub Branch Sec	Vacant	01.01.10 – 31.12.10
Southern Region – President	Matthew Vos	01.01.10 – 31.12.10
Southern Region – Sub Branch Sec	Vacant	01.01.10 – 31.12.10
Western Region – President	James Rice	01.01.10 – 31.12.10
Western Region – Sub Branch Sec	Robert Bassett	01.01.10 – 31.12.10

OPERATING REPORT FOR THE RAIL TRAM AND BUS UNION (RTBU) VICTORIAN BRANCH

Trevor Dobbyn
State Secretary
8 June 2011

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH

ABN 19 122 611 478

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH
ABN 19 122 611 478

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THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH
ABN 19 122 611 478

COMMITTEE OF MANAGEMENT STATEMENT

On 11 May 2011 the Committee of Management of The Australian Rail, Tram and Bus Industry Union - Victorian Branch ('the reporting unit') passed the following resolution in relation to the general purpose financial report ('GPFR') of the reporting unit for the financial year ended 31 December 2010:

The Committee of Management declares in relation to the GPFR that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;

(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 the reporting unit will be able to pay its debts as and when they become due and payable;

(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 a branch concerned; and

  (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

  (iii) the financial records of the reporting unit have been kept and maintained in accordance with the Registration and Accountability of Organisations Schedule, Schedule 1 of the *Fair Work (Registered Organisations) Act 2009 (as amended)* ('RAO Schedule') and the RAO Regulations; and

  (iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and

  (v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and

  (vi) no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

Signed on behalf of the Committee of Management:

…………………………………	…………………………………
Trevor Dobbyn	Phillip Altieri
State Secretary	Assistant Branch Secretary

Dated 31st day of May 2011

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH
ABN 19 122 611 478

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 $	2009 $
Revenue	2	3,426,033	3,206,707
Other income	2	29,436	17,419
Employee benefits expense		(1,187,061)	(1,084,065)
Finance costs	3	(53,633)	(79,912)
Depreciation and amortisation expenses	3	(101,080)	(106,574)
Quarterage – Capitation fees		(439,097)	(401,926)
Affiliation fees		(58,877)	(45,298)
Administration and office expenses		(117,157)	(146,115)
Legal and professional fees		(55,706)	(76,610)
Motor vehicle costs		(68,012)	(60,183)
Commissions paid		(20,926)	(30,294)
Building repairs and maintenance expense		(134,038)	(120,672)
Other expenses		(365,966)	(325,915)
Profit before income tax		**853,916**	**746,562**
Income tax expense	1(a)	-	-
Profit attributable to members of the entity		**853,916**	**746,562**
Other Comprehensive Income:			
Net gain on revaluation of financial assets		-	-
Other Comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		**853,916**	**746,562**
Total comprehensive income/(loss) attributable to members of the entity		**853,916**	**746,562**

The accompanying notes form part of these financial statements.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH
ABN 19 122 611 478

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	2010 $	2009 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,297,182	2,435,467
Trade and other receivables	7	11,812	12,180
TOTAL CURRENT ASSETS		**3,308,994**	**2,447,647**
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,658,506	2,738,166
Investment property	9	1,100,000	1,100,000
TOTAL NON-CURRENT ASSETS		**3,758,506**	**3,838,166**
TOTAL ASSETS		**7,067,500**	**6,285,813**
CURRENT LIABILITIES			
Trade and other payables	10	421,488	433,120
Borrowings	11	34,864	52,000
TOTAL CURRENT LIABILITIES		**456,352**	**485,120**
NON-CURRENT LIABILITIES			
Borrowings	11	440,636	475,500
Long term provisions	12	13,122	21,719
TOTAL NON-CURRENT LIABILITIES		**453,758**	**497,219**
TOTAL LIABILITIES		**910,110**	**982,339**
NET ASSETS		**6,157,390**	**5,303,474**
EQUITY			
Retained earnings		6,157,390	5,303,474
TOTAL EQUITY		**6,157,390**	**5,303,474**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Retained Earnings	Total
	$	$
Balance at 1.1.2009	4,556,912	4,556,912
Profit attributable to members of the Union	746,562	746,562
Balance at 31.12.2009	**5,303,474**	**5,303,474**
Balance at 1.1.2010	5,303,474	5,303,474
Profit attributable to members of the Union	853,916	853,916
Balance at 31.12.2010	**6,157,390**	**6,157,390**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, investment property and other income		3,591,054	3,368,222
Payments to suppliers and employees		(2,694,885)	(2,428,308)
Interest received		92,599	69,087
Finance costs		(53,633)	(79,912)
Net cash provided by operating activities	14	935,135	929,090
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment		18,750	36,154
Purchase of plant and equipment		(40,170)	(98,406)
Net cash used in investing activities		(21,420)	(62,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(52,000)	(559,500)
Net cash used in financing activities		(52,000)	(559,500)
Net increase in cash held		861,715	307,338
Cash at beginning of financial year		2,435,467	2,128,129
Cash at end of financial year	6	**3,297,182**	**2,435,467**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Australian Rail, Tram & Bus Industry Union - Victorian Branch ('the Union') is incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the requirements of the *Fair Work (Registered Organisations) Act 2009 (as amended).*

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 the International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Income Tax

The Union is classified as a 'registered organisation' by the Australian Taxation Office and is therefore exempt from tax on its income by virtue of section 23 (f) of the *Income Tax Assessment Act 1936.*

(b) Property, Plant and Equipment

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

<u>Property</u>
Buildings are measured on the cost basis less accumulated depreciation and impairment losses.

<u>Plant and equipment</u>
Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed 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 not been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, is depreciated on a straight line basis over their useful lives to the Union commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates and useful lives used for each class of depreciable assets are:

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings	2.5%	Straight Line
Motor vehicles	15 %	Straight Line
Office equipment	36 %	Straight Line
Furniture, fixtures and fittings	7.5 - 10 %	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts recorded in the revaluation relating to that asset are transferred to retained earnings.

(c) Impairment of Assets

At each reporting date, the Committee of Management reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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.

(d) Investment Property

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

Land and building comprising the investment property is considered composite assets and are disclosed as such in the accompanying notes to the financial statements.

Investment property acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investment Property (continued)

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.

(e) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bond with terms to maturity that match the expected timing of cashflows.

(f) Provisions

Provisions are recognised when the Union has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to set the present obligation at the reporting date. The discount used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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).

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. 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:
(i) the amount at which the financial asset or financial liability is measured at initial recognition;
(ii) less principal repayments;
(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
(iv) less any reduction for impairment.

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 value with a consequential recognition of an income or expense 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.

(ii) Financial liabilities

Non-derivative financial liabilities, (excluding financial guarantees) are subsequently measured at amortised cost.

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 expire.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) Revenue and Other Income

Revenue from membership subscriptions is recognised on a cash receipt basis. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other income is recognised when the right to receive the revenue has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in expenses in the year in which they incurred.

(m) 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.

(l) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less impairment of doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off.

(m) Trade and Other Payables

Payables represent liabilities for goods and services provided to the Union prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition.

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgements

The Committee of Management evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates

Impairment

The Union assesses impairment at each reporting date by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Uncertainty relating to property valuations

Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

The current lack of comparable market evidence relating to pricing assumptions and market drivers mean that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may be significantly prolonged.

The fair value of investment property has been adjusted to reflect market conditions at the end of the reporting period. While this represents the best estimates of fair value as at balance date, the current market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

(p) New Accounting Standards for application in future periods

During the current year the union adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Australian Rail, Tram & Bus Industry Union - Victorian Branch.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the union's financial statements.

Disclosure impact

Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The union's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The AASB has issued new, revised and amended Standards and Interpretations that have mandatory application dates for future reporting periods and which the union has decided not to early adopt. A discussion of those future requirements and their impact on the union is as follows:

AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Union has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
- the objective of the entity's business model for managing the financial assets; and
- the characteristics of the contractual cash flows.

AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Union.

AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Union.

The Union does not anticipate early adoption of any of the above Australian Accounting Standards.

	Note	2010 $	2009 $
NOTE 2: REVENUE AND OTHER INCOME			
From continuing operations			
- membership contributions received		3,223,861	3,042,582
- interest received	2(a)	92,559	69,087
- rental revenue from investment property	2(b)	109,573	95,038
Total Revenue		3,425,993	3,206,707
Other Income			
- gain on revaluation of investment property		-	-
- other revenue		29,436	17,419
		29,436	17,419
Total Revenue		3,455,429	3,224,126
(a) Interest revenue from:			
- other persons		92,559	69,087
(b) rental revenue from investment property received from:			
- other persons		109,573	95,038

NOTE 3: PROFIT BEFORE INCOME TAX

		2010 $	2009 $
(a) Expenses			
Interest expense on financial liabilities at amortised cost:			
- external		53,633	79,912
Depreciation of non-current assets		101,080	106,574
(b) Revenue and Net Gains/(Losses)			
Net losses on disposal of non-current assets:			
- plant and equipment		6,068	12,972

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration of executives

	Short-term benefits Salaries $	Superannuation $	Total $
2010			
Total compensation	732,487	65,924	798,410
2009			
Total compensation	632,781	56,128	688,909

NOTE 5: AUDITORS' REMUNERATION

	2010 $	2009 $
Remuneration of the auditor for:		
- auditing or reviewing the financial report	19,300	18,575
- other services	1,000	715
	20,300	19,290

NOTE 6: CASH AND CASH EQUIVALENTS

Cash on hand	620	620
Cash at bank	3,296,562	2,434,847
	3,297,182	2,435,467

NOTE 7: TRADE AND OTHER RECEIVABLES

CURRENT		
Other receivables	11,812	12,180
	11,812	12,180

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Buildings:		
At cost	2,726,005	2,726,005
Accumulated depreciation	(290,648)	(228,203)
	2,435,357	2,497,802
Motor vehicles:		
At cost	187,626	195,800
Accumulated depreciation	(52,257)	(44,866)
	135,369	150,934

	Note	2010 $	2009 $
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Office equipment:			
At cost		74,711	76,779
Accumulated depreciation		(54,662)	(52,170)
		20,049	24,609
Furniture, fixtures and fittings:			
At cost		229,049	219,427
Accumulated depreciation		(161,318)	(154,606)
		67,731	64,821
Total property, plant and equipment		2,658,506	2,738,166

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2010	Buildings $	Motor vehicles $	Office equipment $	Furniture, fixtures and fittings $	Total $
Balance at 1 January 2010	2,497,802	150,934	24,609	64,821	2,738,166
Additions	-	25,119	5,429	9,622	40,170
Disposals	-	(18,297)	(453)	-	(18,750)
Depreciation expense	(62,445)	(22,387)	(9,536)	(6,712)	(101,080)
Carrying amounts at 31 December 2010	2,435,357	135,369	20,049	67,731	2,658,506

2009	Buildings $	Motor vehicles $	Office equipment $	Furniture, fixtures and fittings $	Total $
Balance at 1 January 2009	2,561,846	152,827	10,790	57,025	2,782,488
Additions	-	60,194	23,924	14,288	98,406
Disposals	-	(36,154)	-	-	(36,154)
Depreciation expense	(64,044)	(25,933)	(10,105)	(6,492)	(106,574)
Carrying amounts at 31 December 2009	2,497,802	150,934	24,609	64,821	2,738,166

	Note	2010 $	2010 $

NOTE 9: INVESTMENT PROPERTY

Balance at beginning of the year	1,100,000	1,100,000
Net revaluation increment	-	-
Carrying amount at the end of the year	1,100,000	1,100,000

(a) Valuation

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 transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

An independent valuation on the investment property was carried out by Charter Keck Cramer, with the market value at 1 April 2010 of $1,100,000. Refer to note 1 (o) for key estimates relating to uncertainty regarding property valuations.

(b) Lease arrangement

The investment property relates to suite 1 and suite 2 at Level 1, 222 Kings Way, South Melbourne. The property leases are a non-cancellable lease with a three-year term, which will expire in April 2012 and September 2013, respectively.

NOTE 10: TRADE AND OTHER PAYABLES

	Note	2010 $	2010 $
CURRENT			
Trade payables	10 (i)	44,732	46,776
Amounts payable to:			
- other related body corporate		33,344	27,359
Sundry payables and accrued expenses		343,412	358,985
		421,488	433,120

(i) The average credit period on purchases of certain goods for the Union is one month. There is no interest charged on the outstanding trade payable balances. The Union has financial risk management policies in place to ensure that all payables are paid within the credit timeframe, as referred to in Note 17.

	Note	2010 $	2009 $
NOTE 11: BORROWINGS			
CURRENT			
Bank loan secured	11 (i)	34,864	52,000
Total current borrowings		34,864	52,000
NON-CURRENT			
Bank loan secured	11 (i)	440,636	475,500
Total non-current borrowings		440,636	475,500
Total borrowings		475,500	527,500

The loan commenced in July 2005 and will be repaid in quarterly payments over a period of 15 years.

The carrying amounts of non-current assets pledged as security are:

	2010 $	2009 $
Investment property	1,100,000	1,100,000
Buildings (forms part of property, plant and equipment)	2,435,357	2,497,802
	3,535,357	3,597,802

NOTE 12: EMPLOYEE ENTITLEMENTS

	2010 $	2009 $
NON-CURRENT		
Long service leave	13,122	21,719

A provision has been recognised for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria for employee benefits have been included in Note 1 (e).

	Note	2010 $	2009 $

NOTE 13: CAPITAL AND LEASING COMMITMENTS

Lease revenue commitments

Lease terms are non-cancellable with a three-year term, with rent payable monthly. Rent is reviewed annually in accordance with CPI movements.

Details of non-cancellable operating leases contracted but not capitalised in the financial statements are shown below:

	2010 $	2009 $
Receivables:		
- not later than 1 year	97,000	89,750
- later than 1 year but no later than 5 years	110,483	48,305
	207,483	138,055

NOTE 14: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

	2010 $	2009 $
Profit after income tax	853,916	746,562
Non-cash flows in profit:		
Depreciation	101,080	106,574
Changes in assets and liabilities:		
(Increase)/ decrease in receivables	369	(2,693)
Increase / (decrease) in payables	(7,748)	6,678
Increase / (decrease) in employee entitlements	(12,482)	71,969
Net cash flows from operations	935,135	929,090

NOTE 15: CONTINGENT LIABILITIES

The Committee of Management are not aware of any contingent liabilities that are likely to have a material effect on the results of the Union.

NOTE 16: EVENTS AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

The financial report was authorised for issue on 11 May 2011 by the Committee of Management.

	Note	2010 $	2009 $

NOTE 17: FINANCIAL RISK MANAGEMENT

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

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:

	Note	2010 $	2009 $
Financial assets			
Cash and cash equivalents	6	3,297,182	2,435,467
Trade and other receivables	7	11,812	12,180
		3,308,994	2,447,647
Financial liabilities at amortised cost:			
Trade and other payables	10	93,077	100,823
Borrowings	11	475,500	527,500
		568,577	628,323

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 of Management on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

a. Interest rate risk

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

The source of interest rate risk to the Union is primarily long-term debt obligations, which has variable interest rate.

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

	2010 $	2009 $
Financial assets		
Cash and cash equivalents	3,297,182	2,435,647
	3,297,182	2,435,647
Financial liabilities		
Interest-bearing liabilities	(475,500)	(527,500)
	(475,500)	(527,500)
Net exposure	2,821,682	1,920,147

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Interest rate risk (continued)

The weighted average interest rates relating to the above financial assets and financial liabilities were as follows:

	2010	2009
	%	%
Financial assets		
Cash and cash equivalents	3.23%	3.03%
Financial liabilities		
Interest-bearing liabilities	8.69%	6.30%

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.

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 and do not reflect the Committee of Management's expectations that banking facilities will roll forward.

	Within 1 Year		2 to 5 Years		Over 5 Years		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Financial liabilities due for payment	$	$	$	$	$	$	$	$
Bank loans	34,864	52,000	162,989	151,963	277,647	323,537	475,500	527,500
Trade and other payables (excluding est. annual leave)	93,077	100,823		-		-	93,077	100,823
Total expected outflows	127,941	152,823	162,989	151,963	277,647	323,537	568,577	628,323
Financial Assets - cash flows realisable								
Cash and cash equivalents	3,297,182	2,435,467	-	-	-	-	3,297,182	2,435,467
Trade and other receivables	11,812	12,180	-	-	-	-	11,812	12,180
Total anticipated inflows	3,308,994	2,447,647	-	-	-	-	3,308,994	2,447,647
Net (outflow)/inflow on financial instruments	3,181,053	2,294,824	(162,989)	(151,963)	(277,647)	(323,537)	2,740,417	1,819,324

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

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. Where the Union is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, then risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

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 7.

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 2010 and 31 December 2009 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

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-.

Net Fair Value

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments which are carried at amortised cost (i.e. term receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Union.

	2010		2009	
	Net Carrying Value $	Net Fair Value $	Net Carrying Value $	Net Fair Value $
Financial assets				
Cash and cash equivalents	3,297,182	3,297,182	2,435,467	2,435,467
Trade and other receivables	11,812	11,812	12,180	12,180
	3,308,994	3,308,994	2,447,647	2,447,647
Financial liabilities at amortised cost:				
Trade and other payables	93,077	93,077	100,823	100,823
Borrowings	475,500	475,500	527,500	527,500
	568,577	568,577	628,323	628,323

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payable exclude amounts provided for relating to annual leave which is not considered a financial instrument.

(ii) Borrowings balance is discounted, therefore its carrying value is considered equivalent to fair value.

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.

	Profit $	Equity $
Year ended 31 December 2010		
+/- 0.5% in interest rates	11,247	11,247
Year ended 31 December 2009		
+/- 0.5% in interest rates	2,638	2,638

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 18: SEGMENT REPORTING

The Union operates predominately in one business and geographical segment being the representation of members in industrial relations matters in Victoria.

NOTE 19: NOTICE REQUIRED UNDER THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 (as amended)

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009 (as amended),* the attention of the members is drawn to the provision of subsections (1), (2), (3) and (4) of Section 272, which reads as follows:

(1) A member of a reporting unit, or a Registrar, 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).

(4) A Registrar may only make an application under subsection (1) at the request of a member of the organisation concerned, and the Registrar shall provide to a member information received because of an application made at the request of the member.

NOTE 20: UNION DETAILS

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

The Australian Rail, Tram & Bus Industry Union - Victorian Branch
Level 2
365 Queen Street
Melbourne Victoria 3000

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street
Melbourne VIC 3000

T +61 (0)3 8635 1800
F +61 (0)3 8102 3400

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH

Report on the Financial Statements

We have audited the accompanying financial statements of The Australian Rail, Tram & Bus Industry Union - Victorian Branch, which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Committee of Management's Responsibility for the Financial Report

The Committee of Management is responsible for the preparation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009 and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial statements of The Australian Rail, Tram & Bus Industry Union - Victorian Branch for the year ended 31 December 2010 are prepared, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009.

Moore Stephens

Moore Stephens
Chartered Accountants

Scott Phillips
Partner

Melbourne, 31 May 2011

FAIR WORK
AUSTRALIA

11 January 2011

Mr Trevor Dobbyn
State Secretary
Australian Rail, Tram and Bus Industry Union - Victorian Branch
rtbu@rtbuvic.com.au

Dear Mr Dobbyn,

Lodgement of Financial Documents for year ended 31 December 2010 [FR2010/2919]
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Australian Rail, Tram and Bus Industry Union - Victorian Branch (the "reporting unit") has recently ended. This is a courtesy letter to remind you of the obligation to prepare and process the reporting unit's financial documents. The full financial report must be lodged with Fair Work Australia within a period of 6 months and 14 days of the end of the financial year.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. The attached *Timeline/Planner* summarises these requirements, but I also describe the sequence here.

When the accounts have been prepared ready for the auditor, you or other officers of the Committee of Management must complete, sign and date a "Committee of Management Statement". This Statement effectively approves the accounts for audit and is usually completed at a "first" Committee meeting.

When the auditor has completed his or her audit, he or she must sign and date the "Auditor's Report". The signing and dating of the Auditor's Report may coincide with the date of the "first" Committee Meeting.

Only when the Auditor's Report has been signed and dated is the financial report ready for distribution or publication for the members. This is because the members must be able to see that the report has been audited.

The final event is a formal presentation of the financial report to a "second" meeting. This can be a general meeting of the members, or a separate meeting of the Committee. A general meeting of the members is the default format unless your rules provide for members to petition a special general meeting to consider the report, in which case you can avail itself of the convenience of a Committee meeting instead (see s266).

If you intend to present the report to a general meeting, you must not hold the meeting until at least 21 days have elapsed since distributing or publishing the report to your members. (see s265(5)) If you intend and are permitted to present the report to a Committee meeting, this can be held at any time after the Auditor has signed his report. But this must be a "second" Committee meeting, separate from that at which the various documents were originally signed.

The documents must be lodged within 14 days of the "second" meeting. Your Certificate should provide the date the report was distributed/made available to the members and the date of presentation to the "second" meeting. This will enable Fair Work Australia to be satisfied that you have complied with the relevant sections of the Act

For additional information, if you need it, financial reporting fact sheets and sample documents can be found on our Fair Work Australia website (www.fwa.gov.au). You will find that the legislative requirements remain largely unchanged to that of the former requirements under Schedule 1 of the Workplace Relations Act 1996. The information can be viewed at FWA Registered Organisations Fact Sheets

This office encourages you to lodge all financial reports electronically (e.g. as pdf files) at RIASydney@fwa.gov.au. Alternatively, you can forward the documents by fax to (02) 9380 6990 .

If you need any further information or if you believe you will be unable to lodge the full financial report within the period mentioned above please contact me on (02) 8374 6666 or by email at RIASydney@fwa.gov.au.

Yours sincerely,

Steve Teece
Registered Organisations – New South Wales
Fair Work Australia

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		As soon as practicable after end of financial year
(a) A Committee of Management Meeting must consider the financial statements, and if satisfied, pass a resolution declaring the various matters required to be included in the Committee of Management Statement. (b) A #designated officer must sign the Statement which must then be forwarded to the auditor for consideration as part of the General Purpose Financial Report (GPFR).	/ /	*As soon as practicable after end of financial year*
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	*Within a reasonable time of having received the GPFR* *(<u>NB</u>: Auditor's report <u>must</u> be dated on or after date of Committee of Management Statement*
Provide full report free of charge to members – s265 The full report includes: ☐ the General Purpose Financial Report (which includes the Committee of Management Statement); ☐ the Auditor's Report; and ☐ the Operating Report.	/ /	*(a) if the report is to be presented to a General Meeting (which must be held within 6 months after the end of the financial year), the report must be provided to members 21 days before the General Meeting,* *or* *(b) in any other case including where the report is presented to a Committee of Management meeting*, the report must be provided to members within 5 months of end of financial year.*
Present full report to: (a) General Meeting of Members - s266 (1),(2); OR	/ /	*Within 6 months of end of financial year*
(b) where the rules of organisation or branch allow* - a Committee of Management meeting - s266 (3)	/ /	*Within 6 months of end of financial year*
Lodge full report with Fair Work Australia, together with the #Designated Officer's certificate++ – s268	/ /	*Within 14 days of meeting*

** the full report may only be presented to a committee of management meeting if the rules of the reporting unit provide that a percentage of members (not exceeding 5%) are able to call a general meeting to consider the full report.*

 # The Committee of Management Statement and the Designated Officer's certificate must be signed by the Secretary or another officer who is an elected official and who is authorised under the rules (or by resolution of the organisation) to sign the statement or certificate – s243.

++ The Designated Officer's certificate must state that the documents lodged are copies of the documents provided to members and presented to a meeting in accordance with s266 – dates of such events must be included in the certificate. The certificate cannot be signed by a non-elected official.