



15 August 2019

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

cc. Mr Robert Wernli, Auditor

Dear Secretary

Re: – Australian Rail, Tram and Bus Industry Union, Victorian Branch - financial report for year ending 31 December 2018 (FR2018/358)

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 Registered Organisations Commission (**ROC**) on 14 June 2019.

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. Please note the report for year ending 31 December 2019 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist when preparing the next report.

Nil activity disclosures

Item 21 of the reporting guidelines states that if any activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement.

All relevant nil activity disclosures not otherwise disclosed were included except for:

- RG16(c)(iii) - have a liability for separation and redundancy for holders of offices
- RG16(c)(iv) - have a liability for other employment provisions for holders of offices
- RG16(d)(iii) - have a liability for separation and redundancy for employees (other than holders of offices)
- RG16(d)(iv) - have a liability for other employment provisions for employees (other than holders of offices)

The officer's declaration statement also included the following nil activity disclosure which appears inconsistent with information in the Notes, as follows:

- RG14(c) - pay affiliation fees to another entity [see Note 3E]

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

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.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

Australian Rail Tram & Bus Union Victorian Branch

s.268 Fair Work (Registered Organisations) Act 2009

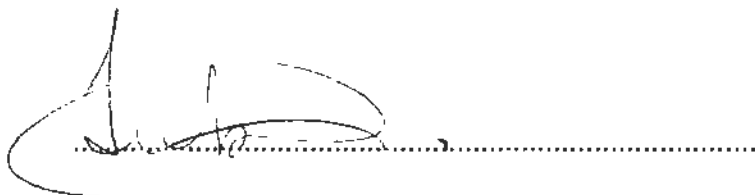
CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER¹

Certificate for the year ended 31 December 2018

I Luba Grigorovitch being the Branch Secretary of the **Australian Rail Tram & Bus Union Victorian Branch** certify:

- that the documents lodged herewith are copies of the full report for the **Australian Rail Tram & Bus 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 14th June 2019 and
- that the full report was presented to a meeting of the Branch Executive of the reporting unit on 12th June 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:

A handwritten signature in black ink, appearing to read 'Luba Grigorovitch', is written over a horizontal dotted line. The signature is fluid and cursive.

Name of prescribed designated officer Luba Grigorovitch

Title of prescribed designated officer: Branch Secretary

Dated: 14th June 2019

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 2018**

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2018

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

Opinion

I have audited the financial report of The Australian Rail, Tram & Bus Industry Union – Victorian Branch (the Union), which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; the Executive Committee Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In my 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 2018, 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).

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

Basis for Opinion

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Executive Committee for the Financial Report

The Executive Committee 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 the Executive Committee determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Committee 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 the Executive Committee either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee'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 Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Union 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 Union to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Union audit. I remain solely responsible for my audit opinion.

I communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I declare that I am an auditor registered under the RO Act.

DFK Kidsons Partnership

DFK Kidsons Partnership
Chartered Accountants

Robert Wernli

Robert Wernli
Partner

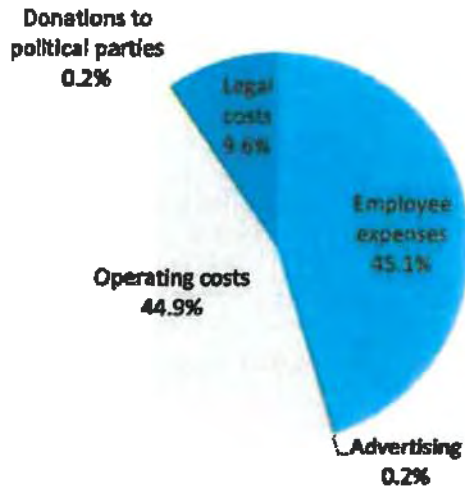
Melbourne
12 June 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/11

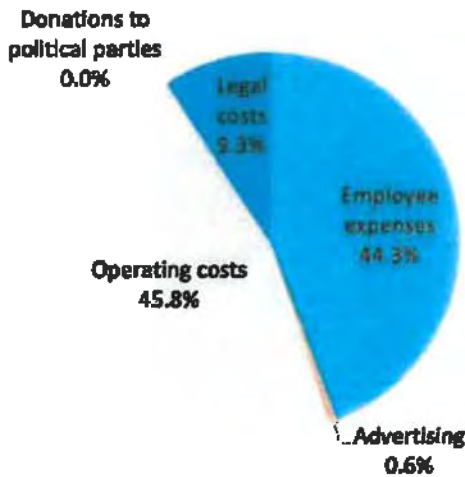
**REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 31 December 2018**

The Executive Committee presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

2018 – Expenditure as required under s.255(2A) RO Act



2017 – Expenditure as required under s.255(2A) RO Act



Signature of designated officer:

Name and title of designated officer: Luba Grigorovitch

Dated: 12 June 2019

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

for the financial year ended 31 December 2018

The Victorian RTBU Executive Committee presents its operating report on The Australian Rail, Tram & Bus Industry Union – Victorian Branch (“the reporting unit”) for the financial year ended 31 December 2018.

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 Executive Committee alongside the Audit & Compliance Committee as is custom and practice.

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 2018.

Number of members

There were 7,359 members as at 31 December 2018.

Number of employees

On 31 December 2018, there were 18 employees employed by the RTBU.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
OPERATING REPORT (Continued)
for the financial year ended 31 December 2018

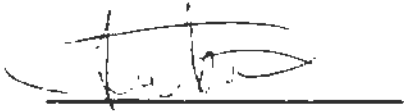
Names of Executive members and period positions held during the financial year

The following persons were on the Executive Committee during the financial year unless otherwise indicated:

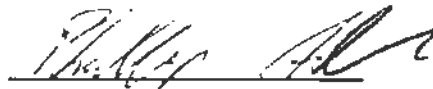
Position	Name	Period (If not full year)
Vic Branch		
Branch President	Darren Lamont	
Branch Senior Vice-President	Victor Moore	
Branch Junior Vice-President	John Anderson	
Branch Secretary	Luba Grigorovitch	
Branch Assistant Secretary	Phillip Altieri	
Rail Division		
Branch Divisional President (Rail Operations)	Robert Bassett	
Branch Divisional Vice-President (Rail Operations)	Damian Morgan	
Branch Divisional Secretary (Rail Operations)	Darren Galea	
Branch Divisional Secretary (Administrative, Supervisory, Technical and Professional Division)	Victor Moore	
Branch Divisional Secretary (Administrative, Supervisory, Technical and Professional Division)	Steven Kozmevski	
Branch Divisional President (Fleet Manufacture, Overhaul, Maintenance and Service Division)	Phillip Barnett	Resigned Sep 2018
Branch Divisional Secretary (Fleet Manufacture, Overhaul, Maintenance and Service Division)	Paul Jumpertz	
Branch Divisional President (Infrastructure)	Kevin Killender	
Branch Divisional Secretary (Infrastructure)	Jonathan Saw	
Branch Divisional President (Workshops)	Calvin Harvey	Elected Sep 2018
Branch Divisional Organiser (Administrative, Supervisory, Technical and Professional Division/Rail Operations)	Joe Maisano	
Branch Divisional Organiser (Infrastructure/Fleet Manufacture, Overhaul, Maintenance and Service Division)	Bryan Evans	
Locomotive Division		
Branch Divisional President (Locomotive)	Wayne Hicks	
Branch Divisional Secretary (Locomotive)	Marcello Marotta	
Branch Divisional Vice-President (Locomotive)	Sergio (John) Marotta	
Tram and Bus Division		
Branch Divisional President (Tram and Bus)	Mark Teasdale	Resigned Sep 2018
Branch Divisional President (Tram and Bus)	Mark Moran	Elected Sep 2018
Branch Divisional Vice-President (Tram and Bus)	Mark Moran	Resigned Sep 2018
Branch Divisional Vice-President (Tram and Bus)	Rupert Braganza	Elected Sep 2018
Branch Divisional Secretary (Tram and Bus)	Phillip Altieri	Resigned Sep 2018
Branch Divisional Secretary (Tram and Bus)	Tarik Koc	Elected Sep 2018
Branch Divisional Assistant Secretary (Tram and Bus)	John Anderson	Resigned Sep 2018
Branch Divisional Assistant Secretary (Tram and Bus)	Mario Mizzi	Elected Sep 2018

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
OPERATING REPORT (Continued)
for the financial year ended 31 December 2018

Signed on behalf of the Victorian RTBU Branch Executive Committee:



Luba Grigorovitch
Branch Secretary



Phillip Attieri
Branch Assistant Secretary

12 June 2019

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

for the financial year ended 31 December 2018

On 12 June 2019 the Victorian RTBU Executive Committee 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 2018:

The Victorian RTBU Branch Executive Committee 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 Committee 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 Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; 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.

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

Signed on behalf of the Victorian RTBU Branch Executive Committee:



Lube Grigorovitch
Victoria State Branch Secretary
12 June 2019



Phillip Altieri
Assistant Branch Secretary

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2018

	Note	2018 \$	2017* \$
Revenue			
Membership subscription	2	4,471,968	3,694,582
Levies	2	731,921	519,354
Interest	2	90,928	82,273
Rental revenue	2	241,468	217,139
Total revenue		5,536,285	4,513,348
Other Income			
Other income	2	77,020	85,962
Gain on the revaluation of investment property	2,10	600,000	1,030,000
Total other income		677,020	1,115,962
Total Income		6,213,305	5,629,310
Expenses			
Employee benefits expense	3A	2,150,376	1,737,682
Capitation fees	3B	668,921	555,334
Legal fees	3C	455,511	363,960
Depreciation and amortisation	3D	103,328	111,794
Affiliation fees	3E	97,956	99,567
Administration expenses	3F	244,816	200,066
Grants or donations	3G	40,852	1,765
Other expenses	3H,4	1,143,818	864,819
Total expenses		4,903,578	4,034,987
Surplus for the financial year		1,309,727	1,594,323
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)
Gain on revaluation of land & buildings		-	1,367,892
Total other comprehensive income for the financial year		-	1,363,365
Total comprehensive income for the financial year		1,309,727	2,957,688

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

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	5,710,258	4,337,122
Trade and other receivables	6	12,589	211,733
Other current assets	7	54,665	89,210
Financial assets	8	1,360,554	1,600,000
Total current assets		<u>7,138,066</u>	<u>6,238,065</u>
Non-Current Assets			
Property, plant and equipment	9	3,854,113	3,901,485
Investment property	10	5,550,000	4,950,000
Financial assets	8	424,734	426,892
Total non-current assets		<u>9,828,847</u>	<u>9,278,357</u>
Total assets		<u>16,966,913</u>	<u>15,516,422</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11	691,941	583,421
Provisions	12	428,849	364,865
Total current liabilities		<u>1,120,790</u>	<u>948,286</u>
Non-Current Liabilities			
Provisions	12	35,678	67,418
Total non-current liabilities		<u>35,678</u>	<u>67,418</u>
Total liabilities		<u>1,156,468</u>	<u>1,015,704</u>
Net assets		<u>15,810,445</u>	<u>14,500,718</u>
EQUITY			
General funds		12,831,760	11,917,140
Other funds	13	1,525,201	1,129,791
Revaluation reserve	13	1,453,464	1,453,464
Financial asset reserve	13	-	303
Total equity		<u>15,810,445</u>	<u>14,500,718</u>

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

* Amounts have been restated in line with note 25.

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

For the financial year ended 31 December 2018

	General Funds \$	Other Funds \$	Revaluation Reserve \$	Financial Asset Reserve \$	Total Equity \$
Balance as at 1 January 2017*	10,482,391	970,217	85,592	4,830	11,543,030
Surplus for the financial year	1,594,323	-	-	-	1,594,323
Transfers to/(from) other funds	(159,574)	159,574	-	-	-
Other comprehensive income	-	-	1,367,892	(4,527)	1,363,365
Balance as at 31 December 2017*	11,917,140	1,129,791	1,453,484	303	14,500,718
Balance as at 1 January 2018*	11,917,140	1,129,791	1,453,484	303	14,500,718
Surplus for the financial year	1,309,727	-	-	-	1,309,727
Transfers to/(from) other funds	(395,410)	395,410	-	-	-
Change in accounting policy – AASB 9	303	-	-	(303)	-
Balance as at 31 December 2018	12,831,760	1,525,201	1,453,484	-	15,810,445

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

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
CONSOLIDATED STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received			
Receipts from members, investment property and other income		6,378,854	5,172,735
Interest received		89,113	76,361
Cash used			
Payments to suppliers and employees		(4,613,080)	(3,760,959)
Payments to Rail, Tram and Bus Union National Office		(637,433)	(487,697)
Net cash from operating activities	15	<u>1,217,454</u>	<u>1,000,440</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received			
Proceeds from disposal of property, plant & equipment		75,978	25,595
Cash withdrawn from long term deposits/investments		239,446	-
Cash used			
Purchase of property, plant & equipment		(159,742)	(69,838)
Net cash used by investing activities		<u>155,682</u>	<u>(44,243)</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		1,373,136	956,197
Cash & cash equivalents at the beginning of financial year		4,337,122	3,380,925
Cash & cash equivalents at end of financial year	5	<u>5,710,258</u>	<u>4,337,122</u>

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

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

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.

1.2 Principles of Consolidation

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

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 subsidiary (The Tramways Holidays Trust).

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.

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.

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.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

Note 1 Summary of significant accounting policies (continued)

1.4 Comparative amounts

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

1.5 Significant Accounting Judgements and Estimates

The Victorian RTBU Branch Executive Committee 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

(i) Estimation of useful lives of assets

The reporting unit determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(ii) Employee benefits provisions

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of future increases in wage and salary rates, and the estimation of the expected probability of staff reaching entitlement have been taken into account.

1.6 Revenue

(iii) Membership subscriptions

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

(iv) Interest

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

(v) 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.

(vi) 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).

1.7 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
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Note 1 Summary of significant accounting policies (continued)

1.8 Leases

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.

Operating leases exist for the rental of carparks and photocopier machines.

1.9 Employee benefits

Provision is made for the reporting unit's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and long service leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Liabilities for employee entitlements, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the expected probability of staff reaching entitlement.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.15 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 other payables in current liabilities on the statement of financial position.

1.10 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 based on periodic 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 carrying amount of plant and equipment is reviewed annually by the Victorian RTBU Branch Executive Committee 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.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
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Note 1 Summary of significant accounting policies (continued)

1.11 Property Plant and Equipment (continued)

Depreciation

All fixed assets are depreciated on a diminishing value basis over their useful lives to the reporting unit commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.12 Impairment of Assets

At the end of each reporting period, the Union assesses whether there is any indication that an asset may be impaired. No assets were deemed as being impaired during the 2018 financial year (2017: nil).

1.13 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

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.

1.14 Fair Value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2018

Note 1 Summary of significant accounting policies (continued)

1.15 Financial instruments

Financial assets and financial liabilities are recognised when the union becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effects of changes in accounting policies – AASB 9 Financial Instruments

Equity investments classified as *available-for-sale* financial assets under AASB 39 have been classified as being at *Fair value through profit and loss (FVTPL)* under AASB 9. This does not affect the treatment of the assets under the new standard.

Net valuation gains on financial assets of \$303, that had been recognised in a financial assets reserve under AASB 39, have been transferred to retained earnings as the related financial assets have been designated as financial assets through profit and loss. All movements in the financial assets will be recognised through the profit and loss in line with AASB 9.

The Union has chosen not to restate comparatives on adoption of AASB 9 and, therefore, these changes have been processed at the date of initial application (i.e. 1 February 2018), and presented in the statement of changes in equity.

Financial assets

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

Fair value through profit or loss

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

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

The Union currently hold investment portfolios that are treated as a financial asset at fair value through profit or loss.

Amortised Cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Union's financial assets measured at amortised cost comprise cash and cash equivalents, trade and other receivables and term deposits in the consolidated statement of financial position.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 1 Summary of significant accounting policies (continued)

1.16 Financial Instruments

Financial liabilities

Financial liabilities are classified into one of two categories, depending the purpose for which the liability was acquired, as follows:

Fair value through profit or loss

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

The Union does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.17 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.

1.18 Going Concern

The financial report of The Australian Rail, Tram & Bus Industry Union for the financial year ended December 2018 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.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 1 Summary of significant accounting policies (continued)

1.19 New Australian Accounting Standards

AASB Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting period. As at 31 December 2018, the following standards and interpretations had been issued but were not mandatory for the reporting ended 31 December 2018. The Union has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Application for reporting periods beginning on:	Impact on Entities Annual Statements
AASB 16 Leases	The key changes introduced by AASB 16 included the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 January 2019	The changes in recognition requirements in AASB 16 will result in the recognition of operating leases on the balance sheet and may result in changes to the timing and amount of expenses recorded in the financial statements relating to leases held.

In addition to those Accounting Standards listed above, the AASB has also released a number of other Accounting Standards and Australian interpretations. The application of these Accounting Standards and Australian Interpretations are not expected to have any significant impact on the reporting unit's financial statements. Consequently, they have not been specifically identified above.

	2018	2017*
	\$	\$
Note 2 Revenue and Other Income		
Membership contributions received	4,471,968	3,694,582
Levies ¹	731,921	519,354
Interest received	90,928	82,273
Rental revenue collected on Investment Property	241,468	217,139
Total revenue	5,536,285	4,513,348
Other income	77,020	85,962
Gains on revaluation of investment property	600,000	1,030,000
Total other income	677,020	1,115,962
Total revenue and other income	6,213,305	5,629,310

¹ 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.

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

	2018	2017
	\$	\$
Note 3 Expenses		
Note 3A: Employee benefit expense		
Holders of office:		
Salaries and wages	1,027,354	924,875
Superannuation	85,637	96,646
Leave and other entitlements	63,394	92,820
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	<u>1,176,385</u>	<u>1,114,341</u>
Employees other than office holders:		
Salaries and wages	913,070	483,776
Superannuation	92,071	48,130
Leave and other entitlements	(31,150)	76,538
Separation and redundancies	-	14,897
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	<u>973,991</u>	<u>623,341</u>
Total employee benefit expense	<u>2,150,376</u>	<u>1,737,682</u>
Note 3B: Capitation fees		
Capitation fees paid to Rail Tram and Bus Union National Office	<u>666,921</u>	<u>555,334</u>
Note 3C: Legal Fees		
Legal costs – litigation	296,082	306,875
Other legal fees	159,429	57,085
	<u>455,511</u>	<u>363,960</u>
Note 3D: Depreciation of non-current assets		
Depreciation	<u>103,328</u>	<u>111,794</u>
Note 3E: Affiliation fees		
ALP	41,197	35,803
VTHC	23,773	22,964
ACTU	28,569	36,807
Various	4,417	3,993
Total affiliation fees/subscriptions	<u>97,956</u>	<u>99,567</u>

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2018

	2018	2017*
	\$	\$
Note 3 Expenses (continued)		
Note 3F: Administration Expenses		
Administration and office expenses	240,834	192,325
Conference and meeting expenses	3,982	7,741
	<u>244,816</u>	<u>200,066</u>
Note 3G: Grants or donations		
Grants paid that exceeded \$1,000	25,000	-
Donations paid that were \$1,000 or less	8,852	1,765
Donations paid that exceeded \$1,000	7,000	-
Total Grants or donations	<u>40,852</u>	<u>1,765</u>
Note 3H: Other expenses		
Accounting Fees	31,060	35,218
Agency costs	-	27,529
Building costs	312,586	207,482
Commissions paid	82,583	101,822
Doubtful debts	1,670	-
Fringe Benefits Tax	(23,052)	58,150
Motor vehicle costs	99,929	73,533
Payroll tax	100,708	80,758
Publication	23,200	48,767
Stock purchases	126,184	40,924
Other	343,952	239,586
Total other expenses	<u>1,098,818</u>	<u>911,569</u>
Note 4 Remuneration of Auditors		
Remuneration of the auditor for:		
- auditing or reviewing the financial report	25,000	32,000
- other services	20,000	21,250
Total remuneration of auditors	<u>45,000</u>	<u>53,250</u>
Note 5 Cash and cash equivalents		
Cash on hand	1,220	1,050
Cash at bank	3,695,932	3,257,864
Short-term deposits	2,013,108	1,078,208
Total cash and cash equivalents	<u>5,710,258</u>	<u>4,337,122</u>

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2018

	2018	2017*
	\$	\$
Note 6 Trade and other receivables		
Trade receivables	12,589	211,733
Less provision for doubtful debts	-	-
Total trade and other receivables (net)	<u>12,589</u>	<u>211,733</u>
Note 7 Other assets		
Prepayments	19,693	56,053
Accrued income	34,972	33,157
Total other current assets	<u>54,665</u>	<u>89,210</u>
Note 8 Financial assets		
CURRENT		
Term deposit	<u>1,380,554</u>	<u>1,600,000</u>
NON-CURRENT		
Available for sale asset	424,734	426,892
Total financial assets	<u>1,785,288</u>	<u>2,026,892</u>
Note 9 Property, Plant and equipment		
<i>Buildings</i>		
At fair value	4,049,378	4,049,378
Accumulated depreciation	(505,181)	(449,378)
Total buildings	<u>3,544,197</u>	<u>3,600,000</u>
<i>Furniture, fixtures and fittings</i>		
At cost	356,354	352,602
Accumulated depreciation	(260,402)	(255,147)
Total furniture, fixtures and fittings	<u>95,952</u>	<u>97,455</u>
<i>Motor vehicles</i>		
At cost	233,394	245,487
Less accumulated depreciation	(41,491)	(75,545)
Total motor vehicles	<u>191,903</u>	<u>169,942</u>
<i>Office equipment</i>		
At cost	70,500	143,312
Less accumulated depreciation	(48,439)	(109,244)
Total office equipment	<u>22,061</u>	<u>34,068</u>
Total plant and equipment	<u>3,854,113</u>	<u>3,901,465</u>

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 9 Property, Plant and equipment (continued)

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 2018					
Balance at 1 January	3,800,000	97,455	169,942	34,068	3,901,465
Additions	-	11,110	144,892	3,740	159,742
Disposals	-	(1,087)	(96,423)	(8,256)	(103,766)
Depreciation expense	(55,803)	(11,526)	(26,508)	(9,491)	(103,328)
Carrying amount at 31 December	<u>3,544,197</u>	<u>95,952</u>	<u>191,903</u>	<u>22,061</u>	<u>3,854,113</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>

2018 **2017**
\$ \$

Note 10 Investment Property

Balance at beginning of the financial year	4,950,000	3,920,000
Net revaluation increment	600,000	1,030,000
Balance at end of the financial year	<u>5,550,000</u>	<u>4,950,000</u>

Valuation

An independent valuation on the investment property at 781 Point Nepean Road, Rosebud was carried out by All Suburb Valuers Pty Ltd (Vic.), with an estimated market value of \$2,350,000 on 19 February 2019. This is believed to be an appropriate estimate as at 31 December 2018.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 10 Investment Property (continued)

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 Victorian RTBU Branch Executive Committee had made an assessment of these investment property's' valuation as at 31 December 2018 and determined that the valuation adopted is still relevant.

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 \$241,468 (2017: \$217,139).

Note 11 Trade and other payables

	2018	2017*
	\$	\$
A. Trade payables		
Trade creditors and accruals	350,188	296,456
Legal costs – Litigation	115,381	40,854
Legal costs – Other legal costs	20,360	11,215
Total trade payables	<u>485,929</u>	<u>348,525</u>
B. Payable to Rail Tram and Bus Union National Office	<u>131,052</u>	<u>101,564</u>
C. Other payables		
Membership subscriptions received in advance	49,433	104,860
Other payables	887	296
Superannuation	24,640	28,176
Total other payables	<u>74,960</u>	<u>133,332</u>
Total trade and other payables	<u>691,941</u>	<u>583,421</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	138,960	117,355
Annual leave	289,889	247,510
	<u>428,849</u>	<u>364,865</u>

NON-CURRENT

Long service leave	35,678	67,418
Total employee provisions	<u>464,527</u>	<u>432,283</u>

* Amounts have been restated in line with note 25.

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

	2018	2017
	\$	\$
Office holders		
Annual leave	197,743	200,194
Long service leave	114,505	142,625
Subtotal employee provisions—office holders	<u>312,248</u>	<u>342,819</u>
Employees other than office holders		
Annual leave	92,146	47,316
Long service leave	60,133	42,148
Subtotal employee provisions—employees other than office holders	<u>152,279</u>	<u>89,464</u>
Total employee provisions	<u>464,527</u>	<u>432,283</u>

Note 13A Levy contribution funds

The following bank accounts are held in relation to levy funds received from members and are reported within cash and cash equivalents.

Loco – Legal Fund bank account	609,049	346,126
Rail – Building Fund bank account	485,870	412,306
Tram & Bus – Building Fund bank account	430,282	371,359
Total other funds	<u>1,525,201</u>	<u>1,129,791</u>

Loco – Legal Fund bank account ^(a)

Balance as at start of year	346,126	316,648
Transferred to/(out of) fund	262,923	29,478
Balance as at end of year	<u>809,049</u>	<u>346,126</u>

Rail – Building Fund bank account ^(b)

Balance as at start of year	412,306	340,193
Transferred to/(out of) fund	73,564	72,113
Balance as at end of year	<u>485,870</u>	<u>412,306</u>

Tram & Bus – Building Fund bank account ^(c)

Balance as at start of year	371,359	313,376
Transferred to/(out of) fund	58,923	57,983
Balance as at end of year	<u>430,282</u>	<u>371,359</u>

(a) This fund is used for taking action in support of our members

(b) This fund is held for the purpose in investing in current and future property of the RTBU

(c) This fund is held for the purpose in investing in current and future property of the RTBU

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 13B Reserves

	2018	2017
	\$	\$

A. Revaluation Reserve

The revaluation reserve records revaluations on non-current assets.

Reconciliation of Revaluation Reserve

Balance at beginning of financial year	1,453,484	85,592
Revaluation of assets	-	1,367,892
Balance at end of financial year	<u>1,453,484</u>	<u>1,453,484</u>

B. Financial Asset Reserve

The financial asset reserve records revaluation of financial assets.

Reconciliation of Financial Asset Reserve

Balance at beginning of financial year	303	4,830
Gain on revaluation of financial assets	-	(4,527)
Change in accounting policy – AASB 9	(303)	-
Balance at end of financial year	<u>-</u>	<u>303</u>

Note 14 Lease Commitments

Operating lease commitments – as lessee

The union holds lease agreements for the rental of car parks with a rental term of a year expiring Jan 2020, and a photocopier with a rental term of 5 years, expiring April 2021.

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

	2018	2017
	\$	\$
Not later than one year	21,360	14,520
Between one year and five years	26,290	40,810
	<u>47,650</u>	<u>55,330</u>

Operating lease commitments – as lessor

Lease terms are non-cancellable with a term up to 5 years, where rent is receivable monthly in advance. 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 signed in May 2017 expires November 2019.
- The lease for suite 2 at Level 1, 222 Kingsway Street signed in June 2018 expires June 2023.
- The lease for Level 14, 222 Kings Way, South Melbourne signed in August 2014 expires August 2019.

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

	2018	2017
	\$	\$
Not later than one year	340,689	197,458
Between one year and five years	477,117	71,913
	<u>817,806</u>	<u>269,371</u>

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Note 15 Cash flow

	2018	2017*
	\$	\$
A. Cash and cash equivalents as per:		
Cash flow statement	5,710,258	4,337,112
Balance sheet	5,710,258	4,337,112
Difference	-	-
B. Reconciliation of surplus to net cash from operating activities		
Surplus for the financial year	1,309,727	1,594,323
Adjustments for non-cash items		
Depreciation	103,328	111,794
Loss of investments	2,158	(22,554)
Loss on disposal of property, plant and equipment	27,788	1,447
Gain on revaluation of investment property	(600,000)	(1,030,000)
Net cash provided by operating activities before change in assets and liabilities	843,001	655,010
Changes in assets/liabilities		
(Increase)/decrease in receivables	199,144	93,125
(Increase)/decrease in prepayments	36,360	(10,031)
(Increase)/decrease in accrued income	(1,815)	(5,912)
Increase/(decrease) in payables	183,947	247,309
Increase/(decrease) in deferred income	(55,427)	32,536
Increase/(decrease) in provisions	32,244	(11,587)
Net cash (used by)/from operating activities	1,217,454	1,000,440
C. Cash flow information		
Total cash inflows	6,783,391	5,274,691
Total cash outflows	(5,410,255)	(4,318,494)
Net cash flow	1,373,136	956,197

* Amounts have been restated in line with note 25.

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for the financial year ended 31 December 2018

	2018	2017
	\$	\$
Note 16 Key Management Personnel		
Short-term employee benefits		
Salaries and wages (including leave taken and annual leave accrued)	1,118,868	1,022,782
Post-employment benefits		
Superannuation	85,637	75,734
Other long-term benefits		
Long-service leave accrued	(28,120)	156,725
Total compensation	<u>1,176,385</u>	<u>1,255,241</u>

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. For the Union, this includes all members of the Executive Committee.

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 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets

Financial assets at amortised cost

Cash and cash equivalents	5,710,258	4,337,122
Trade and other receivables	12,589	211,733
Term deposits	1,360,554	1,600,000

*Financial assets held at fair value through profit and loss
(previously available for sale)*

Investment in managed funds	424,734	426,892
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Carrying amount of financial assets 7,508,135 6,575,747

Financial Liabilities

Financial liabilities at amortised cost

Trade payables	485,929	348,525
Payable to Rail, Tram & Bus Union – National Office	131,052	101,564

Carrying amount of financial liabilities 616,981 450,089

* Amounts have been restated in line with note 25.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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for the financial year ended 31 December 2018

	2018	2017*
	\$	\$
Note 17 Financial Instruments (continued)		
B. Net Income and Expense from Financial Assets		
Financial assets at amortised cost		
- Doubtful debts	(1,670)	-
- Interest revenue	90,928	82,273
Financial assets at fair value through profit and loss		
- Distributions/dividend income	(2,158)	13,876
- Gain/loss recognised in equity	-	(4,527)
Net gain/(loss) from Financial Assets	87,100	91,622

C. Financial risk management policies

The Victorian RTBU Branch Executive Committee'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 Committee on a regular basis. These include the credit risk policies and future cash flow requirements.

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 Committee. 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.

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.

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.

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

* Amounts have been restated in line with note 25.

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Note 17 Financial Instruments (continued)

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.

All financial assets and liabilities, with the exception of available for sale assets, are expected to be wholly realised within 12 months of year end, and do not pose a significant liquidity risk to the union.

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 and cash and cash equivalents. These do not pose a significant risk to the union.

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 value of available-for-sale financial assets is derived from quoted market prices in active markets.

The fair value of the Union's financial assets and liabilities are equal to the carrying amounts as disclosed in the statement of financial position.

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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 2018

		Level 1	Level 2	Level 3
Assets measured at fair value	Date of Valuation	\$	\$	\$
<i>Financial assets</i>				
Available-for-sale financial assets	31 Dec 2018	-	424,734	-
<i>Non-financial assets</i>				
Investment properties	19 Feb 2019	-	2,350,000	-
Investment properties	19 Dec 2017	-	3,200,000	-
Buildings	19 Dec 2017	-	3,544,197	-
Total non-financial assets recognised at fair value		-	9,518,931	-

Fair value hierarchy – 31 December 2017*

		Level 1	Level 2	Level 3
Assets measured at fair value	Date of Valuation	\$	\$	\$
<i>Financial assets</i>				
Available-for-sale financial assets	31 Dec 2017		426,892	
<i>Non-financial assets</i>				
Investment properties	31 Mar 2017	-	1,750,000	-
Investment properties	19 Dec 2017	-	3,200,000	-
Buildings	19 Dec 2017	-	3,600,000	-
Total assets recognised at fair value		-	8,976,892	-

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

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Note 18 Fair Value Measurement (continued)

C. Description of Significant Unobservable Inputs

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 Committee 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.

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 \$666,921 (2017: \$555,334). This balance also includes payables at financial year end of \$131,052 (2017: \$101,564) owed to the Rail Tram and Bus Union National Office.

Victorian RTBU Branch Executive Committee - Members Transactions

All members of the Victorian RTBU Branch Executive Committee are required to hold a fully paid-up membership fee. Total membership fee received during 2018 is \$16,673 (2017: \$15,862).

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	2018	2017
	\$	\$
Assets		
Current assets	7,106,989	6,216,041
Non-current assets	7,333,833	7,372,687
Total Assets	14,440,822	13,588,729
Current Liabilities	1,120,790	948,150
Non-current Liabilities	35,678	67,418
Total Liabilities	1,156,468	1,015,568
Total Equity	13,284,354	12,573,161
Statement of Comprehensive Income		
Total surplus	712,288	1,595,417

* Amounts have been restated in line with note 25.

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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 2018	Equity Interest 2017
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.

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 Committee, the Union did not have any contingencies at 31 December 2018 (31 December 2017: None).

Note 24 Events Occurring After the Reporting Date

There were no events that occurred after 31 December 2018, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial of the Union.

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
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Note 25 Correction of prior period error

Accounting errors were made in prior years in relation to the recognition of debtors and future income relating to membership fees not yet received. As the memberships are voluntary, the raising of an invoice does not meet the criteria of a debtor, as the receivable is not yet certain. The correction of this requires the removal of debtors of \$809,159 (inclusive of GST), as well as an associated doubtful debts provision of \$300,778.

The impact of these errors on the prior period are set out below:

Statement of comprehensive income (extract):

	2017 \$	Adj.	Restated 2017 \$
Revenue			
Membership subscription	4,430,181	(735,599)	3,694,582
Total revenue	<u>5,248,947</u>	<u>(735,599)</u>	<u>4,513,348</u>
Total income	<u>6,364,909</u>	<u>(735,599)</u>	<u>5,629,310</u>
Expenses			
Other expenses	1,265,597	(300,778)	964,819
Total expenses	<u>4,335,765</u>	<u>(300,778)</u>	<u>4,034,987</u>
Surplus for the financial year	<u>2,029,144</u>	<u>(434,821)</u>	<u>1,594,323</u>
Total comprehensive income for the financial year	<u>3,392,509</u>	<u>(434,821)</u>	<u>2,957,688</u>

Statement of financial position (extract):

	2017 \$	Adj.	Restated 2017 \$
ASSETS			
Current Assets			
Trade and other receivables	720,114	(508,381)	211,733
Total current assets	<u>6,746,446</u>	<u>(508,381)</u>	<u>6,238,065</u>
Total assets	<u>16,024,803</u>	<u>(508,381)</u>	<u>15,516,422</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	856,981	(73,560)	583,421
Total current liabilities	<u>1,021,846</u>	<u>(73,560)</u>	<u>948,286</u>
Total liabilities	<u>1,089,264</u>	<u>(73,560)</u>	<u>1,015,704</u>
Net assets	<u>14,935,539</u>	<u>(434,821)</u>	<u>14,500,718</u>
EQUITY			
General and other funds	13,481,752	(434,821)	13,046,931
Total equity	<u>14,935,539</u>	<u>(434,821)</u>	<u>14,500,718</u>

THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
NOTES OF THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2018

Note 26 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 Commissioner:

1. A member of a reporting unit, or the Commissioner, 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).

Note 27 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

**THE AUSTRALIAN RAIL, TRAM & BUS INDUSTRY UNION – VICTORIAN BRANCH
OFFICER DECLARATION STATEMENT**

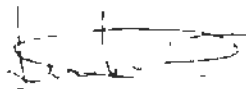
for the financial year ended 31 December 2018

I, Luba Grigorovitch, being the Secretary of the The Australian Rail, Tram & Bus Industry Union – Victorian Branch, declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the Commissioner, Fair Work Commission
- receive capitation fees from another reporting unit
- receive any other revenue from another reporting unit
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:



Dated: 12 June 2019