



22 May 2018

Ms Luba Grigorovitch
Secretary, Victorian Branch
Australian Rail, Tram and Bus Industry Union

Dear Ms Grigorovitch

Re: – Victorian Branch, Australian Rail, Tram and Bus Industry Union - financial report for year ending 31 December 2017 (FR2017/355)

I refer to the financial report of the Victorian Branch of the Australian Rail, Tram and Bus Industry Union. The documents were lodged with the ROC on 18 May 2018.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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.

You are not required to take any further action in respect of the report lodged. However I make the following comment to assist you when preparing the next report. Please note the report for year ending 31 December 2018 may be subject to an advanced compliance review.

Date of resolution

Item 36 of the Reporting Guidelines applying to the financial year ending 31 December 2017¹ required that the Committee of Management statement specify the date of passage of the committee's resolution. I note the date of the resolution was omitted from the opening paragraph.

Reporting Requirements

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

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

¹ Now item 27 of the new Reporting Guidelines (5th edition)

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right from the end of the name.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

Australian Rail, Tram and Bus Industry Union – Victorian Branch

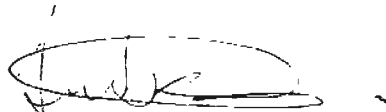
s.268 *Fair Work (Registered Organisations) Act 2009*

Sample Certificate By Prescribed Designated Officer¹

Certificate for the year ended 31 December 2017

I Luba Grigorovitch being the Branch Secretary of the Australian Rail, Tram and Bus Industry Union – Victorian Branch certify:

- that the documents lodged herewith are copies of the full report for the Australian Rail, Tram and Bus Industry Union – Victorian Branch for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 18 May 2018; and
- that the full report was presented to a meeting of the Branch Executive of the reporting unit on 16 May 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Signature of prescribed designated officer:.....

Name of prescribed designated officer: Luba Grigorovitch.....

Title of prescribed designated officer: Branch Secretary.....

Dated: .18 May 2018.....

¹ Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

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

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

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for the financial year ended 31 December 2017

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH

Opinion

We have audited the financial report of The Australian Rail, Tram & Bus Industry Union – Victorian Branch ("the Reporting Unit"), which comprises the consolidated Statement of Financial Position as at 31 December 2017, the consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity and consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Committee of Management.

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

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

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

Basis for Opinion

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

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

Responsibilities of Committee of Management for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DFK Kidsons Partnership

DFK Kidsons Partnership
Chartered Accountants

Robert Wernli

Robert Wernli, F.C.A.
Partner

Registered Auditor Number: AA2017/11

Melbourne

Date: 16 May 2018

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH OPERATING REPORT

for the financial year ended 31 December 2017

The Victorian RTBU Branch Executive presents its operating report on The Australian Rail, Tram & Bus Industry Union – Victorian Branch (“the reporting unit”) for the financial year ended 31 December 2017.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Australian Rail, Tram & Bus Industry Union – Victorian Branch (“RTBU”) is an organisation of employees in the transport industry. Our primary objectives are to advise, represent and advocate for the interests of our members based on the directives given to the leadership from rank and file members. There have been no significant changes in the nature of these activities in the past year.

Significant changes in financial affairs

Financial affairs continue to be managed by the Branch Executive alongside the Audit & Compliance Committee as is custom and practice. The only changes in financial affairs pertains to the requirements for reporting of information to relevant bodies. Otherwise, there have been no significant changes to financial affairs.

Right of members to resign

Members of the RTBU are able to resign at any time by providing notice in writing in accordance with the current rules of The Australian Rail, Tram and Bus Industry Union.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee

There were no officers or members that were a trustee or director of a Company that is a Superannuation Fund Entity during the financial year ended 31 December 2017.

Number of members

There were 7,549 members as at 31 December 2017.

Number of employees

On 31 December 2017, there were 17 employees employed by the RTBU.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
OPERATING REPORT (Continued)
for the financial year ended 31 December 2017

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

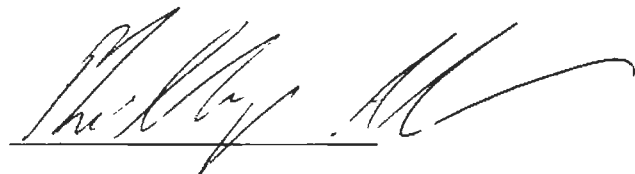
The following persons were on the RTBU Branch Committee of Management during the financial year unless otherwise indicated:

Darren Lamont
Victor Moore
John Anderson
Luba Grigorovitch
Phillip Altieri
Robert Bassett
Damien Morgan
Darren Galea
Steven Kozmevski
Phillip Barnett
Paul Jumpertz
Kevin Killender
Jonathan Saw
Wayne Hicks
Marcello Marotta
Sergio (John) Marotta
Mark Moran
Mark Teasdale
Joe Maisano
Bryan Evans

Signed on behalf of the Victorian RTBU Branch Executive:



Luba Grigorovitch
Victoria State Branch Secretary



Phillip Altieri
Assistant Branch Secretary

Dated this ¹⁶ day of May 2018

**THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
COMMITTEE OF MANAGEMENT STATEMENT**

for the financial year ended 31 December 2017

On May 2018 the Victorian RTBU Branch Executive 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 2017:

The Victorian RTBU Branch Executive declares that in its opinion:

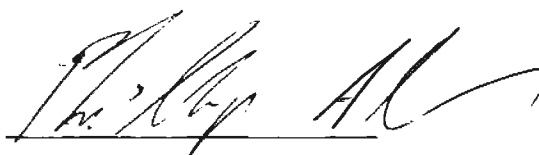
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (“the RO Act”);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that financial year:
 - (i) meetings of the Victorian RTBU Branch Executive 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 RO Act; and
 - (iv) where the organisation consists of two 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) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act, that information has been provided to the member or General Manager; and
 - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period

This declaration is made in accordance with a resolution of the Victorian RTBU Branch Executive.

Signed on behalf of the Victorian RTBU Branch Executive:



Luba Grigorovitch
Victoria State Branch Secretary



Phillip Altieri
Assistant Branch Secretary

Dated this 16 day of May 2018

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue			
Membership subscription	2	4,430,181	4,422,185
Capitation fees	2	-	-
Levies	2	519,354	282,950
Interest	2	82,273	89,488
Rental revenue	2	217,139	211,861
Total revenue		<u>5,248,947</u>	<u>5,006,484</u>
Other income			
Grants and/or donations	2	-	1,895
Other income	2	85,962	33,068
Gain on the revaluation of investment property	10	1,030,000	1,206,730
Total other income		<u>1,115,962</u>	<u>1,241,693</u>
Total income		<u>6,364,909</u>	<u>6,248,177</u>
Expenses			
Employee benefits expense	3A	1,737,682	1,800,271
Capitation fees	3B	555,334	565,600
Legal fees	3C	363,960	481,008
Depreciation and amortisation	3D	111,794	123,026
Affiliation fees	3E	99,567	94,811
Administration expenses	3F	200,066	170,925
Grants or donations	3G	1,765	9,750
Other expenses	3H,4	1,265,597	1,152,449
Total expenses		<u>4,335,765</u>	<u>4,397,840</u>
Surplus for the financial year		<u>2,029,144</u>	<u>1,850,337</u>
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Fair value gain on available-for-sale financial assets		(4,527)	4,830
Gain on revaluation of land & buildings		1,367,892	-
Total other comprehensive income for the financial year		<u>1,363,365</u>	<u>4,830</u>
Total comprehensive income for the financial year		<u>3,392,509</u>	<u>1,855,167</u>

The above statement should be read in conjunction with the notes.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,337,122	3,380,925
Trade and other receivables	6	720,114	304,858
Other current assets	7	89,210	73,267
Financial assets	8	1,600,000	1,600,000
Total current assets		6,746,446	5,359,050
Non-Current Assets			
Property, plant and equipment	9	3,901,465	2,602,571
Investment property	10	4,950,000	3,920,000
Financial assets	8	426,892	408,865
Total non-current assets		9,278,357	6,931,436
Total assets		16,024,803	12,290,486
LIABILITIES			
Current Liabilities			
Trade and other payables	11	656,981	303,576
Provisions	12	364,865	327,577
Total current liabilities		1,021,846	631,153
Non-Current Liabilities			
Provisions	12	67,418	116,303
Total non-current liabilities		67,418	116,303
Total liabilities		1,089,264	747,456
Net assets		14,935,539	11,543,030
EQUITY			
Retained surplus		13,481,752	11,452,608
Revaluation reserve	13	1,453,484	85,592
Financial asset reserve	13	303	4,830
Total equity		14,935,539	11,543,030

The above statement should be read in conjunction with the notes.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Retained Surplus \$	Revaluation Reserve \$	Financial Asset Reserve \$	Total Equity \$
Balance as at 1 January 2016	9,602,271	85,592	-	9,687,863
Surplus for the financial year	1,850,337	-	-	1,850,337
Other comprehensive income	-	-	4,830	4,830
Balance as at 31 December 2016	11,452,608	85,592	4,830	11,543,030
Balance as at 1 January 2017	11,452,608	85,592	4,830	11,543,030
Surplus for the financial year	2,029,144	-	-	2,029,144
Other comprehensive income	-	1,367,892	(4,527)	1,363,365
Balance as at 31 December 2017	13,481,752	1,453,484	303	14,935,539

The above statement should be read in conjunction with the notes.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Receipts from members, investment property and other income		4,585,953	5,224,504
Interest received		82,273	89,488
Cash used			
Payments to suppliers and employees		(3,168,639)	(4,076,048)
Payments to Rail, Tram and Bus Union National Office		(499,147)	(622,160)
Net cash from operating activities	15	<u>1,000,440</u>	<u>615,784</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received			
Proceeds from disposal of property, plant & equipment		25,595	20,000
Cash used			
Purchase of property, plant & equipment		(69,838)	(4,431)
Cash invested in long term deposits/investments		-	(579,713)
Net cash used by investing activities		<u>(44,243)</u>	<u>(564,144)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Repayment of borrowings		-	-
Net cash from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held		956,197	51,640
Cash & cash equivalents at the beginning of financial year		<u>3,380,925</u>	<u>3,329,285</u>
Cash & cash equivalents at end of financial year	5	<u>4,337,122</u>	<u>3,380,925</u>

The above statement should be read in conjunction with the notes.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Union is a not-for-profit entity.

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

The financial statement was authorised for issue on May 2018 by the Victorian RTBU Branch Executive.

1.2 Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (The Australian Rail, Tram & Bus Industry Union - Victorian Branch) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Union from the date on which control is obtained by the Union. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Union.

Pursuant to the deed of settlement (dated 1 January 2003), the responsible officers of the Union also manage operations of the Tramways Holiday Trust and as a result the financial results of the Trust are fully consolidated into the Union financial statements.

1.3 Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.3 Taxation (continued)

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.4 Fair Value of Assets and Liabilities

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

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

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

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

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

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

1.5 Property, Plant and Equipment

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

Property

Buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Plant and equipment

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

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.5 Property, Plant and Equipment (continued)

Plant and equipment (continued)

The carrying amount of plant and equipment is reviewed annually by the Victorian RTBU Branch Executive 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.

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 used for each class of depreciable asset are shown below:

Fixed Asset Class	Depreciation Rate
Buildings	2.5%
Furniture, fixtures and fittings	7.5% - 33.3%
Motor vehicles	15%
Office equipment	33% – 36%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. 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.

1.6 Gains

Sale of assets

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

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.7 Impairment of Assets

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

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

1.8 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.

Revaluation – land and building:

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.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.8 Investment property (continued)

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

1.9 Employee benefits

Short term employee benefits

Provision is made for the Union's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Union's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the Statement of Financial Position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the Statement of Financial Position.

Long term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

1.10 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 managements best estimate of the expenditure required to set the present obligation at the end of each reporting period.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.11 Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

1.12 Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

- (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.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.13 Financial assets

Loans and receivables

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

Available for sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

At the end of the reporting period the Union assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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.

1.14 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

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

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

1.15 Revenue and other income

(i) Membership subscriptions

Revenue from membership subscriptions is recognised on an accruals basis and is recorded as revenue in the year to which it relates.

(ii) Interest

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

(iii) Rent

Rental revenue from operating leases is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.15 Revenue and other income (continued)

(iv) Other income

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).

1.16 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.

1.17 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 as an expense in the period in which they are incurred.

1.18 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 payable are stated 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.

1.19 Trade and Other Receivables

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

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

1.20 Trade and Other Payables

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

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.21 Significant Accounting Judgements and Estimates

The Victorian RTBU Branch Executive 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.

1.22 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.23 Going Concern

The financial report of The Australian Rail, Tram & Bus Industry Union for the financial year ended December 2017 is prepared on a going concern basis.

The Union's ability to continue as a going concern is not reliant on the agreed financial support of another entity. The Union does not have to provide financial assistance to its subsidiary in order for the subsidiary to be able to pay its debts as and when they become payable. The subsidiary has sufficient assets available to meet any liabilities should that be required.

1.24 Comparative Figures

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

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.25 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in AASB 3 Business Combinations and other Australian Accounting Standards that do not conflict with the requirements of AASB 11 Joint Arrangements.
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements amends AASB 127 Separate Financial Statements to allow an entity to use the equity method as described in AASB 128 to account for its investments in subsidiaries, joint ventures and associates its separate financial statements.
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle clarify certain requirements in:
 - AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal
 - AASB 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements
 - AASB 119 Employee Benefits – regional market issue regarding discount rate
 - AASB 134 Interim Financial Reporting – disclosure of information ‘elsewhere in the interim financial report’
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements. For example the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception amends AASB 10 Consolidated Financial Statements, AASB 12 Disclosure in Interests in Other Entities and AASB 128 Investments in Associates and Joint Ventures to clarify how investment entities and their subsidiaries apply the consolidation exception.

The adoption of the amendments did not have an impact on the Australian, Rail, Tram & Bus Industry Union – Victorian Branch.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.25 New Australian Accounting Standards (continued)

Future Australian Accounting Standard Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on the Union include:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the Victorian RTBU Branch Executive anticipate that the adoption of AASB 9 may have an impact on the Union's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1 Summary of significant accounting policies (Continued)

1.25 New Australian Accounting Standards (continued)

Future Australian Accounting Standard Requirements (continued)

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the Victorian RTBU Branch Executive anticipate that the adoption of AASB 15 may have an impact on the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1. Summary of significant accounting policies (Continued)

1.25 New Australian Accounting Standards (continued)

Future Australian Accounting Standard Requirements (continued)

- **AASB 16: Leases** (applicable to annual reporting periods beginning on or after 1 January 2019).

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

The main changes introduced by the new Standard are as follows:

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

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

The Victorian RTBU Branch Executive anticipate that the adoption of AASB 16 will not materially impact the Union's financial statements, given that the Union does not have any operating leases from which lessee accounting is applied.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

Note 1. Summary of significant accounting policies (Continued)

1.26 Fair Value Measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 2 Revenue and Other Income		
Membership contributions received	4,430,181	4,422,185
Capitation fees ¹	-	-
Levies ²	519,354	282,950
Interest received	82,273	89,488
Rental revenue collected on Investment Property	217,139	211,861
	<u>5,248,947</u>	<u>5,006,484</u>
Other income	85,962	33,068
Grants or donations	-	1,895
Gains on revaluation of investment property	1,030,000	1,206,730
Total revenue	<u>6,364,909</u>	<u>6,248,177</u>

¹ The Union did not receive capitation fees or any other financial support during the current or prior financial year. There was no recovery of wages activity during the current or prior financial year.

² Levies collected during the financial year relate to funds set aside for the legal representation of members of the Union in the event of industrial/legal matters. These levies are deposited in a separate legal funds bank account from the Union's operational bank account.

Note 3 Expenses

Note 3A: Employee benefit expense

Holders of office:

Salaries and wages	924,875	719,963
Superannuation	96,646	79,843
Leave and other entitlements	92,820	150,919
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	<u>1,114,341</u>	<u>950,725</u>

Employees other than office holders:

Salaries and wages	483,776	611,841
Superannuation	48,130	76,931
Leave and other entitlements	76,538	142,522
Separation and redundancies	14,897	18,252
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	<u>623,341</u>	<u>849,546</u>
Total employee benefit expense	<u>1,737,682</u>	<u>1,800,271</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 3 Expenses (continued)		
Note 3B: Capitation fees		
Capitation fees paid to Rail Tram and Bus Union National Office	555,334	565,600
Note 3C: Legal Fees		
Legal costs – litigation	306,875	423,019
Other legal fees	57,085	57,989
	<u>363,960</u>	<u>481,008</u>
Note 3D: Depreciation of non-current assets		
Depreciation	111,794	123,026
Note 3E: Affiliation fees		
ALP	35,803	34,576
VTHC	22,964	19,846
ACTU	36,807	37,067
Various	3,993	3,322
Total affiliation fees/subscriptions	<u>99,567</u>	<u>94,811</u>
Note 3F: Administration Expenses		
Administration and office expenses	192,325	161,564
Compulsory levy (Industrial relations levy charged by ACTU)	-	-
Conference and meeting expenses	7,741	9,361
Consideration to employers for payroll deductions	-	-
Fees/allowances – meeting and conferences	-	-
	<u>200,066</u>	<u>170,925</u>
Note 3G: Grants or Donations		
Grants	-	-
Donations		
Total paid that were \$1,000 or less	1,765	2,750
Total paid that exceeded \$1,000	-	7,000
	<u>1,765</u>	<u>9,750</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 3 Expenses (continued)		
Note 3H: Other expenses		
Accounting Fees	35,218	44,439
Agency costs	27,529	37,184
Building repairs and maintenance	207,482	227,273
Commissions paid	101,622	72,857
Doubtful debts	222,961	173,600
Fringe Benefits Tax	58,150	60,554
Motor vehicle costs	73,533	70,942
Payroll tax	80,758	92,506
Penalties – via RO Act or RO Regulations	-	-
Publication	46,767	44,581
Stock purchases	40,924	59,885
Other	317,403	226,378
Total other expenses	<u>1,212,347</u>	<u>1,110,199</u>

Note 4 Remuneration of Auditors

Remuneration of the auditor for:		
- auditing or reviewing the financial report	32,000	27,250
- other services	21,250	15,000
Total remuneration of auditors	<u>53,250</u>	<u>42,250</u>

Note 5 Cash and cash equivalents

Cash on hand	1,050	870
Cash at bank	3,257,864	2,325,510
Short-term deposits	1,078,208	1,054,545
Total cash and cash equivalents	<u>4,337,122</u>	<u>3,380,925</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 6 Trade and other receivables		
Receivables from other reporting units	-	-
Trade receivables	1,171,913	530,907
Less provision for doubtful debts	(451,799)	(228,838)
Total trade receivables (net)	<u>720,114</u>	<u>302,069</u>
Other receivables:		
Other receivables	-	2,789
Total other receivables	<u>-</u>	<u>2,789</u>
Total trade and other receivables (net)	<u>720,114</u>	<u>304,858</u>
 Note 7 Other assets		
Prepayments	56,053	46,022
Accrued income	33,157	27,245
Total other current assets	<u>89,210</u>	<u>73,267</u>
 Note 8 Financial assets		
CURRENT		
Term deposit	1,600,000	1,600,000
NON-CURRENT		
Available for sale asset	426,892	408,865
Total financial assets	<u>2,026,892</u>	<u>2,008,865</u>
 Note 9 Property, Plant and equipment		
Buildings		
At fair value	4,049,378	2,681,486
Accumulated depreciation	(449,378)	(392,145)
Total buildings	<u>3,600,000</u>	<u>2,289,341</u>
 Furniture, fixtures and fittings		
At cost	352,602	352,602
Accumulated depreciation	(255,147)	(240,954)
Total furniture, fixtures and fittings	<u>97,455</u>	<u>111,648</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 9 Property, Plant and equipment (continued)		
Motor vehicles:		
At cost	245,487	229,005
Less accumulated depreciation	(75,545)	(58,788)
Total motor vehicles	<u>169,942</u>	<u>170,217</u>
Office equipment		
At cost	143,312	125,591
Less accumulated depreciation	(109,244)	(94,226)
Total office equipment	<u>34,068</u>	<u>31,365</u>
Total plant and equipment	<u>3,901,465</u>	<u>2,602,571</u>

Buildings are measured at fair value less accumulated depreciation and impairment losses. Independent valuations on Level 2, 365 Queen Street and Level 6, 1 Elizabeth Street were carried out by Australian Valuation & Advisory Group Pty Ltd., with the market values at 19 December 2017 being \$2,500,000 and \$1,100,000 respectively. The revaluation gain on these properties of \$1,367,892 has been recorded in the Revaluation Reserve. Buildings are independently revalued on at least a triennial basis as stated in Note 1.5.

Reconciliation of carrying amounts of property, plant and equipment

	Buildings	Furniture, Fixtures & Fittings	Motor vehicles	Office Equipment	Total
	\$	\$	\$	\$	\$
Consolidated 2016					
Balance at 1 January	2,348,042	128,615	225,140	43,501	2,745,298
Additions	-	361	-	4,071	4,432
Disposals	-	-	(24,133)	-	(24,133)
Depreciation expense	(58,701)	(17,328)	(30,790)	(16,207)	(123,026)
Carrying amount at 31 December	<u>2,289,341</u>	<u>111,648</u>	<u>170,217</u>	<u>31,365</u>	<u>2,602,571</u>

	Buildings	Furniture, Fixtures & Fittings	Motor vehicles	Office Equipment	Total
	\$	\$	\$	\$	\$
Consolidated 2017					
Balance at 1 January	2,289,341	111,648	170,217	31,365	2,602,571
Additions	-	-	52,117	17,721	69,838
Disposals	-	-	(27,042)	-	(27,042)
Revaluation	1,367,892	-	-	-	1,367,892
Depreciation expense	(57,233)	(14,193)	(25,350)	(15,018)	(111,794)
Carrying amount at 31 December	<u>3,600,000</u>	<u>97,455</u>	<u>169,942</u>	<u>34,068</u>	<u>3,901,465</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 10 Investment Property		
Balance at beginning of the financial year	3,920,000	2,713,270
Net revaluation increment	1,030,000	1,206,730
Balance at end of the financial year	<u>4,950,000</u>	<u>3,920,000</u>

Valuation

The valuations were performed by Australian Valuation & Advisory Group Pty Ltd., accredited independent valuers with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued.

The fair value of completed investment property has been determined on a market value basis in accordance with International Valuation Standards (IVS), as set out by the International Valuation Standards Council (IVSC). In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

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

Rental income earned and received from the investment properties during the financial year was \$217,139 (2016: \$211,861).

An independent valuation on the investment property at 781 Point Nepean Road, Rosebud was carried out by Prescott Valuations, with the market value of \$1,750,000 adopted at 31 March 2017. The Victorian RTBU Branch Executive had made an assessment of these investment property's' valuation as at 31 December 2017 and determined that the valuation adopted is still relevant.

Independent valuations on the investment properties at Level 1, 222 Kings Way and Level 14, 222 Kings Way were last carried out by Australian Valuation & Advisory Group Pty Ltd., with the market values at 19 December 2017 being \$1,400,000 and \$1,800,000 respectively. The revaluation gain on these properties of \$1,030,000 has been recorded in the Statement of Comprehensive Income.

The fair value of investment property is included within Level 2.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2017

	2017	2016
	\$	\$
Note 11 Trade and Other payables		
A. Payables to other reporting entities	-	-
B. Trade payables		
Trade creditors	191,019	97,714
Accruals	231,066	84,028
Total trade payables	<u>422,085</u>	<u>181,742</u>
C. Amount owed to Rail Tram and Bus Union National Office	<u>101,564</u>	<u>33,927</u>
D. Other payables		
Membership subscriptions received in advance	104,860	72,324
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Other payables	296	14
Superannuation	28,176	15,569
Total other payables	<u>133,332</u>	<u>87,907</u>
Total trade and other payables	<u>656,981</u>	<u>303,576</u>

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

Note 12 Provisions

CURRENT		
Long service leave	117,355	70,491
Annual leave	247,510	257,086
	<u>364,865</u>	<u>327,577</u>
NON-CURRENT		
Long service leave	67,418	116,303
Total employee provisions	<u>432,283</u>	<u>443,880</u>
Office holders		
Annual leave	200,194	140,324
Long service leave	142,625	170,935
Subtotal employee provisions—office holders	<u>342,819</u>	<u>311,259</u>
Employees other than office holders		
Annual leave	47,316	46,470
Long service leave	42,148	86,151
Subtotal employee provisions—employees other than office holders	<u>89,464</u>	<u>132,621</u>
Total employee provisions	<u>432,283</u>	<u>443,880</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 12 Provisions (continued)

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 1.8. At balance date, there were no provisions for employee separation and redundancies.

Note 13 Reserves

A. Revaluation Surplus

The revaluation surplus records revaluations of non-current assets.

B. Financial Asset Reserve

The financial asset reserve records revaluation of financial assets.

	2017	2016
	\$	\$
Reconciliation of Revaluation Surplus		
Balance at beginning of financial year	85,592	85,592
Revaluation of assets	1,367,892	-
Balance at end of financial year	<u>1,453,484</u>	<u>85,592</u>
Reconciliation of Financial Asset Reserve		
Balance at beginning of financial year	4,830	-
Gain on revaluation of financial assets	(4,527)	4,830
Balance at end of financial year	<u>303</u>	<u>4,830</u>

Note 14 Lease Commitments

Operating Leases

Lease terms are non-cancellable with a term up to 5 years, where rent is receivable monthly. Rent is reviewed annually in accordance with the CPI movements and terms of the leasing contracts.

The lease for suite 1 at Level 1, 222 Kingsway Street had expired on 23rd February 2016. Subsequently, a new lease with a 2 year term had been signed which commenced on the 15th September 2016, expiring September 2018.

The lease for suite 2 had been signed during the prior financial year on 14 March 2016 with a lease term of 3 years, expiring March 2019.

The operating lease relating to Level 14, 222 Kings Way, South Melbourne remains non-cancellable with a five year term which commenced in August 2014, expiring August 2019.

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Note 14 Lease Commitments (continued)

Operating Leases

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2017	2016
	\$	\$
Not later than one year	197,458	197,458
Between one year and five years	71,913	269,371
After five years	-	-
	<u>269,371</u>	<u>466,829</u>

Note 15 Cash flow

A. Cash and cash equivalents as per:

Cash flow statement	4,337,112	3,380,925
Balance sheet	4,337,112	3,380,925
Difference	-	-

B. Reconciliation of surplus to net cash from operating activities

Surplus for the financial year	2,029,144	1,850,337
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Adjustments for non-cash items

Depreciation	111,794	123,026
Loss on disposal of property, plant and equipment	1,447	4,133
Gain on revaluation of investment property	(1,030,000)	(1,206,730)
Employee Provisions	(11,597)	4,264
Doubtful debt	222,961	173,600

Changes in assets/liabilities

Increase in trade and other receivables	(660,771)	(209,692)
(Increase)/decrease in prepayments and accrued income	(15,943)	12,861
Increase/(decrease) in trade and other payables	353,405	(136,015)
Net cash (used by)/from operating activities	<u>1,000,440</u>	<u>615,784</u>

C. Cash flow information

Total cash inflows	4,693,821	5,333,992
Total cash outflows	(3,737,624)	(5,282,352)
Net cash flow	<u>956,197</u>	<u>51,640</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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	2017	2016
	\$	\$
Note 16 Key Management Personnel		
Short-term employee benefits		
Salaries (including annual leave taken and accrued)	1,022,782	1,016,207
Post-employment benefits		
Superannuation	75,734	92,914
Other long term benefits		
Long service leave	156,725	130,570
Total compensation	1,255,241	1,239,691

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.

Note 17 Financial Instruments

A. Categories of Financial Statements

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

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:

Financial Assets			
Cash and cash equivalents	5	4,337,122	3,380,925
Trade and other receivables	6	720,114	304,858
Loans and receivables			
- Term deposits	8	1,600,000	1,600,000
Available for sale assets			
- Investment in managed funds	8	426,892	408,865
Carrying amount of financial assets		<u>7,084,128</u>	<u>5,694,648</u>
Financial Liabilities			
Financial liabilities at amortised cost			
Trade payables	11	399,173	181,742
Payable to Rail, Tram & Bus Union – National Office	11	101,564	33,927
Carrying amount of financial liabilities		<u>500,737</u>	<u>215,669</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2017

Note 17 Financial Instruments (continued)

B. Net Income and Expense from Financial Assets

	2017	2016
	\$	\$
Trade and other receivables		
- Doubtful debts	(222,961)	(173,600)
Loans and receivables		
- Interest revenue	82,273	89,488
Available for sale assets		
- Distributions/dividend income	13,876	8,102
- Gain/loss recognised in equity	(4,527)	-
Net gain/(loss) from Financial Assets	<u>(131,339)</u>	<u>(76,010)</u>

The net income from financial assets not at fair value from profit and loss is \$Nil (2016: \$ Nil)

C. Financial risk management policies

The Victorian RTBU Branch Executive'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 Victorian RTBU Branch Executive 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 credit risk, liquidity risk and market risk.

a) 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 Victorian RTBU Branch Executive. 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 Victorian RTBU Branch Executive has otherwise cleared as being financially sound.

Credit Risk Exposures

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

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.

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for the financial year ended 31 December 2017

Note 17 Financial Instruments (continued)

C. Financial risk management policies (continued)

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

Credit risk related to balances with banks and other financial institutions is managed by the Victorian RTBU Branch Executive in accordance with approved Union policy.

b) Liquidity Risk

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

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

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

Cash flows realised from financial assets reflect the Victorian RTBU Branch Executive'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.

	Within 1 year		2 to 5 years		Over 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade payables	399,173	181,742	-	-	-	-	399,173	181,742
Payable to RTBU – National Office	101,564	33,927	-	-	-	-	101,564	33,927
Total expected outflows	500,737	215,669	-	-	-	-	500,737	215,669
Financial assets – cash flows realisable								
Cash and cash equivalents	4,337,122	3,380,925	-	-	-	-	4,337,122	3,380,925
Trade, term and loans receivable	720,114	304,858	-	-	-	-	720,114	304,858
Available for sale assets	-	-	426,892	408,865	-	-	426,892	408,865
Term deposits	1,600,000	1,600,000	-	-	-	-	1,600,000	1,600,000
Total anticipated inflows	6,657,236	5,285,783	426,892	408,865	-	-	6,657,236	5,694,648

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for the financial year ended 31 December 2017

Note 17 Financial Instruments (continued)

C. Financial risk management policies (continued)

c) Market 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 term deposits. The Union has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	4,337,122	3,380,925
Term deposits	1,600,000	1,600,000
	<u>5,937,122</u>	<u>4,980,925</u>
Financial Liabilities	-	-
Net exposure	<u>5,937,122</u>	<u>4,980,925</u>

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 Victorian RTBU Branch Executive considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Equity	Profit or loss
	\$	\$
Year ended 31 December 2017		
+/-0.5% in interest rates	-	31,640
Year ended 31 December 2016		
+/-0.5% in interest rates	-	26,949

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

	2017	2016
	%	%
Financial assets		
Interest-bearing assets	1.52	1.83
Financial liabilities		
Interest-bearing liabilities	-	-

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for the financial year ended 31 December 2017

Note 18 Fair Value Measurement

A. Financial Assets and Liabilities

Management of the Union assessed that cash, trade receivables, trade payables, and other current assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2017 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Union based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2017 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the Union's financial assets and liabilities:

	Carrying Amount 2017 \$	Fair Value 2017 \$	Carrying Amount 2016 \$	Fair Value 2016 \$
Financial assets				
Cash and cash equivalents	4,337,122	4,337,122	3,380,925	3,380,925
Trade and other receivable	720,114	720,114	304,858	304,858
Loans and receivables				
- Term deposit	1,600,000	1,600,000	1,600,000	1,600,000
Available for sale assets				
- Investment in managed funds	426,892	426,892	408,865	408,865
Total financial assets	7,048,128	7,084,128	5,694,648	5,694,648
Financial liabilities				
Trade payables	422,085	422,085	181,742	181,742
Payable to RTBU – National Office	101,564	101,564	33,927	33,927
Total financial liabilities	523,649	523,649	215,669	215,669

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Note 18 Fair Value Measurement (continued)

B. Financial and Non-financial Assets and Liabilities Fair Value Hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 31 December 2017

Assets measured at fair value	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$
<i>Non-financial assets</i>				
Investment properties	19/12/2017	-	4,950,000	-
Buildings	19/12/2017	-	3,600,000	-
Total non-financial assets recognised at fair value		-	8,550,000	-

Fair value hierarchy – 31 December 2016

Assets measured at fair value	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$
<i>Non-financial assets</i>				
Investment properties	17/02/2014	-	3,920,000	-
Buildings	17/02/2014	-	2,289,341	-
Total non-financial assets recognised at fair value		-	6,209,341	-

C. Description of Significant Unobservable Inputs

Description	Valuation technique	Significant unobservable inputs
<i>Non-financial assets</i>		
Investment properties	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology.	Price per square metre; market borrowing rate
Buildings	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology.	Price per square metre; market borrowing rate

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

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Note 18 Fair Value Measurement (continued)

C. Description of Significant Unobservable Inputs (continued)

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

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 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Rail Tram and Bus Union National Office

During the financial year, the Union incurred expenses in relation to capitation fees charged by the Rail Tram and Bus Union National Office of \$555,334 (2016: \$565,600). This balance also includes payables at financial year end of \$101,564 (2016: \$33,927) owed to the Rail Tram and Bus Union National Office.

Victorian RTBU Branch Executive - Members Transactions

All members of the Victorian RTBU Branch Executive are required to hold a fully paid-up membership fee. Total membership fee received during 2017 is \$15,862 (2016: \$15,923).

Note 21 Parent Entity Information

The following information has been extracted from the books and records of the Parent entity (The Australian Rail, Tram & Bus Industry Union – Victorian Branch) and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2017	2016
	\$	\$
Assets		
Current assets	6,564,593	5,334,400
Non-current assets	8,228,536	5,010,209
Total Assets	<u>14,793,129</u>	<u>10,344,609</u>
Current Liabilities	1,021,710	631,152
Non-current Liabilities	67,418	116,303
Total Liabilities	<u>1,089,128</u>	<u>747,455</u>
Total Equity	<u>13,704,001</u>	<u>9,597,154</u>

Statement of Comprehensive Income

Total profit	<u>2,030,238</u>	<u>1,853,198</u>
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THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 22 Information About Subsidiaries

The subsidiary listed below is a Trust that is solely controlled by the Union. The proportion of ownership interest held equals the voting rights held by the Union. The consolidated financial statements of the reporting entity include:

Name of entity	Principal Activity	Country of Incorporation	Equity Interest 2017	Equity Interest 2016
Tramways Holiday Trust	Trust	Australia	100%	100%

There is no non-controlling interest outside of the Union. There are no changes in ownership and no consequences anticipated on changes in ownership.

Subsidiary's assets are available to meet any liabilities should that be required.

There are no transactions between the Subsidiary and the Union during the current and prior financial year.

Subsidiary financial statement used in the preparation of the consolidated financial statements has also been prepared as at the same reporting date as the Union's financial statements.

There are no significant restrictions over ability to access or use assets and settle liabilities.

Note 23 Contingencies

In the opinion of the Victorian RTBU Branch Executive, the Union did not have any contingencies at 31 December 2017 (31 December 2016: None).

Note 24 Events Occurring After the Reporting Date

There were no events that occurred after 31 December 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial of the Union.

Note 25 Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or General Manager:

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

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 26 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

RTBU

The power of Union



Robert Wernli
Partner
DFK Kidsons
Level 6, 30 Collins Street
Melbourne VIC 3000

16 May 2018

Dear Mr Wernli

This representation letter is provided in connection with your audit of the financial report of The Australian Rail, Tram & Bus Industry Union - Victorian Branch ("RTBU") for the year ended 31 December 2017 for the purpose of expressing an opinion as to whether the financial report gives a true and fair view in accordance with the Australian Accounting Standards and complies with the requirements of the *Fair Work (Registered Organisations) Act 2009*.

We confirm that to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Report

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, for the preparation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*; in particular the financial report gives a true and fair view in accordance therewith.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Australian Accounting Standards.
- All events subsequent to the date of the financial report and for which Australian Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial report as a whole.
- We have no plans or intentions that may materially affect the carrying values, or classification, of assets and liabilities.
- We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.

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Information Provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial report.
- We acknowledge responsibility for the design and implementation of internal control to prevent and detect error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- We acknowledge responsibility for the design and implementation of internal controls designed to prevent and detect fraud.
- We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial report.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.
- The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.
- There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

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- We have provided you with all requested information, explanations and assistance for the purposes of the audit.
- We have provided you with all information required by the *Fair Work (Registered Organisations) Act 2009* where applicable.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your tests of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Luba', with a long horizontal flourish extending to the right.

Luba Grigorovitch
Victorian Branch Secretary

16 May 2018

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