



Australian Government
Registered Organisations Commission

31 January 2018

Mr Paul Robinson
Secretary, West Australian PTA Branch
Australian Rail, Tram and Bus Industry Union

Sent via email: paulr@rtbuwa.asn.au

Dear Mr Robinson

Re: – Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch - financial report for year ending 31 December 2016 (FR2016/386)

I acknowledge receipt of the amended financial report of the West Australian PTA Branch of the Australian Rail, Tram and Bus Industry Union ('the reporting unit'). The documents were lodged with the Registered Organisations Commission ('the ROC') on 30 January 2018.

The amended financial report addresses the issues previously identified, and has been filed.

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett".

Stephen Kellett
Financial Reporting
Registered Organisations Commission

From: Paul Robinson [mailto:PaulR@rtbuwa.asn.au]
Sent: Tuesday, 30 January 2018 5:26 PM
To: KELLETT,Stephen; ROC - Registered Org Commission
Cc: jbrazao@pkfmack.com.au
Subject: RTBU WA PTA Branch 2016 adjusted Financial Audit Report

Dear Stephen,

Please find attached a copy of the adjusted 2016 financial report (Signed Full Report) for the RTBU WA PTA Branch.

Can you please let me know if I have done everything as per your instructions.

Regards,

Paul Robinson



Email: paulr@rtbuwa.asn.au



180130 RTBU WA
PTA Branch 2016 Fin

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Financial Report

For the year ended 31 December 2016

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND BUS INDUSTRY UNION, WEST AUSTRALIAN PTA BRANCH

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch (the Reporting unit), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the committee' declaration.

In our opinion:

- (1) The financial report of Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch is in accordance with:
 - (a) the Fair Work (Registered Organisations) Act 2009, including:
 - (i) presenting fairly, in all material respects, the Reporting unit's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations); and
 - (iii) any other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.
- (2) The Reporting unit has kept satisfactory accounting records for the financial year including records of:
 - (i) the sources and nature of the Reporting units income, including membership subscriptions and other income from members; and
 - (ii) the nature of and reasons for the Reporting units expenditure.
- (3) All information and explanations that officers or employees of the Reporting unit were required to provide have been provided.
- (4) There was no deficiency, failure or shortcoming in any matters referred to in (1) to (3) above.
- (5) The management's use of the going concern basis of accounting in the preparation of the Reporting unit's financial statements 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 auditor independence requirements of 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the branch committee of management of the Reporting unit.

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

Auditor's Declaration

- (1) In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.
- (2) I, Simon Fermanis declare I am an approved auditor, member of CPA Australia and the Institute of Chartered Accountants in Australia and I hold a current Public Practice Certificate.

Emphasis of Matter

We draw attention to note 1(w) in the financial report which highlights that the Reporting unit incurred a trading loss of \$213,089 during the year and had net liabilities of \$213,089 as at 31 December 2016. These conditions, along with mitigating factors indicate the existence of uncertainty in relation to the ability of the entity to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business.

Responsibilities of the Branch Committee for the Financial Report

The committee of management of the Reporting unit are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the 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 committee are responsible for assessing the Reporting unit'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 committee either intend to liquidate the Reporting unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the 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 this 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.
- Conclude on the appropriateness of the 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 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.

We communicate with the 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 we identify during our audit.

We also provide the committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PKF Mack

PKF MACK

Simon Fermanis

SIMON FERMANIS
PARTNER

23 JANUARY 2018
WEST PERTH,
WESTERN AUSTRALIA

AUSTRALIAN RAIL, TRAM AND BUS INDUSTRY UNION, WEST AUSTRALIAN PTA BRANCH

Statement of Recovery of Wages

Based on representations made to us by the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch and our audit work undertaken for the year ended 31 December 2016, it appears there was no recovery of wages activity for the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch for the year then ended.



PKF MACK



SIMON FERMANIS
PARTNER

23 JANUARY 2018
WEST PERTH,
WESTERN AUSTRALIA

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Certificate by Prescribed Designated Officer

For the year ended 31 December 2016

I, *Paul Robinson* being the Branch Secretary of the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch certify:

- that the documents herewith lodged with the Registered Organisations Commission on *30 January 2018* are a copy of the full report that was provided to the members and presented to a meeting in accordance with s266 of the RO Act; and
- that the full report was provided to the members of the organisation on 24 January 2018; and
- the full report was presented in accordance with, and for the purposes of, s266 of the RO Act to a second meeting of the committee of management, on 25 January 2018.

Signature of prescribed designated officer	
Name of prescribed designated officer	Paul Robinson.....
Title of prescribed designated officer	Branch Secretary
Date	30 January 2018.....

Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch

Operating Report

For the year ended 31 December 2016

The committee presents its report on the reporting unit for the financial year ended 31 December 2016.

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

Review of principal activities of the Reporting unit

The principal activity of the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch ("**the Reporting unit**") during the financial year was as a transport industry union.

In performing that principal activity, the Reporting unit engaged in the following activities:

1. assisting members with unfair dismissal matters before the Fair Work Commission;
2. organising the existing members of the Reporting unit;
3. recruiting new members for the Reporting unit;
4. taking care and custody of the financial and operational activities of the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch ("**the State Union**");
5. representing members in relation to disciplinary matters;
6. providing industrial and employment advice and representation to members;
7. providing optional income protection insurance to members;
8. providing journey cover travel insurance to members;
9. providing diaries to members;
10. providing members with access to Shop Right; and
11. providing funeral benefits to existing members who pass away.

Results of those activities

The Reporting unit assisted a member to lodge and settle his unfair dismissal proceedings that were before the Fair Work Commission. The outcome of that settlement was positive.

During the financial year, the Reporting unit paid to use the services of one to two organisers that were employed by the Australian Rail, Tram and Bus Industry Union, West Australian Branch ("**the WA Branch**"). Those organisers were not employees of the Reporting unit. The Reporting unit paid a fee to the WA Branch to use those services. The Reporting unit received positive feedback from its members about the work of those organisers. Those organisers also signed up a good number of new members.

During the financial year, the Reporting unit also paid the WA Branch for the use of two different industrial officers. Those industrial officers were employees of the WA Branch only. To different degrees, those industrial officers assisted the members of the Reporting unit and the State Union by providing industrial advice and representation.

The Reporting unit did have some difficulties with transitioning the financial obligations of the State Union to the Reporting unit. The financial transactions of the Reporting unit were conducted through the bank account of the State Union. This was done because it was unclear whether the Full Bench of the Western Australian Industrial Relations Commission would approve the deed of arrangement that was made between the State Union and the National Office of the Australian Rail, Tram and Bus Industry Union ("**the National Office**").

Significant changes in the Reporting unit's activities

There were significant changes in the Reporting unit's activities during the financial year.

In previous financial years, the financial and operational activities of the Reporting unit were encompassed by the State Union. The State Union is an associated state body of the Reporting unit that is registered under the *Industrial Relations Act 1979* (WA).

Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch

For several years, the State Union and the National Office have been working towards transitioning the financial and operational activities of the State Union into the Reporting unit. This has been a complex and difficult task.

On or around 21 May 2015, the National Office entered into a deed of arrangement with the State Union. One effect of the deed of arrangement was that, from 1 January 2016, the Reporting unit became responsible for providing the following services to the State Union:

- industrial services;
- access to legal advice
- WorkCover services;
- recruiting services for new dual members;
- all services relating to the State Union's compliance with the *Industrial Relations Act 1979 (WA)* and any other relevant WA legislation;
- financial services;
- administrative services;
- administrative services relating to dual members inclusive of the provision of registrars, payment systems and other systems;
- accounting and auditing services;
- letterhead, membership forms, and other printed or written material that the State Union reasonably require to be produced;
- journals;
- notices to members of the State Union;
- equipment, including computing equipment, as may be necessary for the officers and/or officials and/or agents of the State Union to perform their respective obligations; and
- staff, plant equipment, vehicles and other resources to ensure that the State Union meets its obligations as a registered organisation under the *Industrial Relations Act 1979 (WA)*.

In addition, the Reporting unit took on the financial liabilities of the State Union.

Although the parties entered into the deed of arrangement on or around 21 May 2015, the deed still needed to be approved by the Full Bench of the Western Australian Industrial Relations Commission. The National Office and the State Union had to make several amendments to the deed after 21 May 2015 in order to satisfy the Full Bench that the deed should be approved.

The transition of the operational and financial activities from the State Union to the Reporting unit is expected to normalise in the next financial year.

Significant changes in financial affairs

This is the Reporting unit's first year of actual operation. As mentioned above, the Reporting unit was not starting from a clean slate. It has inherited all of the financial obligations of the State Union, and is now responsible for funding the operation of the State Union. This is a significant change from the previous financial year.

Right of members to resign

All members of the Reporting unit have the right to resign from the Union in accordance with Rule 14 of the Union Rules (and Section 174 of the Fair Work (Registered Organisations) Act 2009); namely by providing notice addressed and delivered to the Secretary of the Branch, including via email.

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

To the best of our knowledge and belief, no officer of the Reporting unit, by virtue of their office of the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch is:

- a. A trustee of a superannuation entity or exempt public sector superannuation scheme; or

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

- b. A director of a company that is the trustee of a superannuation entity or an exempt public sector superannuation scheme; and
- c. Where a criterion for the officer being the trustee or director is that the office is an officer of a registered organisation.

Number of members

Number of members on the register of members on 31 December 2016 was 603 (2015: 612)

Number of employees

As at 31 December 2016, the Reporting unit employed one full time Elected Official.

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Operating Report (continued)

For the year ended 31 December 2016

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

The names of each person who has been a member of the committee of management of the Reporting unit at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Title of Officer	Period of Appointment
Paul Robinson	Branch Secretary	01/01/16 to 31/12/16
Craig Dearth	President	01/01/16 to 31/12/16
Jamie Reed	Vice President	01/01/16 to 31/12/16
Matt Dale	Committee Member	01/01/16 to 31/12/16
Peter Olynyk	Committee Member	01/01/16 to 31/12/16
Josh Dekuyer	Committee Member	01/01/16 to 31/12/16
John Olding	Committee Member	01/01/16 to 31/12/16
Brendan Curtis	Committee Member	01/01/16 to 31/12/16

Signature of designated officer: 

Name and title of designated officer: Paul Robinson (Branch Secretary)

Dated: 23rd January 2018

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Committee of Management Statement

For the year ended 31 December 2016

On the 23rd January 2018 the Branch Executive Council of the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch passed the following resolution in relation to the general purpose financial report for the year ended 31 December 2016:

The Reporting unit declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards and International Financial Reporting Standards (IFRS);
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner;
- (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 General Purpose Financial Report relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the Reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the Reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with 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 Fair Work (Registered Organisations) Act 2009 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 Fair Work (Registered Organisations) Act 2009, 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 Committee of Management.

Signature of designated officer: 

Name and title of designated officer: Paul Robinson (Branch Secretary)

Dated: 23rd January 2018.....

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 \$
Revenue		
Membership subscription		272,297
Capitation fees		-
Levies		16,195
Interest		-
Rental revenue		-
Other revenue	2	13,490
Total revenue		<u>301,982</u>
Other Income		
Grants and donations		-
Share of net profit from associate		-
Net gains from sale of assets		-
Net result from investment properties		36,739
Total other income		<u>36,739</u>
Total revenue and other income		<u>338,721</u>
Expenses		
Employee expenses	3	(132,306)
Capitation fees	3	(39,483)
Affiliation fees	3	(10,117)
Administration expenses	3	(104,161)
Grants or donations	3	-
Depreciation and amortisation	3	(4,505)
Finance costs		-
Legal costs	3	(57,503)
Audit and accounting fees		(12,750)
Share of net loss from associate		-
Write-down and impairment of assets		-
Net losses from sale of assets		-
Other expenses	3	(190,985)
Total expenses		<u>551,810</u>
Loss for the year		<u>(213,089)</u>
Other comprehensive income		-
Total comprehensive loss for the year		<u>(213,089)</u>

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

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Statement of Financial Position

As at 31 December 2016

	Notes	2016 \$
ASSETS		
Current Assets		
Cash and cash equivalents	4	-
Trade and other receivables	5	187,692
Other current assets	6	10,557
Other investments		-
Total current assets		<u>198,249</u>
Non-Current Assets		
Plant and equipment	7	18,331
Total non-Current assets		<u>18,331</u>
Total assets		<u>216,580</u>
LIABILITIES		
Current Liabilities		
Trade payables and accruals	8	311,983
Other payables	9	78,696
Employee entitlements	10	38,990
Total current liabilities		<u>429,669</u>
Non-Current Liabilities		
Employee entitlements		-
Other non-current liabilities		-
Total non-current liabilities		<u>-</u>
Total liabilities		<u>429,669</u>
Net liability		<u>(213,089)</u>
EQUITY		
General funds	11	-
Retained earnings		(213,089)
Total equity		<u>(213,089)</u>

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

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Statement of Changes in Equity

For the year ended 31 December 2016

	Retained earnings \$	Total Equity \$
Balance as at 1 January 2016	-	-
Loss for the year	(213,089)	(213,089)
Other comprehensive income for the year	-	-
Closing balance as at 31 December 2016	<u>(213,089)</u>	<u>(213,089)</u>

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

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 \$
OPERATING ACTIVITIES		
Cash received		
Members		272,297
Interest		-
Other		29,685
Receipts from other controlled entities/reporting units		-
Cash used		
Employees		(93,316)
Suppliers		(229,364)
Payments to other controlled entities		-
Net cash used by operating activities	12	<u>(20,698)</u>
INVESTING ACTIVITIES		
Cash received		
Proceeds from sale of plant and equipment		-
Proceeds from sale of land and buildings		-
Proceeds from investments properties		-
Cash used		
Purchase of plant and equipment		(22,836)
Purchase of land and buildings		-
Repayment of rental bond		-
Net cash used by investing activities		<u>(22,836)</u>
FINANCING ACTIVITIES		
Cash received		
Contributed equity		-
Other		194,487
Cash used		
Repayment of borrowings		-
Other		(150,953)
Net cash from financing activities		<u>43,534</u>
Net increase (decrease) in cash held		-
Cash & cash equivalents at the beginning of the financial year		-
Cash & cash equivalents at the end of the financial year	4	<u>-</u>

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

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Recovery of Wages Activity

For the year ended 31 December 2016

	2016 \$
Cash assets in respect of recovered money at beginning of year	-
Receipts	
Amounts recovered from employers in respect of wages etc.	-
Interest received on recovered money	-
Total receipts	-
Payments	
Deductions of amounts due in respect of membership for:	
12 months or less	-
Greater than 12 months	-
Deductions of donations or other contributions to accounts or funds of:	
The reporting unit:	
name of account	-
name of fund	-
Name of other reporting unit of the organisation:	
name of account	-
name of fund	-
Name of other entity:	
name of account	-
name of fund	-
Deductions of fees or reimbursement of expenses	-
Payments to workers in respect of recovered money	-
Total payments	-
Cash assets in respect of recovered money at end of year	-
Number of workers to which the monies recovered relates	-
Aggregate payables to workers attributable to recovered monies but not yet distributed	
Payable balance	-
Number of workers the payable relates to	-
Fund or account operated for recovery of wages	-

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

Note 1	Summary of Significant Accounting Policies
Note 2	Revenue
Note 3	Expenses
Note 4	Cash and cash equivalents
Note 5	Trade and other receivables
Note 6	Other current assets
Note 7	Plant and equipment
Note 8	Trade creditors and accruals
Note 9	Other payables
Note 10	Employee entitlements
Note 11	General funds
Note 12	Cash flow reconciliation
Note 13	Contingent liabilities, assets and commitments
Note 14	Related party transactions for the reporting period
Note 15	Key management personnel
Note 16	Remuneration of auditor
Note 17	Financial instruments
Note 18	Fair value measurement
Note 19	Events after the reporting period
Note 20	Transfer of assets and liabilities on commencement of operations
Note 21	Section 272 Fair Work (Registered organisations) Act 2009

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies

Basis of preparation of the financial statements

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 Reporting unit is a not-for-profit entity. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). 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. 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.

a) Comparative amounts

There are no comparative figures as this is the Reporting unit's first year of trading.

b) Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Employee entitlements

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 attrition rates and pay increases through promotion and inflation have been taken into account.

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 and finite life intangible assets. 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.

Death benefit provision

The death benefit provision is calculated using a three year average of known claims present valued over a number of years and discounted at 10%.

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

c) 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.

Future Australian Accounting Standards Requirements

The following Australian Accounting Standards have been issued early but are not yet effective. The following have not been adopted in preparation of the financial statements at the reporting date but will be adopted at application date. The impact of the adoption has not yet been determined.

AASB No.	Title	Application date of standard *	Issue date
AASB 9	Financial Instruments	1 January 2018	December
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	September 2012
AASB 2014-1	Amendments to Australian Accounting Standards Part E - Financial Instruments	Part E - 1 January 2018	June 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2018	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	1 January 2018	December 2014
AASB 2015-6	Amendments to Australian Accounting Standards – Extending Related Party Disclosures to NFP Public Sector Entities	1 July 2016	March 2015
AASB 2015-7	Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities	1 July 2016	July 2015
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	March 2016
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	May 2016

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

AASB No.	Title	Application date of standard *	Issue date
AASB 2016-4	Amendments to Australian Accounting Standards – Recoverable Amount of a Non-Cash Generating Specialised Assets of Not-for-	1 January 2017	June 2016
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]	1 January 2018	July 2016
AASB 2016-6	Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts [AASB 4]	1 January 2018	October 2016
AASB 2016-7	Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017	December 2016
AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	December 2019
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January 2019	February 2016
AASB 1056	Superannuation Entities	1 July 2016	June 2014
AASB 1058	Income of Not-for-Profit Entities [Appendix D]	1 January 2019	December 2016

d) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

e) Government grants

Government grants are not recognised until there is reasonable assurance that the Reporting unit will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Reporting unit recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Reporting unit should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Reporting unit with no future related costs are recognised in profit or loss in the period in which they become receivable.

f) Gains and losses

Sale of assets

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

g) Capitation fees and levies

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

h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

It is the Reporting unit's policy to pay pro-rata long service leave to staff who resign irrespective of their period of employment.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

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

Provision is made for separation and redundancy benefit payments. The Reporting unit recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

j) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

k) Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

l) Trade and other receivables

Other receivables are recognised at amortisation cost, less any provision for impairment. The amounts are usually due for settlement no more than 30 days after recognition. Collectability of debtors is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

m) Financial instruments

Financial assets and financial liabilities are recognised when the Reporting unit 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.

n) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement 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.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

o) 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.

p) Land, buildings, plant and equipment

Asset recognition threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the profit/loss. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the diminishing value method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

Depreciation rates applying to each class of depreciable asset are based on the following rates:

	2016
Motor Vehicles	22.5%
Plant and equipment	10-33%

Derecognition

An item of land, buildings, 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.

q) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are included in profit or 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 and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

r) Impairment for non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Reporting unit were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

s) Taxation

The Reporting unit 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).

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

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.

t) Fair value measurement

The Reporting unit 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 18.

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 Reporting unit. 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 Reporting unit 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:

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

- 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 Reporting unit 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 Reporting unit 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.

u) Trade and other payables

These amounts represent liabilities for goods or services provided to the Reporting unit by a third party during the financial year that remain unpaid at year end. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

v) Allocation of revenue and expenses between the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch (PTA Branch) and the Australian Rail, Tram and Bus Industry Union West Australian Branch (WA Branch)

On 21 May 2015, a deed of agreement was signed between the WA Branch and the PTA Branch which states that for the following year, all costs expended by the reporting units in accordance with that deed, shall be distributed by the WA Branch and the PTA Branch in proportion to the number of members declared in the annual returns submitted in accordance with the obligations under the Fair Work (Registered Organisations) Act 2009.

The apportionment to be used for the 2016 financial year based on the number of members declared on 31 December 2015 is 55/45 (2015: 60/40).

The following exceptions apply to the general rule above:

- Branch secretary employment benefits will be allocated individually in each branch;
- All other employee benefit provisions will be held in the WA Branch; and
- Depreciation expense to be recognised by the entity that owns the respective asset.

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

For the year ended 31 December 2016

Note 1 Summary of significant accounting policies (continued)

w) Going concern

The Reporting unit has net liabilities of \$213,089 as at 31 December 2016 and incurred a trading loss of \$213,089 for the year ended on that date.

The Reporting unit's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on:

1. Returning to a positive trading position by increasing revenues through increased membership numbers and subscriptions and reducing overhead expenditure.
2. Generating a positive cash flow through increased revenues and reducing overhead expenditure.
3. The sale of investment properties valued at \$3,050,000 owned by the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch on behalf of the members of the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch and the Australian Rail, Tram and Bus Industry Union, West Australian Branch, subject to necessary consents.

The financial report has been prepared on a going concern basis as the committee of management believe the matters set out above are achievable.

Should the Reporting unit be unable to achieve the matters set out above, there is significant uncertainty as to whether it will be able to continue as a going concern and pay its debts as and when they fall due and extinguish its liabilities in the normal course of business.

The financial statements do not include any adjustments to the recoverability or classification of recorded assets or to the amounts or classification of liabilities that might be necessary if the Reporting unit does not continue as a going concern.

The Reporting unit has not received any agreed financial support from another reporting unit to continue on a going concern basis.

The Reporting unit has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

x) Acquisition of assets

The Reporting unit did not acquire assets or liabilities from another reporting unit as a result of an amalgamation, determination or revocation of alternative reporting structure under the RO Act, or a restructure of the branches.

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 2 Revenue

	2016
	\$
Other revenue	
Journey cover	13,270
Sundry revenue	220
Revenue from other reporting units	-
	<u>13,490</u>
Capitation fees	
Capitation fees received	-
	<u>-</u>
Levies	
Organiser's levy	16,195
	<u>16,195</u>
Grants or donations	
Grants or donations received	-
	<u>-</u>

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 3 Expenses

Employee expenses

Holders of office:

Wages and salaries	123,618
Superannuation	11,104
Leave and other entitlements	(4,333)
Separation and redundancies	-
Other employee expenses	1,917

Subtotal employee expenses holders of office 132,306

Employees other than office holders:

Wages and salaries	-
Superannuation	-
Leave and other entitlements	-
Separation and redundancies	-
Other employee expenses	-

Subtotal employee expenses employees other than office holders -

Total employee expenses 132,306

Capitation fees

ARTBIU National Office 39,483

Total capitation fees 39,483

Affiliation fees

Australian Labour Party 3,384

Australian Council of Trade Unions 3,434

Unions WA 3,299

Total affiliation fees 10,117

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

For the year ended 31 December 2016

2016
\$

Note 3 Expenses (continued)

Administration expenses

Consideration to employers for payroll deductions	-
Compulsory levies	-
Fees/allowances - meeting and conferences	-
Conference and meeting expenses	4,871
Contractors/consultants	-
Property operating expenses	70,686
Office expenses	22,938
Information communications technology	5,400
Other	266
Total administration expense	104,161

Grants or donations

Grants:

Total paid that were \$1,000 or less	-
Total paid that exceeded \$1,000	-

Donations:

Total paid that were \$1,000 or less	-
Total paid that exceeded \$1,000	-

Total grants or donations	-
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Depreciation

Depreciation	
Property, plant and equipment	4,505
Total depreciation	4,505

Legal costs

Litigation	-
Other legal matters	57,503
Total legal costs	57,503

Other expenses

Penalties - via RO Act or RO Regulations	-
Insurance	15,365
Vehicle expenses	4,389
Fringe benefits tax	4,312
Shared resources	158,169
Other expenses	8,750
Total other expenses	190,985

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

For the year ended 31 December 2016

2016

\$

Note 4 Cash and cash equivalents

Cash at bank	-
Cash on hand	-
Short term deposits	-
Other	-
Total cash and cash equivalents	<u>-</u>

Note 5 Trade and other receivables

Receivables from other reporting units/other entities

The Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch	187,692
ARTBIU National Office	-
Total receivables from other reporting units/other entities	<u>187,692</u>

Less provision for doubtful debts

The Australian Rail, Tram and Bus Industry Union, West Australian Branch	-
ARTBIU National Office	-
Total provision for doubtful debts	<u>-</u>
Net receivable from other reporting units	<u>-</u>

Other receivables

Other receivables	-
Total other receivables	<u>-</u>
Total net trade and other receivables	<u>187,692</u>

Note 6 Other current assets

Prepaid expenses	10,557
Total other current assets	<u>10,557</u>

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

2016

\$

Note 7 Plant and equipment

Motor vehicles:

At cost	36,318
Accumulated depreciation	(21,941)
	14,377

Plant and equipment:

At cost	4,285
Accumulated depreciation	(331)
	3,954

Total plant and equipment	18,331
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Reconciliation of the opening and closing balances of plant and equipment

2016	Motor vehicles	Plant and equipment	Total
As at 1 January 2016			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 1 January 2016	-	-	-
Additions:			
By purchase	-	4,285	4,285
From acquisition of entities (including restructuring)	-	-	-
Impairments	-	-	-
Depreciation expense	(4,174)	(331)	(4,505)
Other movement	18,551	-	18,551
Disposals	-	-	-
Other	-	-	-
Net book value 31 December 2016	14,377	3,954	18,331
Net book value as of 31 December 2016 represented by:			
Gross book value	36,318	4,285	40,603
Accumulated depreciation and impairment	(21,941)	(331)	22,272
Net book value 31 December 2016	14,377	3,954	18,331

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

2016
\$

Note 8 Trade payables and accruals

Trade creditors and accruals	32,367
Subtotal trade creditors	<u>32,367</u>

Payables to other reporting units

The Australian Rail, Tram and Bus Industry Union, West Australian Branch	203,815
Loan from the Australian Rail, Tram and Bus Industry Union, West Australian Branch	36,318
ARTBIU National Office	39,483
Subtotal payables to other reporting units	<u>279,616</u>

Total trade payables	<u>311,983</u>
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Settlement of payables is usually made within 30 days.

Note 9 Other payables

Wages and salaries	-
Superannuation	-
Legal costs	-
Unearned revenue	-
GST payable	-
Consideration to employers for payroll deductions	-
PAYG	5,392
Legal funds	63,304
Other payables	10,000
Total other payables	<u>78,696</u>

Settlement generally is within 30 days.

Total other payables are expected to be settled in:

No more than 12 months	78,696
More than 12 months	-
Total other payables	<u>78,696</u>

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

2016

\$

Note 10 Employee entitlements

Office holders:

Annual leave	18,907
Long service leave	20,083
Separations and redundancies	-
Other	-

Subtotal employee entitlements—office holders 38,990

Employees other than office holders:

Annual leave	-
Long service leave	-
Separation and redundancies	-
Other	-

Subtotal employee entitlements—employees other than office holders -

Total employee entitlements 38,990

Current 38,990

Non-current -

Total employee entitlements 38,990

Note 11 Equity

Note 11A General funds

Balance as at start of year	-
Transferred to reserve	-
Transferred out of reserve	-
Balance as at end of year	<u>-</u>

Note 11B Other Specific disclosures – Funds

Other funds -

Compulsory levy/voluntary contribution fund – if invested in assets

Other fund(s) required by rules

Other funds -

Balance as at start of year	-
Transferred to reserve	-
Transferred out of reserve	-
Balance as at end of year	<u>-</u>

**Australian Rail, Tram and Bus Industry Union,
West Australian PTA Branch**

Notes to the Financial Statements

For the year ended 31 December 2016

2016
\$

Note 12 Cash flow reconciliation

**Reconciliation of cash and cash equivalents as per
Statement of Financial Position to Cash Flow Statement:**

Cash and cash equivalents as per:

Cash flow statement	-
Statement of Financial Position	-
Difference	<u>-</u>

**Reconciliation of profit/(loss) to net cash from
operating activities:**

Profit/(loss) for the year	(213,089)
----------------------------	-----------

Adjustments for non-cash items

Depreciation/amortisation	4,505
Net write-down of non-financial assets	-
Fair value movement in investments	-
Gain/loss on disposal of assets	-

Changes in assets/liabilities

(Increase)/decrease in net receivables	(36,739)
(Increase)/decrease in prepayments	(10,557)
Increase/(decrease) in payables	117,496
Increase/(decrease) in other payables	78,696
Increase/(decrease) in employee entitlements	38,990
Net cash from (used by) operating activities	<u>20,698</u>

B: Cash flow information

Cash inflows for reporting unit	-
Total cash inflows	<u>-</u>
Cash outflows for reporting unit	-
Total cash outflows	<u>-</u>

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 13 Contingent liabilities, assets and commitments

Operating lease commitments – as lessee/lessor

The Reporting unit had no operating lease commitments during the 2016 financial year.

Finance lease commitments

The Reporting unit had no finance lease commitments during the 2016 financial year.

Other contingent assets of liabilities

The Reporting unit has a contingent asset in relation to properties held in title by the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch. Two of the three properties are investment properties, 630 Murray Street and 224 Stirling Street, and the other is owner occupied, 10 Nash Street.

The revenue derived from and expenses incurred in relation to these properties are shared between the Reporting units based on the 55/45 split detailed in the policy note. Based on the above information the members of the Reporting unit may have a claim on the value of the properties.

The combined value of the properties in the records of the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch as at 31 December 2016 is \$3,650,000 (2015: \$3,587,307).

The net result distributed by the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch to the Reporting unit on 2016 is \$36,739, recognised on the Statement of Profit or Loss and Other Comprehensive Income.

Note 14 Related party transactions for the reporting period

Related parties and nature of their relationship

The Australian Rail, Tram and Bus Industry Union – National Office (National Office)

- This is the National Office of the West Australian Branch.

The Australian Rail, Tram and Bus Industry Union, West Australian Branch (WA Branch)

- This is another West Australian regulated Reporting unit and is a related party due to the history between the two Reporting units and the continued shared services between them.

The Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch (State Branch)

- This is a West Australian entity regulated under WA state legislation and is a related party that holds the title of all 3 properties joint held by WA branch and the Reporting unit.

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 14 Related party transactions for the reporting period (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:

	2016 \$
<u>National Office</u>	
Expenses to National Office	
Capitation fees	39,483
Amounts owed to National Office	
Capitation fees owed to National Office	39,483
<u>State Branch</u>	
Revenue from State Branch	
Net results from Investments properties	36,739
Loan receivable from State Branch	
Trade receivable from State Branch	187,692
<u>WA Branch</u>	
Expenses to WA Branch	
Shared resources	158,169
Amounts payables to WA Branch	
Trade and other payables owed to WA Branch	45,645
Loans payable WA Branch	
Loan payable to WA Branch – Motor vehicle	36,318
Trade payable to WA Branch – shared resources	158,169

Terms and conditions of transactions with related parties

The Loan from WA Branch for the motor vehicle, will incur an initial payment of \$10,000 payable on 23 June 2017 followed by 5 monthly repayments of \$5,000 with the balance and final payment being 22 December 2017.

The shared resources expenses are described on policy note v.

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 15 Key management personnel

(a) Remuneration for the reporting period

The only key management personnel is the Officer of the Reporting unit, Paul Robinson.

	2016
	\$
Short-term employee benefits	
Salary (including annual leave taken)	123,618
Annual leave accrued	(9,286)
Performance bonus	-
Other	1,916
Total short-term employee benefits	<u>116,248</u>
Post-employment benefits:	
Superannuation	11,104
Total post-employment benefits	<u>11,104</u>
Other long-term benefits:	
Long-service leave accrued	4,954
Total other long-term benefits	<u>4,954</u>
Termination benefits	-
Total	<u>132,306</u>

(b) Transactions with key management personnel and their close family members

Loans to/from key management personnel	-
Other transactions with key management personnel	-

Note 16 Remuneration of auditors

Value of the services provided	
Financial statement audit services	10,200
Other services	2,550
Total remuneration of auditors	<u>12,750</u>

Other services refers to preparation of financial statements.

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 17 Financial instruments

Financial risk management objectives

The Reporting unit's activities do not expose it to many financial risks and therefore are not actively managing these risks.

Categories of financial instruments

	2016 \$
<i>Financial Assets</i>	
Cash and cash equivalents	-
Loans and receivables:	
Trade and other receivables	187,692
Total	<u>187,692</u>
Carrying amount of financial assets	<u>187,692</u>
<i>Financial Liabilities</i>	
Other financial liabilities:	
Trade payables and accruals	311,983
Other payables	78,696
Total	<u>390,679</u>
Carrying amount of financial liabilities	<u>390,679</u>

Credit risk

The Reporting unit is not exposed to any significant credit risk and is therefore not actively managing its credit risk.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements

<i>Financial Assets</i>	
Cash and cash equivalents	-
Trade and other receivables	187,692
Total	<u>187,692</u>
<i>Financial Liabilities</i>	
Trade payables and accruals	311,983
Other payables	78,696
Total	<u>390,679</u>

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due or impaired 2016 \$	Past due or impaired 2016 \$
Financial assets		
Trade and other receivables	187,692	-
Total	<u>187,692</u>	<u>-</u>
Financial liabilities		
Trade payables and accruals	311,983	-
Other payables	78,696	-
Total	<u>390,679</u>	<u>-</u>

Ageing of financial assets that were past due but not impaired for 2016

	0 – 30 days \$	31 – 60 days \$	61 – 90 days \$	90 days + \$	Total \$
Trade and other receivables	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Liquidity risk

The Reporting unit is not exposed to any significant liquidity risk and is therefore not actively managing it liquidity risk.

Contractual maturities for financial liabilities 2016

	On demand \$	< 1 year \$	1 – 2 years \$	2 – 5 years \$	> 5 years \$	Total \$
Trade creditors and accruals	240,132	71,851	-	-	-	311,983
Other payables	73,304	5,392	-	-	-	78,696
Total	<u>313,436</u>	<u>77,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,679</u>

Market risk

The Reporting unit is not exposed to any significant market risks, including interest rate risk, price risk and currency risk, and is therefore not actively managing these risks. Given the insignificance of the risk no further information is disclosed.

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 18 Fair value measurement

Management of the Reporting unit assessed that cash and cash equivalents, trade receivables, trade payables, accruals and other payables 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 2016 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 Reporting unit 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 2016 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amount and related fair values for the Reporting unit's financial assets and liabilities:

	Carrying amount 2016 \$	Fair value 2016 \$
Financial assets		
Cash and cash equivalents	-	-
Trade and other receivables	187,692	187,692
Total	<u>187,692</u>	<u>187,692</u>
Financial liabilities		
Trade and other payables	311,983	311,983
Other payables	78,696	78,696
Total	<u>390,679</u>	<u>390,679</u>

All the Financial assets and liabilities have been measured using Level 1 of the Fair Value Hierarchy as described in Note 1 (t).

Note 19 Events after the reporting period

There were no events that occurred after 31 December 2016, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Reporting unit.

Australian Rail, Tram and Bus Industry Union,

West Australian PTA Branch

Notes to the Financial Statements

For the year ended 31 December 2016

Note 20 Transfer of Assets and Liabilities on commencement of operations

Prior to the financial year the operations of the Reporting Unit were undertaken in the State Branch. As a consequence of commencing operations in the Reporting Unit with effect from 1 January 2016, certain assets were transferred and certain liabilities were assumed by the Reporting Unit, as follows:

	2016 \$
ASSETS	
Trade and other receivables	119,120
Other current assets	9,710
Motor vehicles	36,318
Accumulated depreciation	(17,767)
Total	\$147,381
LIABILITIES	
Loan – Motor vehicle	36,318
Legal funds	51,904
Other payables	10,444
Employment liabilities	48,715
Total	\$147,381

Note 21 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 the 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).



27 September 2017

Mr Paul Robinson
Secretary, West Australian PTA Branch
Australian Rail, Tram and Bus Industry Union

Sent via email: paulr@rtbuwa.asn.au

Dear Mr Robinson

Re: – Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch - financial report for year ending 31 December 2016 (FR2016/386)

I refer to the financial report of the West Australian PTA Branch of the Australian Rail, Tram and Bus Industry Union ('the reporting unit'). The documents were lodged with the Registered Organisations Commission ('the ROC') on 27 July 2017.

I have examined the report and identified a number of matters, the details of which are set out below, that you are required to address before the report can be filed.

The general purpose financial report and operating report will require amendments. The amended reports will need to be signed, presented to a committee of management meeting, republished on the Branch's website, and lodged with the ROC.

The matters identified should be read in conjunction with the *Fair Work (Registered Organisations) Act 2009* (the RO Act), *Fair Work (Registered Organisations) Regulations 2009* (the RO Regs), the 4th edition of the Reporting Guidelines (RG) made under section 255 of the RO Act and Australian Accounting Standards.

To assist with the preparation of the amended financial reports the reporting unit should consult the template 'Model Financial Statements' which is available from the ROC website.

General Purpose Financial Report of the reporting unit

Note 1(v) within the general purpose financial report states that "*on 21 May 2015, a deed of agreement was signed between the WA Branch and the PTA Branch which states that for the following year, all costs expended by the reporting units in accordance with that deed, shall be distributed by the WA Branch and the PTA Branch in proportion to the number of members declared in the annual returns submitted in accordance with the obligations under the Fair Work (Registered Organisations) Act 2009*".

This same note also appears in the general purpose financial report of (i) the Australian Rail, Tram and Bus Industry Union West Australian Branch (a Branch of the federally registered Australian Rail, Tram and Bus Industry Union and deemed a reporting unit under the RO Act) and (ii) the Australian Rail, Tram and Bus Industry Union of Employees West Australian Branch (a State associated body registered under the *Industrial Relations Act 1979 (WA)*).

The note refers to an agreement between two entities but appears in the financial reports of three entities. The effect of the agreement on the affairs of the reporting unit in 2016 is not clear, considering that on 3 June 2016, you wrote in an email to FWC that the *“State Union.....collects all union dues...pays all the bills...only has a bank account and not the PTA Branch....and pays capitation fees....on behalf of the PTA Branch”* whereas you had previously, in a letter to FWC written in November 2015, stated that *“the PTA Branch did not have a valid bank account until approximately 6 October 2015”*.

Can you please confirm:

- (i) to which entities this deed of agreement relates;
- (ii) whether the terms of the deed of agreement commenced on 1 January 2016;
- (iii) whether any assets or liabilities were transferred to the reporting unit from the associated State body during the reporting period based on the deed of agreement and
- (iv) whether the information provided in the general purpose financial report is an accurate reflection of the financial affairs of the reporting unit for the period ending 31 December 2016.

If any assets or liabilities were transferred to the reporting unit from the associated State body during the reporting period, this must be disclosed in the notes to the amended financial report.

Clerical error

The heading of Note 1(v) includes a mis-reference to “Australian Rail, Tram and Bus Industry Union of Employees West Australian Branch (PTA Federal Branch)” (my underline emphasis added). From the context this should be “Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch (PTA Branch)”. This must be corrected in the amended report.

Operating report

Review of principal activities

Subsection 254(2)(a) of the RO Act requires an Operating Report to contain a review of the principal activities of the reporting unit, the results of those activities and any significant changes in the nature of those activities. The Operating Report did not make any statement with respect to the results of its activity “as a transport union”. The requirement is a description of the non-financial results from providing services to members and is separate from the requirement of subsection 254(2)(b) to give details of any significant changes in the reporting unit’s financial affairs during the year.

The paragraph under the heading “Review of principal activities (*etc*)” must be amended to include a statement with respect to its non-financial results.

Significant changes in financial affairs

Section 254(2)(b) of the RO Act requires an Operating Report to give details of any significant changes in the reporting unit’s financial affairs during the year. A statement that there were no significant changes in the nature of the reporting unit’s principal activity appears under the heading “Significant changes in financial affairs”. This statement does not directly reflect the reference to financial affairs. To the extent that it might be read as indicating that there were no changes in the financial affairs, it would be incorrect. It would be inconsistent with Note 1(a) which states that *“this is the Reporting unit’s first year of trading”* and the fact that in 2015, the reporting unit was granted a certificate under section 269 on the basis of the reporting unit’s financial affairs were encompassed by the financial affairs of the associated State body.

It is evident that there has been a significant change in the reporting unit’s financial affairs in 2016.

The current statement appearing under this heading must be replaced with a statement that describes the details of the significant changes in the reporting unit’s financial affairs.

Cash Flow Statement

Notes to the Cash Flow Statement

Reporting Guideline 24 states:

Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, such cash flow should be separately disclosed in the notes to the financial statements and show the name of the other reporting unit and/or controlled entity concerned.

This is in addition to the requirement to disclose capitation fees to/from another reporting unit (Reporting Guideline 14(b) and 16(b)) and receipt of, or provision of, any other financial support from another reporting unit (Reporting Guideline 10, 11 and 14(e)).

Note 12 discloses cash inflows and cash outflows “*for reporting unit*”. The reporting unit is not identified and if it refers to more than one reporting unit, the amounts are not separately disclosed.

Please amend Note 12 to provide the appropriate disclosures relating to cash flows to and from “reporting unit”.

Reconciliation of cash flows from operating activities

Australian Accounting Standard *AASB 107 Statement of Cash Flows* paragraph 45 requires that:

An entity shall disclose the components of cash and cash equivalents and shall present a reconciliation of the amounts in its Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position.

Note 12 discloses changes in (a) net receivables and (b) payables which do not appear to reconcile with the equivalent items in the statement of financial position.

Please amend Note 12 appropriately.

Activities under Reporting Guidelines not disclosed

Activities under Reporting Guidelines (RGs) not disclosed

Items 13 and 15 of the RGs state that if any activities identified in RGs 10, 11, 12 or 13 respectively have not occurred in the reporting period, a statement to this effect must be included in the notes to the financial report. I note that for the following activities no such disclosure has been made:

- 10 – agreed financial support in relation to going concern received from another reporting unit (refers to agreement regarding financial support, not dollar amount)
- 11 – agreed financial support in relation to going concern provided to another reporting unit (refers to agreement regarding financial support, not dollar amount)
- 12 - acquired an asset or liability due to an amalgamation under Part 2 of Chapter 3, a restructure of the branches of an organisation, a determination or revocation by the Commissioner
- 14(e) - financial support received from another reporting unit.

Please note that for the purposes of these RGs “reporting unit” means another reporting unit of the federal organisation, and does not mean a state-counterpart union.

Fair Value Measurement

Disclosure requirements - measured at fair value

Australian Accounting Standard *AASB 13 Fair Value Measurement* paragraph 93 identifies the disclosure requirements for when assets and liabilities are measured at fair value.

These disclosure requirements have not been sufficiently addressed at Note 18. Please include the disclosure in relation to the Level of the Fair Value Hierarchy as appropriate.

Statement of Loans, Grants and Donations

Statement of Loans, Grants and Donations

Under subsection 237(1) of the RO Act, if an individual loan, grant or donation made by a branch exceeds \$1,000 a statement showing the relevant particulars of each must be lodged with the ROC within 90 days of the end of the financial year.

The financial statements disclose a loan that is receivable from “the State Branch”. This item is disclosed in the 2016 financial report of the state counterpart union as a loan that is payable. Since it is not disclosed as a payable in the 2015 comparative column of that report, this suggests that this is a loan that was made by the PTA Branch in 2016.

If this is correct, a statement of Loans, Grants and Donations should have been lodged with the then Fair Work Commission by 31 March 2017 and is required to be lodged with the ROC as soon as possible. The statement should be accompanied by a request for an extension of the 90 day deadline, signed and dated by the relevant officer, outlining the reason for the delay in lodgement.

Timescale requirements

As you are aware, a reporting unit is required under the RO Act to undertake certain steps in accordance with specified timelines. Information about these timelines can be found on the ROC website. In particular, I draw your attention to the fact sheet titled *Financial reporting process* which explains the timeline requirements, and the fact sheet titled *Summary of financial reporting timelines* which sets out the timelines in diagrammatical format.

I note that the following timescale requirements were not met:

Reports must be provided to members at least 21 days before General Meeting

Under subsection 265(5)(a) of the RO Act, where the full report is presented to a General Meeting of members, the full report must be provided to members at least 21 days before that meeting. The Designated Officer’s Certificate states that the full report was provided to members on 28 June 2017 and presented to a General Meeting of members on 20 July 2017.

If these dates are correct, it would appear that an unsigned report was provided on 28 June because the Operating Report and the Committee of Management Statement were not signed until 20 July and the Auditor’s Report was not signed until 24 July. The website <http://www.rtbuwa.asn.au/reports> currently still shows the unsigned and undated report documents.

Auditor’s Statement must be signed before presentation to General Meeting

If the dates on the Designated Officer’s Certificate and the Auditor’s report are correct, it would also appear that the financial report was presented to the General Meeting of members before it was audited.

Under subsection 265(1)(a) of the RO Act a reporting unit must provide free of charge to its members a full report. A full report consists of:

- (i) a copy of the report of the auditor in relation to the inspection and audit of the financial records of the reporting unit in relation to a financial year; and
- (ii) a copy of the general purpose financial report to which the report relates; and
- (iii) a copy of the operating report to which the report relates.

Subsection 253(2) states that the general purpose financial report must consist of:

- (a) financial statement containing
 - (i) a profit and loss statement, or other operating statement; and
 - (ii) a balance sheet; and

- (iii) a statement of cash flows; and
- (iv) any other statements required by the Australian Accounting Standards; and
- (b) notes to the financial statements containing:
 - (i) notes required by the Australian Accounting Standards; and
 - (ii) information required by the reporting guidelines (see section 255); and
- (c) any other reports or statements required by the reporting guidelines (see section 255) (including a Committee of Management Statement).

As identified above, these statements/reports are required documents of a full report. To comply, the Branch committee should have met on 28 or 29 June 2017 to sign the Committee of Management statement and operating report, and the Auditor should have signed the Audit report at the same time. In this case, I have inferred that the committee of management did not meet prior to distributing the documents.

It would therefore appear that members were not provided with a copy of the full report and a full report was not presented, in accordance with sections 265 and 266 respectively.

Please note that subsections 265(1) and 265(5) are both civil penalty provisions.

Actions required

1. Once the operating report and the general purpose financial report have been amended, it will be necessary for the committee of management to meet, pass a new resolution and sign a new committee of management statement and the amended operating report.
2. It will then be necessary for the auditor to sign a new audit report in relation to the amended financial report. These signed documents will constitute the amended full report.
3. It will then be necessary to post the documents on the reporting unit's website, replacing the documents currently appearing there.
4. The amended full report can then be presented to a second meeting of the committee of management.
5. The amended full report including an amended Designated Officer's Certificate must then be lodged with the ROC.

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (02) 6746 3283 or by email at stephen.kellett@roc.gov.au.

Yours faithfully



Stephen Kellett
Financial Reporting
Registered Organisations Commission