



FAIR WORK
COMMISSION

27 September 2013

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

Dear Mr Dobbyn

**Re: Lodgement of Financial Accounts and Statements – ARTBIU, Victorian Branch – for
year ending 31 December 2012 (FR2012/614)**

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 17 June 2013.

I have filed the documents. However the correct application of various requirements has been brought to my attention since filing the previous year's report and some of these are specifically referenced in the new Reporting Guidelines issued on 26 June 2013. They will apply to the Branch's next financial report. I explain these requirements in the attached table and attach a copy of the new Guidelines. Please contact me on (02) 6723 7237 if you have any queries about the financial reporting requirements.

Yours sincerely

Stephen Kellett
Senior Adviser, Regulatory Compliance Branch

Table of particular requirements

Provision	What it says	Explanation
<p>Regulation 159(b)</p> <p>For Operating Report</p>	<p>“The following information is prescribed: The number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time and part-time employees measured <u>on a full-time equivalent basis</u>”</p>	<p>This means that where the number of employees includes part-time employees (such as your disclosure of 15 “full time and part-time” they must be calculated and expressed as a full-time equivalent.</p>
<p>New Reporting Guidelines 17(f) and</p> <p>17(g)</p> <p>For Income Statement or Notes</p>	<p>“Balances for the following items of expense must be disclosed by the reporting unit..... (f) employee expenses related to <u>holders of office</u> by (i) wages and salaries; (ii) superannuation; (iii) leave and other entitlements; (iv) separation and redundancies; and (v) other employee expenses (specify if material)</p> <p>Balances for the following items of expense must be disclosed by the reporting unit..... (f) employee expenses related to <u>employees (other than holders of office)</u> by (i) wages and salaries; (ii) superannuation; (iii) leave and other entitlements; (iv) separation and redundancies; and (v) other employee expenses (specify if material)”</p>	<p>There has always been a requirement to report employment-related payments and provisions separately between those who are holders of office and those who are not. The new Reporting Guidelines identify various sub-categories for distinct disclosure.</p> <p>Your operating report indicated there were 15 employees. The item “Employee Benefits expense” on the Statement of Comprehensive Income did not distinguish the balances between elected officeholder and staff employee as appropriate. The amounts disclosed at Note 17 “Key Management Compensation” may have been for office-holders but this is not certain</p> <p>All balances related to the payment or provision for employment benefits in the prescribed categories listed must be clearly described as either made to elected office-holders or to non-office-holder employees.</p>
<p>New Reporting Guideline 17(b)</p> <p>For Income statement or Notes</p>	<p>“Balances for the following items of expense must be disclosed by the reporting unit..... (b) where, under the rules of the organisation, a reporting unit must pay to another reporting unit of the organisation a capitation fee: (i) the amount paid to each entity, and (ii) the <u>name of each entity</u> to which monies were paid”</p>	<p>This means that where a balance for “capitation” is disclosed, the name of the recipient (e.g. National office) must also be disclosed either in the description on the Income Statement or in the Notes.</p>
<p>New Reporting Guideline 25</p> <p>For Notes</p>	<p>“Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the <u>name of the other reporting unit</u> and/or controlled entity concerned”</p>	<p>This is similar to the preceding requirement. It means that for any kind of cash payment made to or received from National Office etc that is reported in the cash flow statement the relevant name of the donor or recipient must be indicated in the notes.</p>
<p>Australian Auditing Standard ASA 700</p> <p>Paragraph 23(c)</p>	<p>The standard states: “The introductory paragraph in the auditor’s report shall: (c) Identify the <u>title of each statement</u> that comprises the financial report</p>	<p>This is a fine detail from time to time inadvertently omitted in audit statements.</p> <p>The auditor has identified by title all the statements comprising the financial report except for the “Committee of Management Statement”.</p>

General Note

The new Reporting Guidelines set out a number of specific items for disclosure and make it a requirement to avoid doubt by making specific statements in relation to specifically prescribed items even where they have not occurred in any reporting period. [see *paragraphs 14, 16, 18, 20, 22, 24, 26, 33, 38 attached*]

As a general rule, to avoid doubt in matters of compliance, using the words, terms, descriptions or phrases set out in legislation, regulations or other standards is often the simplest approach to avoid inadvertently misinterpreting or overlooking information disclosures.

From: KELLETT, Stephen
To: ["rtbu@rtbuvic.com.au"](mailto:rtbu@rtbuvic.com.au)
Subject: Attention Mr Trevor Dobbyn - Financial report for y/e 31 Dec 2012 - filing
Date: Friday, 27 September 2013 1:04:00 PM
Attachments: [ARTBIU_VIC_FR2012_614 \(final\).pdf](#)
[fr_guidelines_253_2013.pdf](#)

Dear Mr Dobbyn,

Please see attached my letter in relation to the above, and attachment for your reference.

Yours sincerely

STEPHEN KELLETT
Regulatory Compliance Branch
FAIR WORK COMMISSION

80 William Street
EAST SYDNEY NSW 2011

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THE RAIL TRAM & BUS UNION

Victorian Branch

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13/6/13

Fair Work Australia
GPO Box 1994
Melbourne Vic 3001

Financial Reports for the year ended 31st December 2012.

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

That the documents lodged herewith are copies of the full report referred to in S268 of the RAO schedule and


The Committee of Management statement report was passed on 29/4/2013

That the full report was provided to members on the 30/4/13

That the full report was presented to the State Branch Executive on 8/5/13 and

That the report was endorsed by the State Branch Executive on the 12/6/2013.

Signed


Trevor Dobbyn
State Branch Secretary



**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 2012 to 31 December 2012, 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	2012 Results
Making agreements with employers.	✚ 22 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.	✚ Decrease in membership of 74
Attended meetings called by peak union bodies in Victoria	✚ 9 Attended meetings called by the Victorian Trades Hall Council.
Training delegates and representatives	✚ 35 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 Divisions) ✚ 1 Newslite Magazine ✚ 2 Loco Lines Locomotive Division Newsletters ✚ 15 Tram and Bus Division Newsletters

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 \$863,130.00 for the operating year to 31 December 2012.
- ⊕ An increase of membership contributions of \$334,209.11 for the operating year to 31 December 2012.

- ⊕ An increase in union fees of 3% 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 2012 there were 7,760 members of the RTBU Victorian Branch.

Number of Employees

As of the 31 December 2012 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 2012:

NAME	DIVISION/POSITION	PERIOD OF APPOINTMENT
Terry Sheedy	Branch President	01.01.12 - 31.12.12
James Styles	Senior Branch Vice President	01.01.12 – 31.12.12
John Marotta	Jnr Vice President	01.01.12 – 31.12.12
Trevor Dobbyn	Branch Secretary	01.01.12 – 31.12.12
Phil Altieri	Assistant Branch Secretary	01.01.12 – 31.12.12
Doug Brady	Assistant Secretary Tram & Bus Division	01.01.12 – 31.12.12
Marc Marotta	Secretary Locomotive Division	01.01.12 – 31.12.12
Mark Teasdale	Tram & Bus, Vice President	01.01.12 – 31.12.12
Terry Sheedy	President Locomotive	01.01.12 – 31.12.12
Bob Bassett	President Operations	01.01.12 – 31.12.12
Darren Galea	Secretary Operations	04.10.12 – 31.12.12
John Thelemaque	President Administration	01.01.12 – 31.12.12
Stephen Kozmevski	Secretary Administration	01.01.12 – 31.12.12
Norm Milledge	President Infrastructure	01.01.12 – 31.12.12
Kevin Killender	Secretary Infrastructure	01.01.12 – 31.12.12

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

Calvin Harvey	Organiser Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	01.01.12 – 31.12.12
Grant Wainwright	Organiser Rail Operations Division & Administration, Supervisory, Technical & Professional Division	01.01.12 – 31.12.12
Phil Barnett	President Fleet manufacture, Overhaul, Maintenance & Service	01.01.12 – 31.12.12
Paul Jumpertz	Secretary Fleet manufacture, Overhaul, Maintenance & Service	04.10.12 – 31.12.12

The members of Branch Council during the year ending 31 December 2012:

Division/Position	Name	Period of Appointment
Branch President	Terry Sheedy	01.01.12 – 31.12.12
Branch Senior Vice President	James Styles	01.01.12 – 31.12.12
Branch Junior Vice President	John Marotta	01.01.12 – 31.12.12
Branch Secretary	Trevor Dobbyn	01.01.12 – 31.12.12
Assistant Branch Secretary	Phil Altieri	01.01.12 – 31.12.12
Secretary - Admin	Steven Kozmevski	01.01.12 – 31.12.12
Secretary – Infrastructure	Kevin Killender	01.01.12 – 31.12.12
Secretary – Locomotive	Marc Marotta	01.01.12 – 31.12.12
Secretary – Rail Ops	Darren Galea	04.10.12 – 31.12.12
Secretary – Tram and Bus	Phil Altieri	01.01.12 – 31.12.12
Secretary - Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	Paul Jumpertz	04.10.12 – 31.12.12
Organiser Rail Operations Division & Administration, Supervisory, Technical & Professional Division	Grant Wainwright	01.01.12 – 31.12.12
Branch Divisional Ass Secretary Tram and Bus	Doug Brady	01.01.12 – 31.12.12
Organiser Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	Calvin Harvey	01.01.12 – 31.12.12
Delegates from Branch Divisions		01.01.12 – 31.12.12
Rail Ops		01.01.12 – 31.12.12
Elected Delegate from Metro	Spiro Pastras	01.01.12 – 31.12.12

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

Elected Delegate from V/Line	Lindsay Bounds	01.01.12 – 31.12.12
Elected Delegate from Metro	Amarjit Singh	01.01.12 – 31.12.12
Elected Delegate from Metro	Andrew Stokie	01.01.12 – 31.12.12
Elected Delegate from Metro	Darren Galea	01.01.12 – 03.10.12
Infrastructure		01.01.12 – 31.12.12
Elected Delegate	Stuart Beckwith	01.01.12 – 31.12.12
Elected Delegate	Norm Milledge	01.01.12 – 31.12.12
Elected Delegate	John Saw	01.01.12 – 31.12.12
Elected Delegate	Peter Harvey	01.01.12 – 31.12.12
Elected Delegate	Gary Dorrington	01.01.12 – 31.12.12
Administration		01.01.12 – 31.12.12
Elected Delegate	Marty McGrath	01.01.12 – 31.12.12
Elected Delegate	Hristos Tsirkas	01.01.12 – 31.12.12
Elected Delegate	Jean Thelemaque	01.01.12 – 31.12.12
Elected Delegate	John Nicolopoulos	01.01.12 – 31.12.12
Fleet manufacture, Overhaul, Maintenance & Service		01.01.12 – 31.12.12
Elected Delegate	Paul Jumpertz	01.01.12 – 03.10.12
Tram and Bus		01.01.12 – 31.12.12
Branch Divisional President	Mark Teasdale	01.01.12 – 31.12.12
Branch Divisional Vice President	Trevor Goodman	01.01.12 – 31.12.12
Sub-Divisional Representatives	Andrew Penny Geoff Caruana John Anderson Mario Mizzi Mark Teasdale	01.01.12 – 31.12.12
Locomotive		01.01.12 – 31.12.12
Branch Divisional President	Terrence Sheedy	01.01.12 – 31.12.12
Branch Divisional Vice President	John Marotta	01.01.12 – 31.12.12
Sub-Divisional Representatives	Wayne Hicks Geoff Ralph Paris Jolly	01.01.12 – 31.12.12
Delegates from Regional Sub Branches		01.01.12 – 31.12.12
Northern Region – President	Vacant	01.01.12 – 31.12.12
Northern Region – Sub Branch Sec	Vacant	01.01.12 – 31.12.12
Southern Region – President	Vacant	01.01.12 – 31.12.12
Southern Region – Sub	Michael Fairbrother	01.01.12 – 31.12.12

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

Branch Sec		
Western Region – President	James Rice	01.01.12 – 31.12.12
Western Region – Sub Branch Sec	Robert Bassett	01.01.12 – 31.12.12

Trevor Dobbyn
State Secretary
30 April 2013

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

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 29 April 2013 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 2012:

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
State Secretary


Phillip Altieri
Assistant Branch Secretary

Dated 29 April 2013

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
Revenue	2	4,016,092	3,696,627
Other income	2	21,820	40,203
Employee benefits expense		(1,406,371)	(1,194,558)
Finance costs	3	(63,691)	(53,390)
Depreciation and amortisation expenses	3	(132,773)	(106,144)
Capitation fees		(509,536)	(479,380)
Affiliation fees		(87,265)	(56,310)
Administration and office expenses		(139,295)	(166,979)
Legal and professional fees		(117,802)	(124,861)
Motor vehicle costs		(83,965)	(74,964)
Commissions paid		(22,962)	(22,188)
Building repairs and maintenance expense		(202,621)	(138,575)
Other expenses		(408,501)	(382,768)
Surplus for the year		863,130	936,713
Income tax expense	1(a)	-	-
Surplus attributable to members of the entity		863,130	936,713
Other Comprehensive income		-	-
Total comprehensive income for the year		863,130	936,713
Total comprehensive income attributable to members of the entity		863,130	936,713

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012 \$	2011 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,869,953	3,394,834
Trade and other receivables	6	-	275
Financial assets	7	711,387	410,787
TOTAL CURRENT ASSETS		4,581,340	3,805,896
NON-CURRENT ASSETS			
Property, plant and equipment	8	3,482,312	3,467,411
Investment property	9	1,100,000	1,100,000
TOTAL NON-CURRENT ASSETS		4,582,312	4,567,411
TOTAL ASSETS		9,163,652	8,373,307
CURRENT LIABILITIES			
Trade and other payables	10	261,509	245,921
Borrowings	11	82,815	78,957
Provisions	12	141,088	163,888
TOTAL CURRENT LIABILITIES		485,412	488,766
NON-CURRENT LIABILITIES			
Borrowings	11	695,185	779,043
Provisions	12	25,822	11,395
TOTAL NON-CURRENT LIABILITIES		721,007	790,438
TOTAL LIABILITIES		1,206,419	1,279,204
NET ASSETS		7,957,233	7,094,103
EQUITY			
Retained surplus		7,957,233	7,094,103
TOTAL EQUITY		7,957,233	7,094,103

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2011	6,157,390	6,157,390
Surplus attributable to members of the Union	936,713	936,713
Balance at 31 December 2011	7,094,103	7,094,103
Balance at 1 January 2012	7,094,103	7,094,103
Surplus attributable to members of the Union	863,130	863,130
Balance at 31 December 2012	7,957,233	7,957,233

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, investment property and other income		3,895,649	3,609,370
Payments to suppliers and employees		(2,969,336)	(2,627,802)
Interest received		142,538	138,997
Finance costs		(63,691)	(53,390)
Net cash provided by operating activities	14	<u>1,005,160</u>	<u>1,067,175</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		35,273	36,919
Purchase of property, plant and equipment		(184,715)	(978,654)
Cash invested in long term deposits		(300,599)	(204,518)
Net cash used in investing activities		<u>(450,041)</u>	<u>(1,146,253)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	858,000
Repayment of borrowings		(80,000)	(475,000)
Net cash (used in) / provided by financing activities		<u>(80,000)</u>	<u>383,000</u>
Net increase in cash held		475,119	303,922
Cash and cash equivalents at beginning of financial year		<u>3,394,834</u>	<u>3,090,912</u>
Cash and cash equivalents at end of financial year	5	<u>3,869,953</u>	<u>3,394,834</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 statements are 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)*. The Union is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. The financial statement, except for the cashflow information, have 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statement was authorised for issue on 29 April 2013 by the Committee of Management.

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.

Property

Buildings are measured on the cost basis less accumulated depreciation and impairment losses.

Plant and equipment

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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:

<u>Class of fixed asset</u>	<u>Depreciation rates</u>	<u>Depreciation basis</u>
Buildings	2.5%	Diminishing Value
Motor vehicles	15 %	Diminishing Value
Office equipment	33.5% - 36 %	Diminishing Value
Furniture, fixtures and fittings	7.5 - 10 %	Diminishing Value

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 reserve relating to that asset are transferred to retained earnings.

(c) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible 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 the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(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 cost on date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 the end of the reporting period. 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 cash flows are discounted using market yields on national government bond with terms to maturity that match the expected timing of cash flows.

(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 recognised represent management's best estimate of the expenditure required to set the present obligation at the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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 an accruals 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 within receipts from customers or payments to suppliers.

(l) Trade and Other Receivables

Trade and other 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

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

(n) Comparative Figures

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

A term deposit with a maturity profile greater than 3 months was classified as a cash and cash equivalent in prior year. Per Note 1(j), this is not a highly liquid investment and has been re-classified as financial asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Critical Accounting Estimates and Judgements

The Committee of Management evaluates estimates and judgments incorporated into the financial statement 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.

Key estimates

Impairment

The Union assesses impairment at each reporting period 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.

(p) New Accounting Standards for application in future periods

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 AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 1053: Application of Tiers of Australian Accounting Standards; AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).
- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2013).
- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New Accounting Standards for application in future periods (Continued)

- AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).
- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
- Membership contributions received	3,792,046	3,457,863
- Interest received	142,538	138,997
- Rental revenue from investment property	81,508	99,767
	4,016,092	3,696,627
Other income	21,820	40,203
Total Revenue	4,037,912	3,736,830

NOTE 3: SURPLUS FOR THE YEAR

(a) Expenses

Interest expense on financial liabilities at amortised cost:

- external	63,691	53,390
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Depreciation of non-current assets	132,773	106,144
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(b) Net losses on disposal of non-current assets:

- plant and equipment	1,768	26,686
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NOTE 4: AUDITORS' REMUNERATION

Remuneration of the auditor for:

- auditing or reviewing the financial report	20,600	20,000
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- other services	1,230	1,200
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	21,830	21,200
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NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	620	620
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Cash at bank	3,869,333	3,394,214
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	3,869,953	3,394,834
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	\$	\$
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Other receivables	-	275
	<u>-</u>	<u>275</u>
NOTE 7: FINANCIAL ASSETS		
Term Deposit maturing 21 November 2013	711,387	410,787
	<u>711,387</u>	<u>410,787</u>
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Buildings:		
At cost	3,574,696	3,574,696
Accumulated depreciation	(435,002)	(354,496)
	<u>3,139,694</u>	<u>3,220,200</u>
Motor vehicles:		
At cost	262,415	207,667
Accumulated depreciation	(50,949)	(40,937)
	<u>211,466</u>	<u>166,730</u>
Office equipment:		
At cost	76,037	73,693
Accumulated depreciation	(56,833)	(53,830)
	<u>19,204</u>	<u>19,863</u>
Furniture, fixtures and fittings:		
At cost	291,254	231,579
Accumulated depreciation	(179,306)	(170,961)
	<u>111,948</u>	<u>60,618</u>
Total property, plant and equipment	<u><u>3,482,312</u></u>	<u><u>3,467,411</u></u>

Buildings are measured at cost less accumulated depreciation and impairment losses. An independent valuation on Level 2, 365 Queen Street Office was carried out by Knight Frank, with the market value at 19 April 2011 of \$1,600,000. The company continue to carry the building at cost; valuation completed for best practice purposes.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)

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:

2012	Buildings \$	Motor vehicles \$	Office equipment \$	Furniture, fixtures and fittings \$	Total \$
Balance at 1 January 2012	3,220,200	166,730	19,863	60,618	3,467,411
Additions	-	114,942	10,098	59,675	184,715
Disposals	-	(36,100)	(941)	-	(37,041)
Depreciation expense	(80,506)	(34,106)	(9,816)	(8,345)	(132,773)
Carrying amounts at 31 December 2012	<u>3,139,694</u>	<u>211,466</u>	<u>19,204</u>	<u>111,948</u>	<u>3,482,312</u>

2011	Buildings \$	Motor vehicles \$	Office equipment \$	Furniture, fixtures and fittings \$	Total \$
Balance at 1 January 2011	2,435,357	135,369	20,049	67,731	2,658,506
Additions	848,691	122,354	7,609	-	978,654
Disposals	-	(62,965)	(640)	-	(63,605)
Depreciation expense	(63,848)	(28,028)	(7,155)	(7,113)	(106,144)
Carrying amounts at 31 December 2011	<u>3,220,200</u>	<u>166,730</u>	<u>19,863</u>	<u>60,618</u>	<u>3,467,411</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	\$	\$
<hr/>		
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

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 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 10 November 2011 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 August 2015 and August 2013, respectively.

NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

Trade payables	10 (i)	104,424	123,378
Sundry payables and accrued expenses		28,704	15,000
Employee benefits		128,381	107,543
		261,509	245,921

- (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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 \$	2011 \$
NOTE 11: BORROWINGS		
CURRENT		
Bank loan secured	82,815	78,957
Total current borrowings	82,815	78,957
NON-CURRENT		
Bank loan secured	695,185	779,043
Total non-current borrowings	695,185	779,043
Total borrowings	778,000	858,000

The loan commenced in October 2012 and will be repaid in quarterly payments over a period of 9 years.

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

Investment property	1,100,000	1,100,000
Buildings (forms part of property, plant and equipment)	3,139,694	3,220,200
	4,239,694	4,320,200

NOTE 12: PROVISIONS

CURRENT

Long service leave	141,088	163,888
	141,088	163,888

NON-CURRENT

Long service leave	25,822	11,395
	25,822	11,395

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).

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 \$	2011 \$
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:		
Receivables:		
- not later than 12 months	83,797	73,884
- between 12 months and 5 years	84,864	63,232
	<u>168,661</u>	<u>137,116</u>

NOTE 14: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	863,130	936,713
<i>Non-cash flows in profit:</i>		
Depreciation	132,773	106,144
Loss on disposal of property, plant & equipment	1,768	26,686
<i>Changes in assets and liabilities:</i>		
Decrease in receivables	275	2,049
Decrease in prepayments	-	9,487
Decrease / (Increase) in payables	7,215	(13,905)
Net cash flows from operations	<u>1,005,161</u>	<u>1,067,174</u>

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 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 statement was authorised for issue on 29 April 2013 by the Committee of Management.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Union directly or indirectly, including its committee members is considered key management personnel.

	2012 \$	2011 \$
Salaries	959,381	773,976
Superannuation	78,922	68,574
Total compensation	<u>1,038,303</u>	<u>842,550</u>

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:

		2012 \$	2011 \$
<u>Financial assets</u>			
Cash and cash equivalents	5	3,869,953	3,394,834
Trade and other receivables	6	-	275
Term deposit	7	711,387	410,787
		<u>4,581,340</u>	<u>3,805,896</u>
<u>Financial liabilities at amortised cost:</u>			
Trade and other payables	10	133,128	138,378
Borrowings	11	778,000	858,000
		<u>911,128</u>	<u>996,378</u>

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 17: FINANCIAL RISK MANAGEMENT (Continued)

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities 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.

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:

Financial assets		
Cash and cash equivalents	3,869,953	3,394,834
Term deposit	711,387	410,787
	<u>4,581,340</u>	<u>3,805,621</u>
Financial liabilities		
Interest-bearing liabilities	<u>(778,000)</u>	<u>(858,000)</u>
	(778,000)	(858,000)
Net exposure	<u>3,803,340</u>	<u>2,947,621</u>

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

	2012	2011
	%	%
Financial assets		
Interest-bearing assets	3.40%	3.91%
Financial liabilities		
Interest-bearing liabilities	3.88%	7.72%

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 17: FINANCIAL RISK MANAGEMENT (Continued)

b. Liquidity risk (Continued)

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	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Bank loans	82,815	78,957	273,530	260,785	421,655	518,258	778,000	858,000
Trade and other payables (excluding est. annual leave)	133,128	138,378	-	-	-	-	133,128	138,378
Total expected outflows	215,943	217,335	273,530	260,785	421,655	518,258	921,128	996,378
Financial Assets - cash flows realisable								
Cash and cash equivalents	3,869,953	3,394,834	-	-	-	-	3,869,953	3,394,834
Trade and other receivables	-	275	-	-	-	-	-	275
Term Deposits	711,387	410,787	-	-	-	-	711,387	410,787
Total anticipated inflows	4,581,340	3,805,896	-	-	-	-	4,581,340	3,805,896
Net (outflow)/inflow on financial instruments	4,365,397	3,588,561	(273,530)	(260,785)	(421,655)	(518,258)	3,660,212	2,809,518

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTE 17: FINANCIAL RISK MANAGEMENT (Continued)

c. Credit risk (Continued)

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. 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 2012 and 31 December 2011 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-.

Fair value estimation

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.

	2012		2011	
	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
	\$	\$	\$	\$
<u>Financial assets</u>				
Cash and cash equivalents	3,869,953	3,869,953	3,394,834	3,394,834
Trade and other receivables	-	-	275	275
Term deposit	711,387	711,387	410,787	410,787
	4,581,340	4,581,340	3,805,896	3,805,896
<u>Financial liabilities at amortised cost:</u>				
Trade and other payables	133,128	133,128	138,378	138,378
Borrowings	778,000	778,000	858,000	858,000
	911,128	911,128	996,378	996,378

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 17: FINANCIAL RISK MANAGEMENT (Continued)

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 2012		
+/- 0.5% in interest rates	28,620	28,620
Year ended 31 December 2011		
+/- 0.5% in interest rates	15,523	15,523

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

Level 10, 530 Collins Street
Melbourne VIC 3000

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

www.moorestephens.com.au

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 2012, 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.

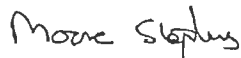
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2012 is prepared and presented fairly, 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
Chartered Accountants



Scott Phillips
Partner

Melbourne, 30 April, 2013



FAIR WORK
COMMISSION

18 January 2013

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

Dear Mr Dobbyn,

Re: Lodgement of Financial Report - [FR2012/614]
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) ended on 31 December 2012.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date, namely 15 July 2013 (that is the period within 6 months and 14 days of the end of the financial year) under s.268 of the RO Act.

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. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets regarding financial reporting under the RO Act are provided on the Fair Work Commission website at: [Financial Reporting Fact Sheets](#).

The documents can be emailed to orgs@fwc.gov.au. If it is envisaged that the financial report cannot be lodged by the due date you are requested to contact this office prior to the due date to discuss the issue.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$33,000 for a body corporate and \$6,600 for an individual per contravention) being imposed upon an officer whose conduct led to the contravention and/or your organisation.

Should you seek any clarification in relation to the above, please contact me on (03) 8661 7936 or via email at robert.pfeiffer@fwc.gov.au.

Yours sincerely,

Robert Pfeiffer
Senior Adviser
Regulatory Compliance Branch

TIMELINE/ PLANNER

Financial reporting period ending:	/ /	
Prepare financial statements and Operating Report.		
(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.	/ /	As soon as practicable after end of financial year
(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).		
Auditor's Report prepared and signed and given to the Reporting Unit - s257	/ /	Within a reasonable time of having received the GPFR (NB: Auditor's report must be dated on or after date of Committee of Management Statement)
Provide full report free of charge to members – s265 The full report includes: <ul style="list-style-type: none"> 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 the Fair Work Commission, 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.