



30 September 2014

Ms Luba Grigorovitch
Branch Secretary
Australian Rail, Tram and Bus Industry Union-Victorian Branch
via email: rtbu@rtbuvic.com.au

cc: Scott Phillips, Moore Stephens Chartered Accountants
via email: melbourne@moorestephens.com.au

Dear Ms Grigorovitch,

**Australian Rail, Tram and Bus Industry Union-Victorian Branch
Financial Report for the year ended 31 December 2013 [FR2013/505]**

I acknowledge receipt of the financial report of the Australian Rail, Tram and Bus Industry Union-Victorian Branch. The documents were lodged with the Fair Work Commission (FWC) on 18 July 2014. An Operating Report and amended Certificate by a Designated Officer were provided on 1 September 2014.

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 December 2014 may be subject to an advanced compliance review.

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

Missing Documents

The financial report was lodged without an operating report. The Operating Report later supplied upon request was dated 29 August 2014. This indicates that the Operating Report was not provided to members with the financial statements on 21 August 2014 or presented to the Committee of Management meeting held on 13 August 2014.

Please note that s.265 of the RO Act requires that a full report, which includes an operating report, is provided to members. Section 266 requires the full report to be presented to a meeting of the Committee of Management or a general meeting of members.

Provision of an operating report to members within the legislative timeframes will be confirmed prior to filing next year's report.

Timescale requirements

As you are aware, a reporting unit is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timeline requirements can be found on the Fair Work Commission website. In particular, I draw your attention to [Financial reporting process](#) which explains the timeline requirements, and [Summary of financial reporting timelines](#) which sets out the timeline requirements in diagrammatical form.

In summary:

- The Branch must:
 - keep proper financial records during the financial year;
 - prepare a general purpose financial report (GPFR) and an operating report as soon as practicable after the end of the financial year; and
 - convene a Committee of Management meeting at which the GPFR is accepted by and on behalf of the Committee and a Committee of Management statement is executed, as soon as practicable after the end of the financial year.
- The auditor prepares a report within a reasonable time after the preceding steps have been taken.
- The Branch must then provide a full report (including the GPFR, Committee of Management statement, operating report and auditor's report) to the members of the Branch within five months of the end of the financial year.
- The full report must be presented to a meeting of the Committee of Management within six months of the end of the financial year; provided that the Branch members may subsequently requisition a general meeting under Rule 85(2a) at which the financial documents may be reconsidered.
- The Branch then lodges the full report and a Designated Officer's certificate with the FWC within 14 days of the Committee of Management meeting referred to above.

Based on the material submitted:

- The Committee of Management Statement was executed on 14 July 2014.
- The Auditor's Report was executed on 14 July 2014.
- The Full Report (excluding the Operating Report) was lodged with the FWC on 18 July 2014.
- The Full Report* was presented to the Committee of Management on 13 August 2014.
- The Full Report* was provided to Members of the Branch on 21 August 2014.
- An amended Designated Officer's Certificate was signed on 28 August 2014.
- The Operating Report was signed on 29 August 2014.
- The amended Designated Officer's Certificate and Operating Report were lodged on 1 September 2014.

* It appears that the Operating Report was not included in the Full Report presented to the Committee of Management meeting and provided to members.

Based on this information, it appears the following timescale requirements were not met:

Preparation of the general purpose financial report (GPFR)

Sections 253 and 254 of the RO Act require that a GPFR and an operating report be prepared as soon as practicable after the end of the financial year.

The Committee of Management Statement indicates that a resolution relating to the GPFR was made on 14 July 2014, six months and 14 days after the end of the financial year. The Operating Report was not signed until 29 August 2014, seven months and 29 days after the end of the financial year.

Please note that ss.253 and 254 are civil penalty provisions and future failure to meet the timeline set out in these provisions may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

Reports must be provided to Members within five months of end of financial year where report is presented to a Committee of Management meeting

Under s.265(5)(b) of the RO Act, where the report is presented to a Committee of Management meeting, the report must be provided to members within five months of the end of the financial year. Section 266(3) provides that the report may be presented to a Committee of Management meeting, rather than a general meeting of members, that is held within six months from the end of the financial year.

The Designated Officer's certificate states that the financial report was provided to members on 21 August 2014 and presented to a Committee of Management meeting on 13 August 2014.

If these dates are correct, the reporting unit should have applied for an extension of time to provide the Full Report to members in accordance with s.265(5) of the RO Act.

Please note that s.265(5) is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

Documents must be lodged with the Fair Work Commission within 14 days after Committee of Management meeting

Section 268 of the RO Act requires the full report and designated officer's certificate to be lodged with the FWC within 14 days *after* the meeting in which the reports are presented to the Committee of Management. The Designated Officer's Certificate dated 28 August 2014 and submitted on 1 September 2014 indicates that this meeting occurred on 13 August 2014. The Full Report (with the exception of the Operating Report) was lodged with the FWC on 18 July 2014. Therefore, the Full Report was lodged before being presented to a meeting of the Committee of Management as required under s.266.

Please note that s.268 is a civil penalty provision and future failure to meet this timeline may result in an inquiry into the organisation and the General Manager of the FWC may apply under s.310(1) of the RO Act to the Federal Court of Australia for a pecuniary penalty order to be imposed on your organisation and, potentially, an officer whose conduct led to the non-compliance.

Auditor's Report

Should refer to the Committee of Management Statement

The scope of the Auditor's Report should include the Committee of Management Statement (RO Act s.253(2)(c) and Reporting Guideline 43). It has not been included. Please ensure in future that each of the required documents is audited and referred to in the auditor's report.

Operating Report

Number of employees

Subsection 254(2)(f) and Regulation 159(b) require that the number of persons that were, at the end of the financial year to which the report relates, employees of the reporting unit to be disclosed

in the Operating Report. Regulation 159(b) also requires that where the number of employees includes both full-time and part-time employees, the number be measured on a full-time equivalent basis.

The Operating Report states that 'there were 13 employees both full time and part time of the Victorian Branch'. In future, the operating report must include the number of employees on a full-time equivalent basis.

Statement of Comprehensive Income and Statement of Financial Position

Disclosure of employee expenses and provisions to office holders and other employees

The Reporting Guidelines require reporting units to disclose in the statement of comprehensive income or in the notes to the financial statements employee expenses relating to holders of office and employee expenses to other employees (Reporting Guidelines 17(f) and 17(g)).

Note 3 discloses salaries and wages, superannuation and leave separately for office holders and other employees but does not disclose separation and redundancies or other employee expenses for office holders or other employees. Please note that Reporting Guideline 18 requires that if any of the activities listed in Reporting Guideline 17 have not occurred in the reporting period, a statement to this effect must be included in the notes.

The Reporting Guidelines also require either the statement of financial position or the notes to disclose any liability for employee benefits in respect of other employees (Reporting Guideline 21 (d)).

Notes and 10 and 12 disclose provisions for annual leave and long service leave for office holders other employees, but do not disclose provisions for separation and redundancies or other employee provisions. Please note that Reporting Guideline 22 requires that if any of the activities listed in Reporting Guideline 21 have not occurred in the reporting period, a statement to this effect must be included in the notes.

Notes to the financial statements

Key management personnel

Australian Accounting Standard *AASB 124 Related Party Disclosures* Paragraph 17 requires that the GPFR disclose within the statements or the notes compensation paid to key management personnel.

This normally includes a list of the key management personnel for the organisation, the total amount of compensation paid to all key management personnel, and totals for each of the following categories:

- Short term employee benefits
- Post employment benefits
- Other long term employee benefits
- Termination benefits
- Any share based payments.

The definition for these categories can be found within accounting standard *AASB 119: Employee Benefits*.

In future years please ensure that the note relating to key management personnel compensation complies with the Australian Accounting Standards.

Changes to the reporting guidelines and model financial statements

A fourth edition of the General Manager's s.253 Reporting Guidelines was gazetted on 13 June 2014. These guidelines will apply to all financial reports that end on or after 30 June 2014. A model set of financial statements for the 2013-2014 financial year is also available on the Fair Work Commission website. The Fair Work Commission recommends reporting units use this model as it

will assist in ensuring compliance with the *Fair Work (Registered Organisations) Act 2009*, the s.253 Reporting Guidelines and the Australian Accounting Standards.

The Reporting Guidelines and Model Financial Statements are available on the website here: <https://www.fwc.gov.au/registered-organisations/compliance-governance/financial-reporting>

Please note that the references above to particular paragraphs of the Reporting Guidelines will differ slightly in the fourth edition guidelines.

If you have any queries regarding this letter, please contact me on (03) 8661 7942 or via email at rebecca.lee@fwc.gov.au.

Yours sincerely,



Rebecca Lee
Regulatory Compliance Branch



Fair Work Commission
GPO Box 1994
Melbourne Vic 3001



28 August 2014

Financial Reports for the year ended 31st December 2013

Further to my letter dated 16 July 2014, I, Luba Grigorovitch, being the State Secretary of the Australian Rail, Tram and Bus Industry Union (Victorian Branch) certify

that the full report was provided to members on the 21 August 2014, and

that the full report was presented to the State Branch Executive on 13 August 2014, and

that the report was endorsed by the State Branch Executive on the 13 August 2014.

Signed

Luba Grigorovitch
State Secretary – Victorian Branch

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 2013 to 31 December 2013, the results of those activities and any significant changes in the nature of the activities as required under s.253 Fair Work (Registered Organisations) Act 2009

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	2013 Results
Making agreements with employers.	<ul style="list-style-type: none">• 19 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.	<ul style="list-style-type: none">• Decrease in membership of 11
Training delegates and representatives	<ul style="list-style-type: none">• 24 Workplace delegates were trained
Produced and distributed circulars, bulletins, newsletters and materials as authorised by the union.	<ul style="list-style-type: none">• Produced and Distributed• 25 copies of Union Express (Rail Divisions)• 1 Newslines Magazine• 4 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:

- A surplus of \$701,580 for the year ending 31 December 2013.

- An increase of membership contributions of \$72,102 for the operating year to 31 December 2013.
- An increase in the annual union membership fee of 5% for Rail, Tram 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 at 31 December 2013 there were 7,749 members of the RTBU Victorian Branch.

Number of Employees

As at 31 December 2013 there were 13 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 2013:

NAME	DIVISION/POSITION	PERIOD OF APPOINTMENT
Terry Sheedy	Branch President	01.01.13 - 31.12.13
James Styles	Senior Branch Vice President	01.01.13 – 31.12.13
John Marotta	Jnr Vice President	01.01.13 – 31.12.13
Trevor Dobbyn	Branch Secretary	01.01.13 – 31.12.13
Phil Altieri	Assistant Branch Secretary	01.01.13 – 31.12.13
Doug Brady	Assistant Secretary Tram & Bus Division	01.01.13 – 31.12.13
Marc Marotta	Secretary Locomotive Division	01.01.13– 31.12.13
Mark Teasdale	Tram & Bus, Vice President	01.01.13 – 31.12.13
Terry Sheedy	President Locomotive	01.01.13 – 31.12.13
Bob Bassett	President Operations	01.01.13 – 31.12.13
Darren Galea	Secretary Operations	01.01.13 – 31.12.13
John Thelemaque	President Administration	01.01.13 – 06.03.13
Luba Grigorovitch	President Administration	07.03.13 – 31.12.13
Stephen Kozmevski	Secretary Administration	01.01.13 – 31.12.13
Norm Milledge	President Infrastructure	01.01.13 – 31.12.13
Kevin Killender	Secretary Infrastructure	01.01.13 – 31.12.13
Calvin Harvey	Organiser Fleet	01.01.13 – 01.03.13

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

	manufacture, Overhaul, Maintenance & Service & Infrastructure Division	
Michael Magill	Organiser Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	02.03.13 – 31.12.13
Grant Wainwright	Organiser Rail Operations Division & Administration, Supervisory, Technical & Professional Division	01.01.13– 31.12.13
Phil Barnett	President Fleet manufacture, Overhaul, Maintenance & Service	01.01.13 – 31.12.13
Paul Jumpertz	Secretary Fleet manufacture, Overhaul, Maintenance & Service	01.01.13 – 31.12.13

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

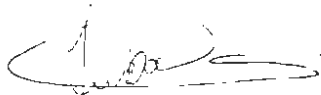
Division/Position	Name	Period of Appointment
Branch President	Terry Sheedy	01.01.13 – 31.12.13
Branch Senior Vice President	James Styles	01.01.13 – 31.12.13
Branch Junior Vice President	John Marotta	01.01.13 – 31.12.13
Branch Secretary	Trevor Dobbyn	01.01.13 – 31.12.13
Assistant Branch Secretary	Phil Altieri	01.01.13 – 31.12.13
Secretary - Admin	Steven Kozmevski	01.01.13 – 31.12.13
Secretary – Infrastructure	Kevin Killender	01.01.13 – 31.12.13
Secretary – Locomotive	Marc Marotta	01.01.13 – 31.12.13
Secretary – Rail Ops	Darren Galea	01.01.13 – 31.12.13
Secretary – Tram and Bus	Phil Altieri	01.01.13 – 31.12.13
Secretary - Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	Paul Jumpertz	01.01.13 – 31.12.13
Organiser Rail Operations Division & Administration, Supervisory, Technical & Professional Division	Grant Wainwright	01.01.13 – 31.12.13
Branch Divisional Ass Secretary Tram and Bus	Doug Brady	01.01.13 – 31.12.13
Organiser Fleet manufacture, Overhaul, Maintenance & Service & Infrastructure Division	Calvin Harvey	01.01.13 – 01.03.13
Organiser Fleet manufacture, Overhaul, Maintenance & Service &	Michael Magill	02.03.13 – 31.12.13

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

Infrastructure Division		
Delegates from Branch Divisions		
Rail Ops		
Elected Delegate from Metro	Spiro Pastras	01.01.13 – 31.12.13
Elected Delegate from V/Line	Lindsay Bounds	01.01.13 – 04.03.13
Elected Delegate from V/Line	Hervindar Kaur	05.03.13 – 31.12.13
Elected Delegate from Metro	Amarjit Singh	01.01.13 – 31.12.13
Elected Delegate from Metro	Andrew Stokie	01.01.13 – 31.12.13
Elected Delegate from Metro	Darren Galea	01.01.13– 03.10.13
Infrastructure		
Elected Delegate	Stuart Beckwith	01.01.13 – 31.12.13
Elected Delegate	Norm Milledge	01.01.13 – 31.12.13
Elected Delegate	John Saw	01.01.13 – 31.12.13
Elected Delegate	Peter Harvey	01.01.13 – 31.12.13
Elected Delegate	Gary Dorrington	01.01.13 – 31.12.13
Administration		
Elected Delegate	Marty McGrath	01.01.13 – 31.12.13
Elected Delegate	Hristos Tsirkas	01.01.13– 31.12.13
Elected Delegate	John Thelemaque	01.01.12 – 06.03.13
Elected Delegate	Luba Grigorovitch	07.03.13 – 31.12.13
Elected Delegate	John Nicolopoulos	01.01.13 – 31.12.13
Fleet manufacture, Overhaul, Maintenance & Service		
Elected Delegate	Paul Jumpertz	01.01.13 – 31.12.13
Tram and Bus		
Branch Divisional President	Mark Teasdale	01.01.13 – 31.12.13
Branch Divisional Vice President	Trevor Goodman	01.01.13 – 31.12.13
Sub-Divisional Representatives	Andrew Penny Geoff Caruana John Anderson Mario Mizzi Mark Teasdale	01.01.13– 31.12.13
Locomotive		
Branch Divisional President	Terrence Sheedy	01.01.13 – 31.12.13
Branch Divisional Vice President	John Marotta	01.01.13 – 31.12.13
Sub-Divisional Representatives	Wayne Hicks Geoff Ralph Paris Jolly	01.01.13 – 31.12.13

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

Delegates from Regional Sub Branches		
Northern Region – President	Vacant	01.01.13 – 31.12.13
Northern Region – Sub Branch Sec	Vacant	01.01.13 – 31.12.13
Southern Region – President	Vacant	01.01.13 – 31.12.13
Southern Region – Sub Branch Sec	Michael Fairbrother	01.01.13 – 31.12.13
Western Region – President	James Rice	01.01.13 – 31.12.13
Western Region – Sub Branch Sec	Robert Bassett	01.01.13 – 31.12.13



Luba Grigorovitch
State Secretary
29 August 2014



Fair Work Commission
GPO Box 1994
Melbourne Vic 3001



16 July 2014

Financial Reports for the year ended 31st December 2013

I, Luba Grigorovitch, being the State Secretary of the Australian Rail, Tram and Bus Industry Union (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 was passed on 14 July 2014.

Signed:

Luba Grigorovitch
State Secretary – Victorian Branch

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

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

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COMMITTEE OF MANAGEMENT STATEMENT

On 14 July 2014 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 2013:

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

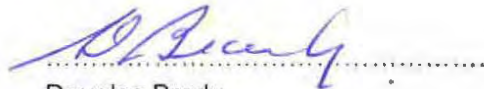
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position 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 *Fair Work (Registered Organisations) Act 2009*; 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 General Manager made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - (vi) no orders have been made by the Commission under section 273 of the RAO Schedule during the period.

This statement is made in accordance with a resolution passed by the Committee of Management.

Signed on behalf of the Committee of Management:



Luba Grigorovitch
Victoria State Branch Secretary



Douglas Brady
Acting Secretary – Tram and Bus Division

Dated 14 July 2014

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
Revenue	2	4,046,807	4,040,491
Other income	2	52,008	33,096
Employee benefits expense	3	(1,455,576)	(1,406,371)
Finance costs	3	(38,371)	(63,691)
Depreciation and amortisation expenses	3	(131,663)	(133,218)
Capitation fees	3	(479,573)	(509,536)
Affiliation fees	3	(86,539)	(87,265)
Administration and office expenses		(120,538)	(149,473)
Legal and professional fees		(293,962)	(119,452)
Motor vehicle costs		(101,894)	(83,965)
Commissions paid		(12,242)	(22,962)
Building repairs and maintenance expense		(225,513)	(204,893)
Other expenses		<u>(451,364)</u>	<u>(418,142)</u>
Surplus for the year		701,580	874,619
Income tax expense	1(a)	<u>-</u>	<u>-</u>
Surplus attributable to members of the entity		<u>701,580</u>	<u>874,619</u>
Other Comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>701,580</u>	<u>874,619</u>
Total comprehensive income attributable to members of the entity		<u>701,580</u>	<u>874,619</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	2013 \$	Restated 31 Dec 2012 \$	Adjustment \$	Restated 1 Jan 2012 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	3,750,642	4,008,886	138,933	3,869,953
Trade and other receivables	6	16,339	3,531	3,531	-
Financial assets	7	727,241	711,387	-	711,387
TOTAL CURRENT ASSETS		4,494,222	4,723,804	142,464	4,581,340
NON-CURRENT ASSETS					
Property, plant and equipment	8	4,236,538	3,817,484	335,172	3,482,312
Investment property	9	1,100,000	1,100,000	-	1,100,000
TOTAL NON-CURRENT ASSETS		5,336,538	4,917,484	335,172	4,582,312
TOTAL ASSETS		9,830,760	9,641,288	477,636	9,163,652
CURRENT LIABILITIES					
Trade and other payables	10	231,852	261,509	-	261,509
Borrowings	11	114,554	82,815	-	82,815
Provisions	12	98,601	141,088	-	141,088
TOTAL CURRENT LIABILITIES		445,007	485,412	-	485,412
NON-CURRENT LIABILITIES					
Borrowings	11	200,446	695,185	-	695,185
Provisions	12	48,858	25,822	-	25,822
TOTAL NON-CURRENT LIABILITIES		249,304	721,007	-	721,007
TOTAL LIABILITIES		694,311	1,206,419	-	1,206,419
NET ASSETS		9,136,449	8,434,869	477,636	7,957,233
EQUITY					
Retained surplus		9,136,449	8,434,869	477,636	7,957,233
TOTAL EQUITY		9,136,449	8,434,869	477,636	7,957,233

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 2013

	Retained Surplus	Total
	\$	\$
Balance at 1 January 2012	7,094,103	7,094,103
Restatement of prior period error	477,636	477,636
Surplus attributable to members of the Union	863,130	863,130
Balance at 31 December 2012	8,434,869	8,434,869
Balance at 1 January 2013	8,434,869	8,434,869
Surplus attributable to members of the Union	701,580	701,580
Balance at 31 December 2013	9,136,449	9,136,449

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, investment property and other income		4,217,372	3,932,466
Payments to suppliers and employees		(3,023,738)	(2,450,646)
Payments to national office		(506,232)	(542,431)
Interest received		122,296	142,538
Finance costs		<u>(38,371)</u>	<u>(63,691)</u>
Net cash provided by operating activities	14	<u>771,327</u>	<u>1,018,236</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	(1,768)
Purchase of property, plant and equipment		(550,717)	(148,423)
Cash invested in long term deposits		<u>(15,854)</u>	<u>(300,600)</u>
Net cash used in investing activities		<u>(566,571)</u>	<u>(450,791)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		<u>(463,000)</u>	<u>(80,000)</u>
Net cash (used in) / provided by financing activities		<u>(463,000)</u>	<u>(80,000)</u>
Net increase in cash held		(258,244)	487,445
Cash and cash equivalents at beginning of financial year		<u>4,008,886</u>	<u>3,521,441</u>
Cash and cash equivalents at end of financial year	5	<u>3,750,642</u>	<u>4,008,886</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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*. 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 14 July 2014 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 2013

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 diminishing value 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	33.3% - 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 2013

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 2013

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013

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 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 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 AASB 7 and AASB 132 (applicable for annual reporting periods commencing on or after 1 January 2013).
- AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities AASB 132 (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).
- AASB 2012-9: Amendment to AASB 1048 arising from withdrawal of Australian Interpretation 1039 (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.

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 2013

(q) Prior period error

The Union controls the Tramways Holiday Trust (the "Trust") and as a result the Trust is to be consolidated into the financial statements of the Union during the financial year ended 31 December 2013. The aggregate effect of the prior period error on the annual financial statements for the year ended 31 December 2013 is as follows. The impact of the prior period error in relation to periods before those presented has not been disclosed because quantifying the impact for prior periods is impracticable.

	Unadjusted	2013	Restated
	\$	Error	\$
Statement of Comprehensive Income			
Gift from Union	-	253,661	253,661
Surplus for the year	456,736	244,844	701,580
Surplus attributable to members of the entity	456,736	244,844	701,580
Total comprehensive income for the year	456,736	244,844	701,580
Total comprehensive income attributable to members of the entity	456,736	244,844	701,580

Statement of Financial Position

Cash and cash equivalents	3,608,184	142,458	3,750,642
Property, plant and equipment	3,659,305	577,233	4,236,538
Total assets	9,108,279	722,480	9,830,759
Retained surplus	8,413,969	722,480	9,136,449
Total equity	8,413,969	722,480	9,136,449

	Unadjusted	2012	Restated
	\$	Error	\$
Statement of Financial Position			
Cash and cash equivalents	3,869,953	138,933	4,008,886
Property, plant and equipment	3,482,312	335,172	3,817,464
Total assets	9,163,652	477,636	9,641,288
Retained surplus	7,957,233	477,636	8,434,869
Total equity	7,957,233	477,636	8,434,869

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION - VICTORIAN BRANCH
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 \$	2012 \$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
- Membership contributions received	3,864,187	3,792,085
- Interest received	122,296	142,538
- Rental revenue	60,324	105,868
	4,046,807	4,040,491
Other income	52,008	33,096
Total Revenue	4,098,815	4,073,587
NOTE 3: SURPLUS FOR THE YEAR		
(a) Expenses		
Interest expense on financial liabilities at amortised cost:		
- external	38,371	63,691
Employee benefit expense:		
Office holders		
- Salaries and wages	508,911	363,807
- Superannuation	43,737	39,322
- Leave and other entitlements	60,862	30,757
Non-office holders		
- Salaries and wages	733,782	833,701
- Superannuation	70,806	75,384
- Leave and other entitlements	37,478	63,400
Total Employee benefit expense	1,455,576	1,406,371
Capitation fees paid to the national office	479,573	509,536
Affiliation fees paid to:		
- ALP	36,917	35,602
- VTHC	20,578	16,242
- ACTU	26,659	32,895
- Various	2,385	2,526
	86,539	87,265
Depreciation of non-current assets	131,663	133,218
(b) Net losses on disposal of non-current assets:		
- plant and equipment	-	1,768

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 2013

	2013	2012
	\$	\$
NOTE 4: AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	23,300	20,600
- other services	1,200	1,230
	24,500	21,830
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	870	870
Cash at bank	3,749,772	4,008,016
	3,750,642	4,008,886
NOTE 6: TRADE AND OTHER RECEIVABLES		
CURRENT		
Other receivables	16,339	3,531
	16,339	3,531
NOTE 7: FINANCIAL ASSETS		
Term Deposit maturing 21 November 2014	727,241	711,387
	727,241	711,387
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Buildings:		
At cost	4,413,313	3,907,856
Accumulated depreciation	(515,293)	(435,002)
	3,898,020	3,472,854
Motor vehicles:		
At cost	262,415	262,415
Accumulated depreciation	(82,669)	(50,949)
	179,746	211,466
Office equipment:		
At cost	80,727	76,037
Accumulated depreciation	(61,783)	(56,833)
	18,944	19,204
Furniture, fixtures and fittings:		
At cost	333,947	326,163
Accumulated depreciation	(194,119)	(212,203)
	139,828	113,960
Total property, plant and equipment	4,236,538	3,817,484

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)

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.

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:

	Buildings \$	Motor vehicles \$	Office equipment \$	Furniture, fixtures and fittings \$	Total \$
2013					
Balance at 1 January 2013	3,472,854	211,466	19,204	113,960	3,817,484
Additions	505,458	-	8,676	37,337	551,471
Disposals	-	-	(754)	-	(754)
Depreciation expense	(80,292)	(31,720)	(8,182)	(11,469)	(131,663)
Carrying amounts at 31 December 2013	<u>3,898,020</u>	<u>179,746</u>	<u>18,944</u>	<u>139,828</u>	<u>4,236,538</u>

	Buildings \$	Motor vehicles \$	Office equipment \$	Furniture, fixtures and fittings \$	Total \$
2012					
Balance at 1 January 2012	3,553,360	166,730	19,863	60,618	3,800,571
Additions	-	114,942	10,098	94,584	219,624
Disposals	-	(36,100)	(941)	-	(37,041)
Depreciation expense	(80,506)	(34,106)	(9,816)	(41,242)	(165,670)
Carrying amounts at 31 December 2012	<u>3,472,854</u>	<u>211,466</u>	<u>19,204</u>	<u>113,960</u>	<u>3,817,484</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 \$	2012 \$
<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. The lease for suite 1 will expire in August 2015 and the lease for suite 2 expired in August 2013. A temporary tenant has been found for suite 2 for the 2014 year.

NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

Trade payables	10 (i)	87,071	104,424
Sundry payables and accrued expenses		36,406	28,704
Employee benefits	10(a)	108,375	128,381
		231,852	261,509

(a) Employee benefits

Office holders

- Annual leave		54,268	56,412
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Non-office holders

- Annual leave		54,107	71,969
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- (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 18.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 \$	2012 \$
NOTE 11: BORROWINGS		
CURRENT		
Bank loan secured	114,554	82,815
Total current borrowings	114,554	82,815
NON-CURRENT		
Bank loan secured	200,446	695,185
Total non-current borrowings	200,446	695,185
Total borrowings	315,000	778,000

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)	3,898,020	3,472,854
	4,998,020	4,572,854

NOTE 12: PROVISIONS

CURRENT

Long service leave	98,601	141,088
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NON-CURRENT

Long service leave	48,858	25,822
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	147,459	166,910
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(a) Long service leave

Office holders

- Long service leave	112,176	93,522
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Non-office holders

- Long service leave	35,283	73,388
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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 2013

	2013 \$	2012 \$
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	57,155	83,797
- between 12 months and 5 years	42,709	84,864
	<u>99,864</u>	<u>168,661</u>

NOTE 14: CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	701,580	874,619
<i>Non-cash flows in profit:</i>		
Depreciation	131,663	133,218
Loss on disposal of property, plant & equipment	-	1,768
<i>Changes in assets and liabilities:</i>		
(Decrease) / increase in receivables	(12,808)	1,416
(Increase) / Decrease in payables	(49,108)	7,215
Net cash flows from operations	<u>771,327</u>	<u>1,018,236</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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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.

	2013 \$	2012 \$
Salaries	861,575	959,381
Superannuation	104,631	78,922
Total compensation	966,206	1,038,303

NOTE 18: 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:

		2013 \$	2012 \$
<u>Financial assets</u>			
Cash and cash equivalents	5	3,750,642	4,008,886
Trade and other receivables	6	16,339	3,531
Term deposit	7	727,241	711,387
		4,494,222	4,723,804
<u>Financial liabilities at amortised cost:</u>			
Trade and other payables	10	123,476	133,128
Borrowings	11	315,000	778,000
		438,476	911,128

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

NOTE 18: 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	3,750,642	4,008,886
Term deposit	727,241	711,387
	4,477,883	4,720,273

Financial liabilities

Interest-bearing liabilities	(315,000)	(778,000)
	(315,000)	(778,000)

Net exposure

	4,162,883	3,942,273
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The weighted average interest rates relating to the above financial assets and financial liabilities were as follows:

	2013	2012
	%	%
Financial assets		
Interest-bearing assets	2.66%	3.40%
Financial liabilities		
Interest-bearing liabilities	3.22%	3.88%

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.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2013

NOTE 18: 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	
	2013	2012	2013	2012	2013	2012	2013	2012
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Bank loans	114,554	82,815	200,446	273,530	-	421,655	315,000	778,000
Trade and other payables (excluding est. annual leave)	123,476	133,128	-	-	-	-	123,476	133,128
Total expected outflows	238,030	215,943	200,446	273,530	-	421,655	438,476	911,128
Financial Assets - cash flows realisable								
Cash and cash equivalents	3,750,642	4,008,886	-	-	-	-	3,750,642	4,008,886
Trade and other receivables	16,339	3,531	-	-	-	-	16,339	3,531
Term Deposits	727,241	711,387	-	-	-	-	727,241	711,387
Total anticipated inflows	4,494,222	4,723,804	-	-	-	-	4,494,222	4,723,804
Net (outflow)/inflow on financial instruments	4,256,192	4,507,861	(200,446)	(273,530)	-	(421,655)	4,055,746	3,812,676

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 2013

NOTE 18: 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 6. There is no collateral held by the Union securing trade and other receivables.

The Union does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Union. The trade receivables balance at 31 December 2013 and 31 December 2012 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.

	2013		2012	
	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
<u>Financial assets</u>				
Cash and cash equivalents	3,750,642	3,750,642	4,008,886	4,008,886
Trade and other receivables	16,339	16,339	3,531	3,531
Term deposit	727,241	727,241	711,387	711,387
	<u>4,494,222</u>	<u>4,494,222</u>	<u>4,723,804</u>	<u>4,723,804</u>
<u>Financial liabilities at amortised cost:</u>				
Trade and other payables	123,475	123,475	133,128	133,128
Borrowings	315,000	315,000	778,000	778,000
	<u>438,475</u>	<u>438,475</u>	<u>911,128</u>	<u>911,128</u>

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 2013

NOTE 18: 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 2013		
+/- 0.5% in interest rates	28,847	28,847
Year ended 31 December 2012		
+/- 0.5% in interest rates	28,620	28,620

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

NOTE 19: SEGMENT REPORTING

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

NOTE 20: NOTICE REQUIRED UNDER THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of the members is drawn to the provision of subsections (1), (2), (3) and (4) of Section 272(5) which reads as follows:

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

NOTE 21: 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 2013, 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 and the Fair Work (Registered Organisations) Act 2009.

Declaration

We are an approved auditor for the purposes of Fair Work (Registered Organisations) Act 2009 and we are a member of the ICAA and hold a Public Practice Certificate

Opinion

In our opinion, the financial statements of The Australian Rail, Tram & Bus Industry Union - Victorian Branch for the year ended 31 December 2013 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.

We are also of the opinion that management's use of the going concern basis of accounting in the preparation of the financial statements was appropriate.

Moore Stephens

MOORE STEPHENS
Chartered Accountants



Scott Phillips
Partner

Melbourne, 14 July 2014