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From: ROC - Registered Org Commission
Sent: Friday, 8 December 2017 11:02 AM
To: 'Hugh McMaster'
Cc: 'Paul Ryan'; Chris Chandran
Subject: FR2017/246 ARTIO NSW AUDITED FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2017 [SEC=UNCLASSIFIED]
Attachments: ARTIO_NSW Branch_FR2017_246_Filing letter_08122017.pdf

UNCLASSIFIED

Dear Mr McMaster

Please see attached my letter in relation to the above financial report. I have also copied this email to Mr Chandran of Pitcher Partners.

Yours faithfully

DAVID VALE

Principal Adviser
Financial Reporting

Registered Organisations Commission

Tel: (02) 8293 4654
david.vale@roc.gov.au

GPO Box 2983, MELBOURNE VIC 3001 | Street address: Level 13, 175 Liverpool Street Sydney NSW 2000

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Australian Government
Registered Organisations Commission

Please consider the environment before printing this message

From: Hugh McMaster [<mailto:hughmc@artionsw.com.au>]
Sent: Thursday, 30 November 2017 8:12 AM
To: ROC - Registered Org Commission <regorgs@roc.gov.au>
Cc: 'Paul Ryan' <paulryan@bigpond.net.au>
Subject: FR2017/246 ARTIO NSW AUDITED FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2017

Dear Sir/Madam

Please find attached the audited financial statements for the Australian Road Transport Industrial Organisation NSW Branch for the year ending 30 June 2017 along with an accompanying letter relating to these financial statements

Please contact me with any questions.

Regards

Hugh McMaster

Hugh McMaster
Secretary/Treasurer
Australian Road Transport Industrial Organisation NSW Branch
Suite 12, Level 2
2-4 Cross St
HURSTVILLE NSW 2220
Mob: 0412 880 861
Fax: 02 9579 2333

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8 December 2017

Mr Hugh McMaster
Secretary/Treasurer
Australian Road Transport Industrial Organization - NSW Branch
PO Box 277
Hurstville NSW 2220
hughmc@artionsw.com.au

CC: chris.chandran@pitcher.com.au

Dear Mr McMaster,

**Australian Road Transport Industrial Organization - NSW Branch
Financial Report for the year ended 30 June 2017 - [FR2017/246]**

I acknowledge receipt of the financial report of the Australian Road Transport Industrial Organization - NSW Branch. The documents were lodged with the Registered Organisations Commission (the ROC) on 30 November 2017.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

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

Please note that the financial report for the year ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

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

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

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'David Vale', written over a horizontal line.

David Vale
Registered Organisations Commission

From: Hugh McMaster <hughmc@artionsw.com.au>
Sent: Thursday, 30 November 2017 8:12 AM
To: ROC - Registered Org Commission
Cc: 'Paul Ryan'
Subject: FR2017/246 ARTIO NSW AUDITED FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2017
Attachments: ARTIO Signed FS.pdf; artionswrocfinstatements1617.pdf

Dear Sir/Madam

Please find attached the audited financial statements for the Australian Road Transport Industrial Organisation NSW Branch for the year ending 30 June 2017 along with an accompanying letter relating to these financial statements

Please contact me with any questions.

Regards

Hugh McMaster

Hugh McMaster
Secretary/Treasurer
Australian Road Transport Industrial Organisation NSW Branch
Suite 12, Level 2
2-4 Cross St
HURSTVILLE NSW 2220
Mob: 0412 880 861
Fax: 02 9579 2333

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**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL
ORGANISATION
(NSW BRANCH)**

ABN 93 149 961 882

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

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**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
FOR THE YEAR ENDED 30 JUNE 2017**

I, Hugh McMaster being the 2017 Secretary/Treasurer of the Australian Road Transport Industrial Organisation (NSW Branch) ("the Branch") certify:

1. that the documents lodged herewith are copies of the full report for the Branch for the year ended 30 June 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*;
2. that the full report was provided to members of the Branch on 28 November 2017; and
3. that the full report was presented to a meeting of the Committee of Management of the Branch on 28 November 2017 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



.....
Hugh McMaster
Secretary/Treasurer

Dated this 28th day of November 2017.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTICE TO MEMBERS
FOR THE YEAR ENDED 30 JUNE 2017**

The Committee of Management wishes to draw the member's attention to the following provisions of the *Fair Work (Registered Organisations) Act 2009* contained in sub-sections of section 272 in Division 7 which deals with members' access to financial records:

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



.....
Hugh McMaster
Secretary/Treasurer

Dated this 28th day of November 2017.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

OPERATING REPORT

The Committee of Management presents its report on Australian Road Transport Industrial Organisation (NSW Branch) ("the Branch") for the financial year ended 30 June 2017.

Review of Principal Activities

The principal activities of the Branch during the year were representing the interests of its members (employers and prime contractors) in the transport and logistics industry, particularly those engaged in road transport.

The Branch applied for and was granted registration under the *Fair Work (Registered Organisations) Act 2009* on 30 November 2009.

Results of Operations

The loss of the Branch for the year ended 30 June 2017 was \$24,875 (2016: profit of \$21,585).

A review of operations of the Branch during the financial year and the results of those operations show an increase in total revenue by 3% and a increase in operating expenses by 38%. The increase in expenses is a result of the increase in the legal expenses. Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

During the financial year 2016-17, the Branch continued to focus on the advocacy on behalf of Members related to a new Transport Industry – General Carriers Contract Determination. ARTIO NSW reached agreement with the TWU on a new Determination which led to a decision by the NSW Industrial Relations Commission to approve a new Determination which is now operative.

ARTIO NSW also objected to two applications submitted to the NSW Industrial Relations Commission by the National Road Transport Association (NatRoad). In the first application, NatRoad sought exemption for its members from the provisions of the Determination. NatRoad's application was unsuccessful. In the second application, NatRoad sought registration as an association of employers. This matter was awaiting decision at year's end.

ARTIO NSW met with advisors to the Minister for Industrial Relations during the year. It also made submissions in relation to the proposed integration of the NSW Industrial Court into the NSW Supreme Court. ARTIO NSW was also invited to the launch of SafeWork NSW's Work Health and Safety Road Map 2022 by the Minister for Better Regulation and participated in workshops related to the Road Map.

The Branch continued to provide information and advice to Members on issues related to workplace relations during the year, including circulars, newsletters and events. The branch hosted a record number of events during financial year 2016-17 and, in aggregate terms, attracted record attendance.

The Branch also continued to provide advice on awards and contract determinations as well in response to requests from Members. Where necessary, the branch also facilitated the provision of representation in legal matters. The branch also lodged a submission related to the *Work Health and Safety Act 2011* in NSW.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

OPERATING REPORT

Results of Operations (continued)

The Branch was also represented at meetings of the ARTIO National Council. ARTIO continued to represent the industry in negotiations related to the four-yearly review of Modern Awards. ARTIO also made submissions to the Fair Work Commission's 2017 Annual Wage Review, and to the Australian Small Business and Family Enterprise Ombudsman's Payment Times and Practices Inquiry. A Branch representative also met with advisers to the Minister for Employment during the year.

Significant Changes in the Nature of Principal Activities and Financial Affairs

There were no significant changes in the nature of the principal activities and financial affairs undertaken by the Branch during the year ended 30 June 2017.

Right of Members to Resign

Members have the right to resign their membership in accordance with Section 11 of the Registered Rules of the Australian Road Transport Industrial Organisation ("the Organisation").

A member of the Organisation may resign from membership by written notice addressed and delivered to the Secretary/Treasurer of the Branch of which it is a member.

A notice of resignation from membership of the Organisation takes effect:

- (a) where the member ceases to be eligible to become a member of the Organisation;
 - (i) on the day on which the notice is received by the Organisation; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
 whichever is later; or
- (b) in any other case
 - (i) at the end of two (2) weeks after the notice is received by the Organisation; or
 - (ii) on the day specified in the notice;
 whichever is later

Officers and Employees who are Superannuation Fund Trustee(s) or Director of a Company that is a Superannuation Fund Trustee

| Name | Position | Company/Entity | Activity/ies | Holds Position as Officer or Nominated by Peak Council |
|---------------|--------------|----------------------|------------------------------------|--|
| Hugh McMaster | Board Member | TWU Nominees Pty Ltd | Trustee of TWU Superannuation Fund | Nominated |

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

OPERATING REPORT

Number of Members

As at 30 June 2017, there were 37 members of the Branch (2016: 31 members).

Number of Employees

As at 30 June 2017, the Branch has no employees. The Branch contracted Hugh McMaster to provide accounting and administration services. Hugh McMaster being the Secretary/Treasurer is considered to be key management personnel for the purpose of the financial statements.

Summary of the remuneration of key management personnel can be found in Note 12(b) in the Notes to the Financial Statements.

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

The Committee of Management of the Branch is a committee elected annually by the members.

To be eligible to be nominated for a position on the Committee of Management the nominee must be a member.

During the year ended 30 June 2017 and the date of this report, the following persons held membership of the Committee of Management of the Branch:

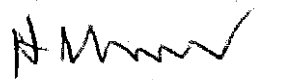
| Name | Position | Period Position Held |
|----------------|---------------------|--------------------------------|
| Laurie D'Apice | President | 1 July 2016 - 30 June 2017 |
| Gaylynne Neill | Vice President | 1 July 2016 - 30 June 2017 |
| Mark Wintle | Vice President | 1 July 2015 - 21 October 2015* |
| Hugh McMaster | Secretary/Treasurer | 1 July 2016 - 30 June 2017 |
| Cameron Murphy | Committee Member | 1 July 2016 - 30 June 2017 |
| John West | Committee Member | 1 July 2016 - 30 June 2017 |

* Mark Wintle resigned as Vice President of the Committee of Management of the Branch.

Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial year which may significantly affect the operations of the Branch, the results of those operations, or the state of affairs of the Branch in subsequent years.

Signed in accordance with a resolution of the Members of the Committee of Management on the 28 day of November 2017.



Hugh McMaster
Secretary/Treasurer

Dated this 28th day of November 2017.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

| | Note | 2017 \$ | 2016 \$ |
|--|------|------------------|------------------|
| Revenue | 2(a) | 159,649 | 154,519 |
| Other income | 2(b) | 759 | 1,270 |
| | | <u>160,408</u> | <u>155,789</u> |
| Expenses: | | | |
| Employee expenses | 3(a) | - | - |
| Capitation fees | 3(b) | (20,000) | (20,227) |
| Affiliation fees | 3(c) | - | - |
| Administration expenses | 3(d) | (26,703) | (23,450) |
| Grants or donations | 3(e) | - | - |
| Professional fees | 3(f) | (138,580) | (90,527) |
| Other expenses | 3(g) | - | - |
| | | <u>(185,283)</u> | <u>(134,204)</u> |
| (Loss)/Profit before income tax | | (24,875) | 21,585 |
| Income tax expense | 1(a) | - | - |
| Net (loss)/profit for the year | | <u>(24,875)</u> | <u>21,585</u> |
| Other comprehensive income | | - | - |
| Total comprehensive (loss)/income for the year | | <u>(24,875)</u> | <u>21,585</u> |

The accompanying notes form part of the financial statements.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

| | Note | 2017 \$ | 2016 \$ |
|----------------------------------|------|---------------|---------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | 56,416 | 82,446 |
| Trade and other receivables | 5 | <u>3,509</u> | <u>1,650</u> |
| TOTAL CURRENT ASSETS | | <u>59,925</u> | <u>84,096</u> |
| TOTAL ASSETS | | <u>59,925</u> | <u>84,096</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 22,041 | 21,337 |
| Provisions | 7 | <u>-</u> | <u>-</u> |
| TOTAL CURRENT LIABILITIES | | <u>22,041</u> | <u>21,337</u> |
| TOTAL LIABILITIES | | <u>22,041</u> | <u>21,337</u> |
| NET ASSETS | | <u>37,884</u> | <u>62,759</u> |
| ACCUMULATED FUNDS | | | |
| Accumulated operating surplus | | <u>37,884</u> | <u>62,759</u> |
| TOTAL ACCUMULATED FUNDS | | <u>37,884</u> | <u>62,759</u> |

The accompanying notes form part of these financial statements.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 JUNE 2017**

| | 2017 \$ | 2016 \$ |
|--|------------|------------|
| ACCUMULATED OPERATING SURPLUS | | |
| Balance at beginning of the financial year | 62,759 | 41,174 |
| Total comprehensive (loss)/income: | | |
| Net (loss)/profit during the year | (24,875) | 21,585 |
| Other comprehensive income | - | - |
| | (24,875) | 21,585 |
| Balance at end of financial year | 37,884 | 62,759 |

The accompanying notes form part of these financial statements.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

| | Note | 2017 \$ | 2016 \$ |
|--|-------------|----------------------|----------------------|
| Receipts from members' subscriptions | | 63,908 | 57,666 |
| Grants received | | - | - |
| Other receipts | | 110,435 | 122,818 |
| Payments to suppliers | | (201,132) | (161,918) |
| Interest received | | 759 | 1,270 |
| Net cash (used in)/provided by operating activities | 13(a) | <u>(26,030)</u> | <u>19,836</u> |
| Net (decrease)/increase in cash held | | (26,030) | 19,836 |
| Cash and cash equivalents at the beginning of the year | | <u>82,446</u> | <u>62,610</u> |
| Cash and cash equivalents at the end of the year | 4 | <u><u>56,416</u></u> | <u><u>82,446</u></u> |

The accompanying notes form part of these financial statements.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

The financial statements are for Australian Road Transport Industrial Organisation (NSW Branch) ("the Branch") as an individual entity. No business combinations had occurred during the financial year. The Branch was incorporated in New South Wales under the *Fair Work (Registered Organisations) Act 2009*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Accounting Standards and Australian Board ("AASB") and the *Fair Work (Registered Organisations) Act 2009*. The Branch is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets and financial liabilities. The amounts presented in the financial statements are in Australian dollars and have been rounded to the nearest dollar.

The financial statements were authorised for issue on 28 November 2017 by the Committee of Management of the Branch.

Accounting Policies

(a) Income Tax

The Branch is registered under the *Fair Work (Registered Organisations) Act 2009* and is considered to be exempt from income tax including capital gains tax, by virtue of the provision of section 50-15 of the *Income Tax Assessment Act*.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(c) Fair Value of Assets and Liabilities

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

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

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

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fair Value of Assets and Liabilities (continued)

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

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

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

(d) Financial Instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments (continued)

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Loans and receivables

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

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At each reporting date, the Branch assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Branch recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Branch no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of Assets

At each reporting date, the Branch reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

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

(f) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Branch and the amount of the revenue can be reliably measured. The following specific recognition criteria should also be met before revenue is recognised:

Revenue from membership subscriptions is recognised proportionately over the period to which it relates.

Income from other sources (sitting fees and sponsorship) is recognised when the fee in respect of other products or services provided is receivable.

Grant revenue is recognised in the Statement of Profit or Loss and Other Comprehensive Income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes, it is recognised in the Statement in the Financial Position as a liability until such conditions are met or services provided.

Donation income is recognised when it is received.

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

All revenue is stated net of the amount of goods and services tax (GST).

(g) Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

(h) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Branch during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Unexpended Grants

The Branch receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the Branch to treat grant monies as unexpended grants in the Statement of Financial Position where the Branch is contractually obliged to provide the services in a subsequent financial period to when the grants are received or in the case of a specific project where the project has not been completed.

(j) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of the GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Operating Segment

The Branch was incorporated in New South Wales under the *Fair Work (Registered Organisations) Act 2009* and domiciled in Australia. The Branch operates only in Australia and its principal activity is the provision of services to its members.

(l) Comparatives

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

(m) Critical Accounting Estimates and Judgments

The Committee of Management evaluates estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Branch.

Key Estimates - Impairment

The Committee of Management assesses impairment on each reporting date by evaluating conditions specific to the Branch that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments - Doubtful Debts Provision

The Committee of Management believed that no provision for doubtful debts be made at 30 June 2017 (2016: \$nil) as the balance of trade and other receivables is fully recoverable.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Acquisition of assets and or liabilities that do not constitute a business combination

No asset or liability was acquired due to an amalgamation under Part 2 of Chapter 3, a restructure of the branches of an organisation, a determination or revocation by the General Manager.

(o) New Accounting Standards Adopted During the Financial Year

The Branch has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Branch.

The following Accounting Standards and Interpretations are most relevant to the Branch:

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

Adoption of this Standard did not impact on the Branch' financial statements.

AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements amends AASB 127 Separate Financial Statements to allow an entity to use the equity method as described in AASB 128 to account for its investments in subsidiaries, joint ventures and associates its separate financial statements.

Adoption of this Standard did not impact on the Branch' financial statements.

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle clarify certain requirements in:

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal
- AASB 7 Financial Instruments: Disclosures – servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements
- AASB 119 Employee Benefits – regional market issue regarding discount rate
- AASB 134 Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'

Adoption of this Standard did not impact on the Branch' financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) New Accounting Standards Adopted During the Financial Year (continued)

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements. For example the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.

Adoption of this Standard did not impact on the Branch' financial statements.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Branch. The Branch has decided not to early adopt any of these new and amended pronouncements. The Branch's assessment of the new and amended pronouncements that are relevant to the Branch but applicable in future reporting periods is set out below.

AASB 15: *Revenue from Contracts with Customers and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).*

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. The give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

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

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

Although the Committee of Management anticipate that the adoption of AASB 15 may have an impact on the Branch' reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 9: *Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).*

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) New Accounting Standards for Application in Future Periods (continued)

These Standards will replace *AASB 139: Financial Instruments: Recognition and Measurement*. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

This Standard is not expected to significantly impact the Branch' financial statements.

| | 2017 | 2016 |
|---|----------------|----------------|
| | \$ | \$ |
| NOTE 2: REVENUE AND OTHER INCOME | | |
| (a) Revenue | | |
| Membership subscription | 59,328 | 49,269 |
| Capitation fees | - | - |
| Levies from members | - | - |
| Other revenue: | | |
| Director's fees | 30,000 | 30,000 |
| Sponsorship | 51,750 | 51,750 |
| Sundry | 18,571 | 23,500 |
| | 159,649 | 154,519 |
| (b) Other Income | | |
| Grant income | - | - |
| Donations income | - | - |
| Interest | 759 | 1,270 |
| | 759 | 1,270 |

No financial support received from another reporting unit.

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| | 2017 \$ | 2016 \$ |
|---|----------------|---------------|
| NOTE 3: EXPENSES | | |
| (a) Employee Expenses | <u>-</u> | <u>-</u> |
| <p>The Branch has no employees during the year (2016: nil). The Branch contracted its accounting and administration functions which are disclosed in Note 3(f) under professional fees - secretariat and administration fees and Note 12(b) under key management personnel.</p> | | |
| (b) Capitation Fees | | |
| Australian Road Transport Industrial Organisation | <u>20,000</u> | <u>20,227</u> |
| (c) Affiliation Fees | <u>-</u> | <u>-</u> |
| (d) Administration expenses | | |
| Bank charges | 240 | 310 |
| Compulsory levies | - | - |
| Consideration to employers for payroll deductions | - | - |
| Conferences, meetings, functions and events | | |
| - fees and/or allowances | - | - |
| - expenses | 20,467 | 13,202 |
| Insurance | - | - |
| Travel and accommodation | 5,706 | 5,829 |
| Website expenses | 182 | 262 |
| Other expenses | 108 | 3,847 |
| | <u>26,703</u> | <u>23,450</u> |
| (e) Grants and Donations | | |
| Grants | - | - |
| Donations | - | - |
| | <u>-</u> | <u>-</u> |
| (f) Professional Fees | | |
| Remuneration of auditor: | | |
| - auditing the financial statements | | |
| Pitcher Partners Sydney | 7,185 | 7,159 |
| Legal fees | | |
| - litigation | - | - |
| - other legal matters | 54,595 | 6,568 |
| Secretariat and administration fees | 76,800 | 76,800 |
| Sundry fees | - | - |
| | <u>138,580</u> | <u>90,527</u> |
| (g) Other Expenses | | |
| Penalties - via Registered Organisation Act or Regulations | <u>-</u> | <u>-</u> |

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| | 2017 \$ | 2016 \$ |
|---|---------------|---------------|
| NOTE 4: CASH AND CASH EQUIVALENTS | | |
| Cash at bank | <u>56,416</u> | <u>82,446</u> |
| Reconciliation of Cash | | |
| Cash at the end of the financial year as shown in the financial Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows: | | |
| Cash and cash equivalents | <u>56,416</u> | <u>82,446</u> |
| NOTE 5: TRADE AND OTHER RECEIVABLES | | |
| CURRENT | | |
| Trade receivables: | | |
| Members | - | - |
| Receivables from other reporting unit: | | |
| Australian Road Transport Industrial Organisation | - | - |
| Other | - | - |
| | <u>-</u> | <u>-</u> |
| Net GST receivable | 3,509 | 1,650 |
| | <u>3,509</u> | <u>1,650</u> |
| Less provision for doubtful debts | - | - |
| | <u>3,509</u> | <u>1,650</u> |

(a) Credit Risk

The following table details the Branch's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Branch and the customer, member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Branch.

| | 2017 \$ | 2016 \$ |
|------------------------------|--------------|--------------|
| Trade and other receivables: | | |
| Gross amount | <u>3,509</u> | <u>1,650</u> |
| Past due and impaired | - | - |
| Past due but not impaired: | | |
| - 30 days overdue | - | - |
| - 31 to 60 days overdue | - | - |
| - 61 to 90 days overdue | - | - |
| - more than 90 days overdue | - | - |
| Within initial trade terms | 3,509 | 1,650 |

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| | 2017 | 2016 |
|---|-------|-------|
| | \$ | \$ |
| NOTE 5: TRADE AND OTHER RECEIVABLES (Continued) | | |
| (b) Financial assets classified as loans and receivables | | |
| Trade and other receivables | | |
| Current | 3,509 | 1,650 |
| (c) Collateral held as security | | |
| No collateral is held over trade and other receivables. | | |

NOTE 6: TRADE AND OTHER PAYABLES

CURRENT

| | | |
|---|--------|--------|
| Trade creditors | - | - |
| Payables to other reporting units | - | - |
| Accrued expenses | 15,880 | 13,991 |
| Income received in advance | 6,161 | 7,346 |
| Other payables: | | |
| Consideration to employers for payroll deductions | - | - |
| Legal costs - other legal matters | | |
| - litigation | - | - |
| - other legal matters | - | - |
| | - | - |
| | 22,041 | 21,337 |

NOTE 7: PROVISIONS

| | | |
|---------------------|---|---|
| Employee provisions | - | - |
|---------------------|---|---|

NOTE 8: EQUITY AND CAPITAL MANAGEMENT

Other Specific Disclosures

The Branch did not have any compulsory levies and/or voluntary contributions and other funds required by rules, thereby no reserve or fund being set-up in the Statement of Changes in Equity.

Capital Management

Management controls the capital of the Branch in order to maintain a good liquidity ratio and to ensure that the Branch can fund its operations and continue as a going concern.

The Branch's debt includes financial liabilities, supported by financial assets.

Management effectively manages the Branch's capital by assessing the its financial risks and adjusting its structure in response to changes in these risks and in the market. These responses include the management of debt levels and/or increase the membership subscription fee.

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NOTE 8: EQUITY AND CAPITAL MANAGEMENT (Continued)

There have been no changes in the strategy adopted by management to control the capital of the Branch since the prior year. This strategy is to ensure that the Branch has adequate cash to fund its operations. There was no external gearing for the financial years ended 30 June 2017 and 2016.

NOTE 9: DISSOLUTION OF THE BRANCH

The Branch may be wound up and dissolved on a resolution to that effect being passed by a General Meeting of the Branch convened for that purpose. The resolution passed for any such dissolution shall indicate the manner in accordance with the law in which the surplus funds or assets of the Branch are to be disposed of or distributed to an organisation or association having similar objects as the Branch and which prohibits a distribution of its or their income or property amongst their Members.

NOTE 10: CAPITAL AND LEASING COMMITMENTS

The Branch has no capital and leasing commitments at the end of the financial year (2016: \$nil).

NOTE 11: CONTINGENT LIABILITIES AND ASSETS

The Branch has no contingent liabilities and assets at the end of the financial year (2016: \$nil).

NOTE 12: RELATED PARTY TRANSACTIONS

The Branch's main related parties are as follows:

(a) Committee of Management

(i) Committee of Management members

The names of the Committee of Management who held office during the year are disclosed in the Operating Report.

(ii) Committee of Management members' remuneration

No remuneration is paid to the Committee of Management members from the Branch or any related party during the year (2016: \$nil).

(iii) Committee of Management members' retirement benefits

No amounts are paid to Committee of Management members on retirement from office or to prescribed superannuation funds for the provision of retirement benefits for executives.

(iv) Membership subscription fees

Entities related to Committee of Management members paid membership subscription fees and various member related fees during the year on the same commercial terms and conditions offered to all other members.

These transactions were on normal commercial terms and conditions no more favourable than those available to other parties, unless otherwise stated.

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NOTE 12: RELATED PARTY TRANSACTIONS (Continued)

(b) Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The Branch contracted Hugh McMaster to provide accounting and administration services. Hugh McMaster being the Secretary/Treasurer is considered to be key management personnel for the purpose of the financial statements.

The hourly rate of services provided by Hugh McMaster include wages, insurance, use of premises, office equipment, stationery and telephone. The rate is reviewed and approved by the Committee of Management annually.

The total of remuneration paid and/or payable to during amounted to \$76,800 (2016: \$76,800). The remuneration paid is short-term compensation.

During the financial year, the Branch reimbursed Hugh McMaster for travel costs, supplies and other costs incurred on the performance of his role being the Secretary/Treasurer of the Branch amounting to \$26,100 (2016: \$29,105).

(c) Other Related Parties

The Branch received director's fees and sponsorship income from TWU Nominees Pty Ltd, an entity where the Secretary/Treasurer of the Branch sits as a director. Total income received amounted to \$30,000 and \$51,750 respectively (2016: \$30,000 and \$51,750, respectively).

The Branch contributes to the Australian Road Transport Industrial Organisation's budget annually. Total contribution made during the year amounted to \$20,000 (2016: \$20,000). In addition, the Branch contributes for the IR Newsletter Service of the Organisation amounting to nil (2016: \$227).

| | 2017 | 2016 |
|---|-----------------|---------------|
| | \$ | \$ |
| NOTE 13: CASH FLOW INFORMATION | | |
| (a) Reconciliation of Cash Flow from Operations with (Loss)/Profit for the year: | | |
| (Loss)/Profit for the year | (24,875) | 21,585 |
| Changes in assets and liabilities | | |
| – (Increase)/Decrease in trade and other receivables | (1,859) | 5,298 |
| – Increase/(Decrease) in trade and other payables | 704 | (7,047) |
| | (26,030) | 19,836 |

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| | 2017 | 2016 |
|--|-------------|-------------|
| | \$ | \$ |
| NOTE 13: CASH FLOW INFORMATION | | |
| (b) Cash flows from/to other reporting units: | | |
| Cash inflows: | | |
| Australian Road Transport Industrial Organisation | - | - |
| Cash outflows: | | |
| Australian Road Transport Industrial Organisation | 20,000 | 22,250 |

NOTE 14: FINANCIAL RISK MANAGEMENT

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

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

| | Note | 2017 | 2016 |
|------------------------------------|-------------|---------------|---------------|
| | | \$ | \$ |
| Financial Assets: | | | |
| Cash and cash equivalents | 4 | 56,416 | 82,446 |
| Trade and other receivables | 5 | 3,509 | 1,650 |
| Total Financial Assets | | 59,925 | 84,096 |
| | | | |
| Financial Liabilities: | | | |
| Trade and other payables | 6 | 22,041 | 21,337 |
| Total Financial Liabilities | | 22,041 | 21,337 |

Financial Risk Management Policies

The Committee of Management's overall risk management strategy seeks to assist the Branch in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee of Management on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for Branch operations. The Branch does not have any derivative instruments at 30 June 2017 (2016: \$nil).

Specific Financial Risk Exposures and Management

The main risks the Branch is exposed to through its financial instruments are credit risk, liquidity risk and other price risk. There have been no substantive changes in the types of risks the Branch is exposed to, how these risks arise, or the objectives, policies and processes for managing or measuring the risks from the previous period.

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NOTE 14: FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Branch.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers, members and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Branch, credit terms are generally 14 to 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Committee of Management has otherwise cleared as being financially sound. Where the Branch is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position. Credit risk also arises through the provision of financial guarantees, as approved at the Committee of Management level, given to third parties in relation to obligations under its bank bill facility.

The Branch has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables is provided in Note 5.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 5.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

| | Note | 2017 \$ | 2016 \$ |
|---------------------------|------|---------------|---------------|
| Cash and cash equivalents | | | |
| AA Rated | 4 | <u>56,416</u> | <u>82,446</u> |

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NOTE 14: FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk arises from the possibility that the Branch might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Branch manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect the Committee of Management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect the Committee of Management's expectations that banking facilities, if any, will be rolled forward.

| | Within 1 Year \$ | 1 to 5 Years \$ | Over 5 Years \$ | Total \$ |
|---|------------------------|--------------------|-----------------------|---------------|
| 2017 | | | | |
| Financial liabilities due for payment | | | | |
| Trade and other payables | 22,041 | - | - | 22,041 |
| Total contractual and expected outflows | <u>22,041</u> | <u>-</u> | <u>-</u> | <u>22,041</u> |
| Financial assets - cash flows realisable | | | | |
| Cash and cash equivalents | 56,416 | - | - | 56,416 |
| Trade and other receivables | 3,509 | - | - | 3,509 |
| Total anticipated inflows | <u>59,925</u> | <u>-</u> | <u>-</u> | <u>59,925</u> |
| Net inflows on financial instruments | <u>37,884</u> | <u>-</u> | <u>-</u> | <u>37,884</u> |
| 2016 | | | | |
| Financial liabilities due for payment | | | | |
| Trade and other payables | 21,337 | - | - | 21,337 |
| Total contractual and expected outflows | <u>21,337</u> | <u>-</u> | <u>-</u> | <u>21,337</u> |
| Financial assets - cash flows realisable | | | | |
| Cash and cash equivalents | 82,446 | - | - | 82,446 |
| Trade and other receivables | 1,650 | - | - | 1,650 |
| Total anticipated inflows | <u>84,096</u> | <u>-</u> | <u>-</u> | <u>84,096</u> |
| Net inflows on financial instruments | <u>62,759</u> | <u>-</u> | <u>-</u> | <u>62,759</u> |

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NOTE 14: FINANCIAL RISK MANAGEMENT (Continued)

(c) Market Risk

Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

Sensitivity analysis

No sensitivity analysis has been performed on other price risk as the Branch has no material exposures to other price risk.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Branch. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Branch.

| | 2017 | | 2016 | |
|------------------------------|--------------------|---------------|--------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash and cash equivalents | 56,416 | 56,416 | 82,446 | 82,446 |
| Trade and other receivables | 3,509 | 3,509 | 1,650 | 1,650 |
| | <u>59,925</u> | <u>59,925</u> | <u>84,096</u> | <u>84,096</u> |
| Financial liabilities | | | | |
| Trade and other payables | <u>22,041</u> | <u>22,041</u> | <u>21,337</u> | <u>21,337</u> |

The fair values disclosed in the above table are short-term instruments in nature whose carrying amount is equivalent to fair value.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 15: FAIR VALUE MEASUREMENTS

Financial Instruments Measured at Fair Value

The Branch has no assets that are measured and recognised at fair value on a recurring basis after initial recognition at 30 June 2017.

The Branch does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. The Branch does not have Level 1 financial instruments at 30 June 2017 (2016: nil).

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. The Branch does not have Level 2 financial instruments at 30 June 2017 (2016: nil).

Level 3

Measurements based on unobservable inputs for the asset or liability. The Branch does not have Level 3 financial instruments at 30 June 2017 (2016: nil).

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Branch selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 15: FAIR VALUE MEASUREMENTS (Continued)

(a) Fair Value Hierarchy (continued)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Branch gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

(b) Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

The Branch does not have any Level 2 assets and liabilities at 30 June 2017.

NOTE 16: GOING CONCERN

The Branch's ability to continue as a going concern is not reliant on any other reporting unit.

The Branch has not agreed to provide financial support to another reporting unit to continue as a going concern.

NOTE 17: ECONOMIC DEPENDENCE

A significant portion of the revenue is dependent on the director's fees and sponsorship income from TWU Nominees Pty Ltd. Total revenue for the year amounted to \$81,750 (2016: \$81,750) or 51% (2016: 52%) of the total revenue.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which may significantly affect the operations of the Branch, the results of those operations, or the state of affairs of the Branch in subsequent years.

NOTE 19: BRANCH DETAILS

The registered office and principal place of business of the Branch is:

Suite 12, Level 2
2-4 Cross Street
HURSTVILLE NSW 2220

**AUSTRALIAN ROAD TRANSPORT INDUSTRIAL ORGANISATION
(NSW BRANCH)
ABN 93 149 961 882**

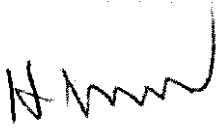
**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017**

On 28 November 2017 the Committee of Management of the Australian Road Transport Industrial Organisation (NSW Branch) ("the Branch") passed the following resolution in relation to the general purpose financial report for the year ended 30 June 2017.

The Committee of Management declares that in its opinion:

1. the financial statements and notes comply with the Australian Accounting Standards;
2. the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*;
3. the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year to which they relate;
4. there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
5. during the financial year ended 30 June 2017 to which the general purpose financial report relates and since the end of this financial year:
 - (a) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the Branch; and
 - (b) the financial affairs of the Branch have been managed in accordance with the rules of the organisation including the rules of the Branch; and
 - (c) the financial records of the Branch have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*; and
 - (d) As the organisation consists of two or more reporting units, the financial records of the Branch have been kept, as far as practicable, in a consistent manner to each of the other branches of the organisation; and
 - (e) The information sought in any request by a member of the Branch or General Manager of the Fair Work Commission duly made under section 272 of the *Fair Work (Registered Organisations) Act 2009* was made; and
 - (f) There has been compliance with any order of inspection of financial records has been made by the General Manager of the Fair Work Commission under section 273 of the *Fair Work (Registered Organisations) Act 2009*.
6. 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.


.....
Hugh McMaster
Secretary/Treasurer

Dated this 28 day of November 2017.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN ROAD
TRANSPORT INDUSTRIAL ORGANISATION (NSW BRANCH)
ABN 93 149 961 882**

Report on the Audit of the Financial Report

We have audited the accompanying financial report of Australian Road Transport Industrial Organisation (NSW Branch) ("the Branch"), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in accumulated funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the Committee of Management statement.

Opinion

In our opinion, the financial statements of the Australian Road Transport Industrial Organisation (NSW Branch) is in accordance with *Fair Work (Registered Organisations) Act 2009*, including:

- a) presenting fairly, in all material aspects, the financial position of the Branch as at 30 June 2017, and its financial performance and its cash flows for the year ended on that date;
- b) the Branch did not have any recovery of wages activity; and
- c) complying with Australian Accounting Standards and the requirements imposed by Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Branch 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 Branch in accordance with the auditor independence requirements of the *Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The Committee of Management of the Branch are responsible for the other information. The other information comprises the information included in the Branch's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Branch is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In preparing the financial report, the Committee of Management are responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE AUSTRALIAN ROAD
TRANSPORT INDUSTRIAL ORGANISATION (NSW BRANCH)
ABN 93 149 961 882**

- 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 Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the committee of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch'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 Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the Branch or business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch audit. We remain solely responsible for our audit opinion.

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

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate.



C I CHANDRAN
Partner



PITCHER PARTNERS
Sydney

28 November 2017



Australian Road Transport
Industrial Organisation

New South Wales Branch

PO Box 277

HURSTVILLE NSW 2220

Tel: 0412 880861

Fax: 02 9579 2333

Email: hughmc@artionsw.com.au

ABN: 93149961882

30 November 2017

The Commissioner
Registered Organisations Commission
GPO Box 2983
MELBOURNE VIC 3001

Dear Sir/Madam

Please find attached the audited financial statements for the Australian Road Transport Industrial Organisation NSW Branch for the year ended 30 June 2017.

These statements, along with supporting documents, were presented to a second meeting of the Committee of Management held on 28 November 2017 and accepted by that meeting.

These financial statements and accompanying documents were provided to Members on 29 November 2017.

Please contact me, telephone, 0412 880861, email, hughmc@artionsw.com.au, if further information is required.

Yours sincerely

Hugh McMaster
Secretary/Treasurer



9 August 2017

Mr Hugh McMaster
Branch Secretary/Treasurer
NSW Branch
Australian Road Transport Industrial Organization
By Email: hughmc@artionsw.com.au

Dear Mr McMaster,

**Re: Lodgement of Financial Report - [FR2017/246]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Australian Road Transport Industrial Organization- NSW Branch (the reporting unit) ended on 30 June 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2017.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2017 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find below a guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

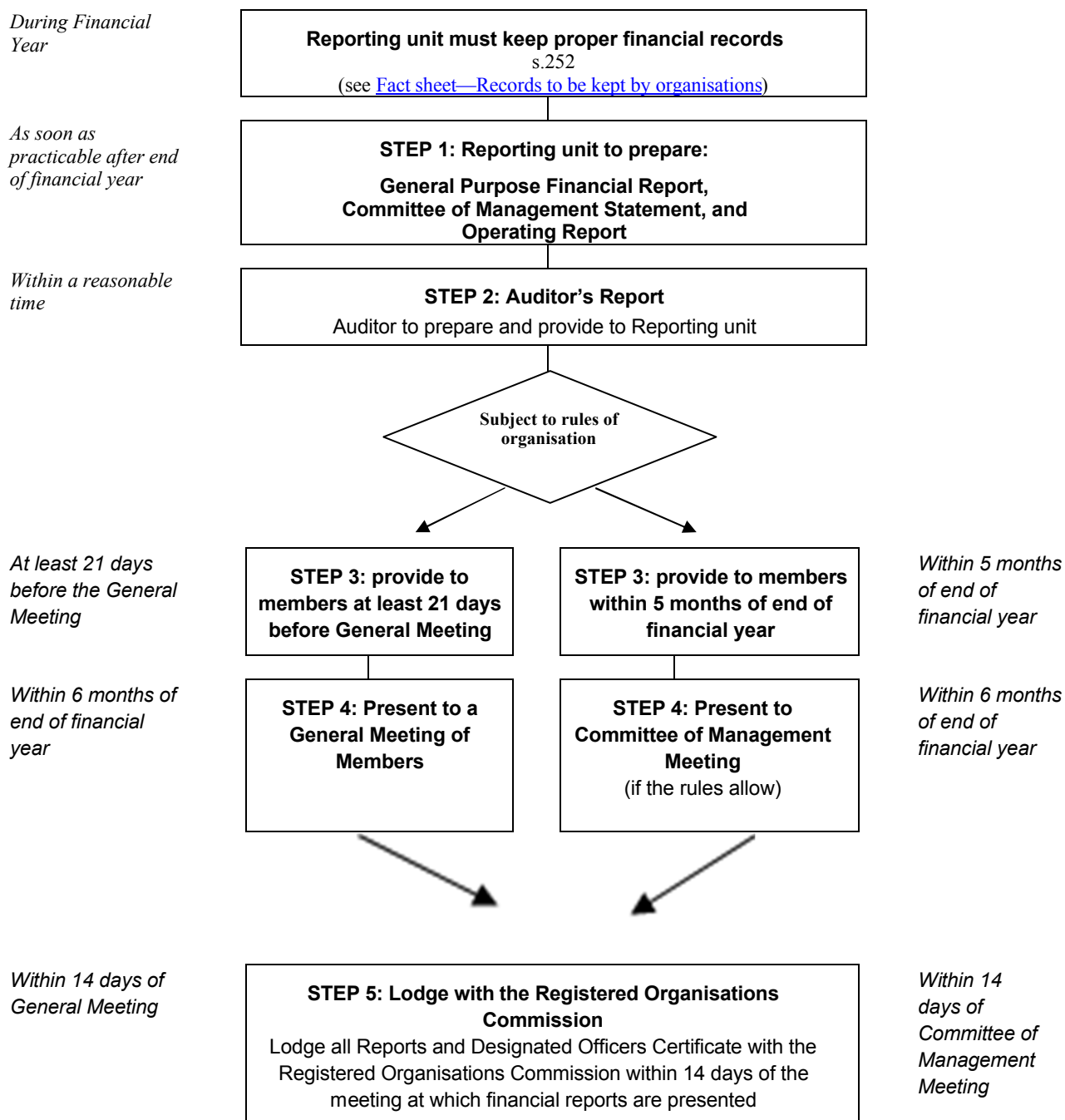
Carolyn Moloney
Registered Organisations Commission



Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:





- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

| Misconception | Requirement |
|--|--|
|  Only reporting units must lodge the Statement. |  All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches. |
|  Employees can sign the Statement. |  The statement must be signed by an elected officer of the relevant branch. |

| | | | |
|---|---|--|---|
|  | Statements can be lodged with the financial report. |  | The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late. |
|---|---|--|---|

Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

| Grants: | [Current year] | [Previous year] |
|--------------------------------------|----------------|-----------------|
| 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 | - | - |

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au



Guidance Note

Illustrative Auditor's Report under section 257 of the *Fair Work (Registered Organisations) Act 2009*

Prepared and issued by the Registered Organisations Commission

| Version | Date published |
|----------------|-----------------------|
| 1 | 4 August 2017 |

1. Introduction

The purpose of this guidance note is to provide Registered Organisations with guidance on the revised Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* (ASA 700), as issued by the Auditing and Assurance Standards Board ('AUASB').

An 'Illustrative Auditor's Report' is included to assist Registered Organisations to understand the new auditing requirements.

2. Background to the revised Auditing Standard

From 15 December 2016, the structure of the Auditor's Report changed as a result of revisions made to the Australian Auditing Standards (ASAs). The changes impact all auditors' reports prepared in accordance with the ASAs.

The purpose of the change is to:

- enhance the communicative value of the Auditor's Report;
- give prominence to the most important matters by re-ordering the content;
- enhance reporting on going concern matters (if applicable), and provide enhanced descriptions of the respective responsibilities of management and the auditor, in relation to going concern;
- provide an affirmative statement on auditor's independence and fulfilment of relevant ethical responsibilities;
- provide more information to users on the auditor's responsibilities, and the key features of an audit and;
- provide details of other information the auditor has received at the date of the Auditor's Report, and is expected to receive after the date of the Auditor's Report¹.

3. Key changes included in the illustrative Auditor's Report

| Description | Auditing standard ref. | Comments |
|--|------------------------|---|
| Structure of the auditor's report | ASA 700.21-52 | The form and structure of the audit report have been reorganised due to changes in the Australian Auditing Standards. |
| Basis for opinion | ASA 700.28c | Requires references in the audit report to the applicable ethical standards e.g. APES 110 <i>Code of Ethics for Professional Accountants</i> . |
| Other information | ASA 700.32 ASA 720 | ASA 720 now requires that the auditor 'read and consider' if the Other Information (including but not limited to the Operating Report) is materially inconsistent with the financial statements, or the auditor's knowledge obtained in the audit. |
| Committee of Management's responsibilities for the preparation of the financial report | ASA 700.33-36 | ASA 700.34b has been added to reflect changes made in ASA 570. The changes emphasise that it is management's responsibility for assessing whether the use of the going concern assumption is appropriate. The auditors' roles and responsibilities related to going concern have not changed. |
| Auditor's responsibilities for the audit of the financial report | ASA 700.37-40 | These paragraphs have been expanded to clarify the detailed nature and scope of the auditor's existing responsibilities and procedures, and to make an explicit relationship of material misstatements to fraud or error. |
| Report on other legal and | ASA 700.43-45 | This section is only applicable if there are other matters to report as required by other legislation. |

¹ Adapted from 'Auditor Reporting FAQs' – Auditing and Assurance Standards Board - <http://www.auasb.gov.au/Publications/Auditor-Reporting-FAQs.aspx>

| Description | Auditing standard ref. | Comments |
|-------------------------|------------------------|---|
| regulatory requirements | | <p>Under sections 257(6) and (7) of the <i>Fair Work (Registered Organisations) Act 2009</i> ('RO Act'), the auditor is required to report on any instances of non-compliance or deficiency or shortcoming with respect to financial record-keeping, and section 257(2) of the RO Act requires auditors to report on access restrictions to the financial records of the organisation.</p> <p>This section is not required if there are no matters to report.</p> |

4. Key changes not reflected in the illustrative Auditor's Report

| Description | Auditing standard ref. | Comments |
|-------------------|-------------------------------|--|
| Key Audit Matters | ASA 700.30-31, A41 ASA 701 | <p>ASA 701 provides additional disclosures for entities listed on a securities exchange to communicate key audit matters ('KAMs') in the auditor's report. KAMs are those matters that, in the auditor's judgement, are of most significance to the audit of the financial statements of the current financial period.</p> <p>At this point in time, the ROC does not require the inclusion of KAMs.</p> |

The numbered references in the Illustrative Auditor's Report refer to the explanatory paragraphs in section 5 of this Guidance Note 'Illustrative Auditor's Notes'. The Illustrative Auditor's Report is also included in the 'Model Financial Statements' published on the Registered Organisations Commission's website.

<To be printed on Auditor letterhead>

Independent Audit Report to the Members of <name of Reporting Unit>

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of <name of Reporting Unit> (the Reporting Unit), which comprises the statement of financial position² as at <balance date>, the statement of comprehensive income³, statement of changes in equity⁴ and statement of cash flows⁵ for the year ended <date>, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management⁶ Statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of <name of Reporting Unit> as at <balance date>, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon⁷

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

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

² Refer to paragraph 9 in Section 5 Illustrative Auditor's Report Notes in this Guidance Note

³ Ibid paragraph 9

⁴ Ibid paragraph 9

⁵ Ibid paragraph 9

⁶ Ibid paragraph 10; note if this is changed to another descriptor all other references in the Report should be changed to the other descriptor

⁷ Ibid paragraph 7

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management 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 of Management is 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 of Management 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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

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

I declare that I am an approved auditor, a member of [name of appropriate professional accounting body] and hold a current Public Practice Certificate.

[Report on Other Legal and Regulatory Requirements]⁸

[In accordance with the requirements of section 257(7) of the RO Act, I am required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

My opinion on the financial report is not modified in respect of the following matter(s) because, in my opinion, it has been appropriately addressed by [Reporting Unit] and is not considered material in the context of the audit of the financial report as a whole:

[Example:

a) [Reporting Unit] failed to keep [name of other record] as required by section 252 of the RO Act for the period 1 July 20XX to 4 July 20XX inclusive.]]

[Report on the Recovery of Wages Activity financial report]⁹

Opinion on the recovery of wages activity financial report

The scope of my work extended to the recovery of wages activity and I have audited the recovery of wages activity financial report for the year ended <date>.

In my opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager, including:

- (a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- (b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. My responsibility is to express an opinion on the recovery of wages activity financial report, based on my audit conducted in accordance with Australian Auditing Standards.

<Audit Firm Name>

<Name>

Partner

⁸ Ibid paragraph 11

⁹ Ibid paragraph 11

<City>
<Date>

Registration number (as registered by the RO Commissioner under the RO Act)¹⁰: <insert number>

¹⁰ Ibid paragraph 12

5. Illustrative Auditor's Report Notes

For the purpose of this illustrative Auditor's Report, the following circumstances are assumed:

1. The financial report is prepared by management of the Reporting Unit in accordance with Australian Accounting Standards and the RO Act.
2. The terms of the audit engagement reflect the description of management's responsibility for the financial report in *ASA 210 Agreeing the Terms of Audit Engagements*.
3. The auditor has concluded an unmodified opinion is appropriate based on the audit evidence obtained.
4. The relevant ethical requirements that apply to the audit are the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants*.
5. Based on the audit evidence obtained, the auditor has concluded that a material uncertainty does not exist related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern in accordance with *ASA 570 Going Concern*.
6. The auditor is not required, and has otherwise not decided, to communicate key audit matters in accordance with *ASA 701 Communicating Key Audit Matters in the Independent Auditor's Report*.
7. The section on 'Information Other than the Financial Report and Auditor's Report Thereon' is customised depending on the nature of the Other Information received and when this information was received. The template provided assumes that the nature of the Other Information is the Operating Report and that it was received on or before the date of the audit report. If there is Other Information that accompanies the financial report in addition to the Operating Report, or if the Operating Report or any additional Other Information was not received on or before the date of the audit report, please refer to the requirements stated in *ASA 720 The Auditor's Responsibilities Relating to Other Information* for example wording.
8. The subheading 'Report on Other Legal and Regulatory Requirements' is only applicable where the auditor includes 'Other reporting responsibilities' in accordance with *ASA 700 Forming an Opinion and Reporting on a Financial Report*. Please delete the 'Report on Other Legal and Regulatory Requirements' section if there is no deficiency, failure or shortcoming to report.
9. Please ensure that the financial statement descriptions used in the Auditor's Report agree with those used in the financial report, for example, 'balance sheet' or 'statement of financial position'.
10. Use of 'Committee of Management' in the model auditor's report represents those charged with governance for the registered organisation, and can be replaced with other descriptors as appropriate for the organisation, for example, 'Council of Management', 'Executive Committee', etc.
11. If the Registered Organisation has not undertaken any recovery of wages activity during the reporting period the auditor's report should state that fact with reference

to the Committee of Management Statement, and no opinion can be provided in relation to recovery of wages activity.

12. Auditors must be registered by the Registered Organisations Commissioner. Your registration number under the RO Act will commence with the letters 'AA'.

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This guidance note is not intended to be comprehensive. It is designed to assist with making an application to the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.