



18 December 2017

Mr Ben Davis
Secretary, Victorian Branch
The Australian Workers' Union

Sent via email:

Dear Mr Davis

Re: – The Australian Workers' Union, Victorian Branch - financial report for year ending 30 June 2017 (FR2017/91)

I refer to the financial report of the Victorian Branch of The Australian Workers' Union. The documents were lodged with the Registered Organisations Commission ('the ROC') on 8 December 2017.

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

You are not required to take any further action in respect of the report lodged. Please note the financial report for the period ending 30 June 2018 may be subject to an advanced compliance review.

Reporting Requirements

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](#).

Please note that 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](#).

Yours faithfully

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

Stephen Kellett
Financial Reporting
Registered Organisations Commission

**STRONGER
TOGETHER**

VICTORIAN BRANCH
685 Spencer Street, West Melbourne VIC 3003
T: (03) 8327 0888 | F: (03) 8327 0899
E: victoria@awu.net.au | W: www.vic.awu.net.au
Call Centre: 1300 362 298
Ben Davis Secretary



**THE AUSTRALIAN WORKER'S UNION
VICTORIAN BRANCH**

SECRETARY'S CERTIFICATE

I, Ben Davis, being the Secretary of The Australian Workers' Union Victorian Branch, do hereby state that the attached documents are copies of operating reports, auditor's report and audited accounts and financial statement for the year ending on the 30th of June 2017, that were:

1. presented to Victorian Branch Executive on 26th September 2017.
2. made available to the membership on 4th October 2017.
3. presented by way of postal ballot to Victorian Branch Executive. The ballot was conducted on 24th November 2017, and closed at 5:00 pm on 1st December 2017. Postal ballot was completed with result in favour of adopting the 2016/2017 Victorian Branch Operating Report, Financial Accounts, Statements and Auditor's Report.

Date 7th December 2017

BEN DAVIS
Secretary

The Australian Workers Union

(Victorian Branch)

**AUDITORS REPORT
FINANCIAL STATEMENT AND NOTES THERETO
FOR THE YEAR ENDED
30 JUNE 2017**

**Operating Report
For the period ended 30 June 2017**

Principal activities and changes

The principal activities of the organisation continued to be those of a registered trade union working for the benefit of its members through negotiating enterprise bargaining agreements, varying Awards, representing members before industrial tribunals, training of delegates and members in Occupational Health and Safety, workplace organising, recruitment and public promotion of the interests of members. There were no significant changes to the activities of the organisation.

Results

The deficit for the financial year amounted to \$1,108,428 (2016: deficit \$82,540).

Review of Operations

A review of operations of the Branch during the Financial Year indicates that a drop in active member numbers has resulted in a reduction in membership contributions. The Branch has net assets of over \$5.08 million, a working capital surplus of some \$2.11 million and generated operating cash flows of negative \$0.748 million. It continues to service its members as required by them, and is assessing ways to grow membership numbers.

Events after the reporting period

The Registered Organisations Commission has been investigating some issues since the Royal Commission into Trade Unions completed. We do not know the outcome of the investigation however the outcome may impact operations of the union.

Future Developments

In the opinion of the Branch Executive, there is not likely to be any future development that will materially affect the Union's operation in subsequent years, except as already disclosed in this report.

Rights of members to resign

AWU Rule 14 – Resigning as a member – provides for resignation of members in accordance with s174 of Schedule 1B of the Fair Work (Registered Organisations) Act 2009.

Membership of Superannuation Scheme

Pursuant to s.254 (2) (d) the Fair Work (Registered Organisations) Act 2009 the following members held office in Superannuation Funds as directors of corporate trustees:-

Davis B.	CBUS (Alternate Director)
O'Brien L.	Prime Super (Director)

Number of Members

Number of persons in register of members: 16,507 (2016: 16,482)

Number of Employees

Number of employees (equivalent full time): 36 (2016: 41)

**Operating Report
For the period ended 30 June 2017**

Names of Members on Branch Executive

The following were members of the Branch Executive as at 30 June 2017:-

Davis B	Pillai P	Burd S	Penn G
Mastrandonakis J	Hayden R	Wood P	Rothville T
O'Brien L	Nasr R	King P	Spear P
Heath C	Sharp J	Lumanovski H	Tacey N
Threlfall-Clarke S	Archer J	Lynn R	Garbett V

During the year the following members ceased to be on the Branch Executive.

Stomps D – resigned 8 July 2016

Dixon H – resigned 26 May 2017

During the year, the following members were appointed to the Branch Executive.

Garbett V – appointed 5 December 2016

Wood P – appointed 27 September 2016

Signed: _____

Ben Davis

Date: _____

26/9/17

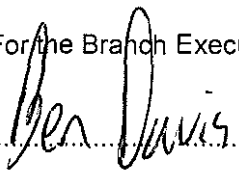
BRANCH EXECUTIVE STATEMENT

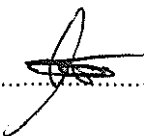
On 26 September, 2017, the Branch Executive of the Australian Workers Union (Victoria Branch) passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 30 June 2017.

The Branch Executive declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Reporting Guidelines of the Commissioner, Registered Organisation Commission and Australian Accounting Standards;
- (b) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (c) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (d) during the financial year to which the general purpose financial report relates and since the end of that year:
 - (i.) meetings of the Branch Executive were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - (ii.) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - (iii.) the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009, and the Fair Work (Registered Organisations) Regulations 2009;
 - (iv.) the information sought in any request of a member of the reporting unit or the Commissioner, Registered Organisations Commission made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission;
 - (v.) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;
 - (vi.) no requests were received from any member of the reporting unit or the Commissioner, Registered Organisations Commission for information under section 272 of the Fair Work (Registered Organisations) Act 2009;
 - (vii.) there have been no orders for inspection of financial records made by the Commissioner, Registered Organisations Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period; and
- (e) In relation to recovery wages activity during the year, the Branch did not participate in any wages recovery activity.

For the Branch Executive


.....


.....

Dated this 26th day of September 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE BRANCH EXECUTIVE OF THE AUSTRALIAN WORKERS UNION**

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2017 there have been:-

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Stannards Accountants & Advisors

Stannards Accountants & Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated *26/11/17*

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2017

	Note	2017 \$	2016 \$
REVENUE			
Membership Contributions		5,536,589	5,835,132
Grants		647,712	681,803
OCC Health & Safety Training		99,240	97,329
Insurance Brokerage Fees & Commissions		647,862	751,990
Sponsorship Income – National Office	10(b)(i)	49,500	49,500
Sponsorship Income - Other		92,000	87,000
Dividends Received		-	-
Director Fees Received		17,415	16,727
AWU Functions		16,236	13,600
Interest		100,818	112,835
Sale of Merchandise		2,573	8,061
Rental Income		5,200	8,150
Other Income		17,009	13,128
Advertising		2,000	6,000
Financial Support – Branches		-	-
Donations – Esso Members		200,000	-
Donations – Fletcher Insulation Members		131,259	-
Capitations		-	-
Compulsory and Voluntary Levies		-	-
Total Revenue		7,565,413	7,681,255
EXPENSES			
Direct Membership Expenses			
AWU Subsidy Transfers	10(b)(i)	607,906	638,262
Affiliation Fees	16	183,196	158,367
Ambulance Claims		213,495	171,267
Legal – Member Services (Litigation)		428,088	315,511
Legal – Member Services (Other Matters)		850,058	87,386
National Office ACTU IR Levy	10(b)(i)	15,552	15,528
Growth Campaign		7,838	7,837
Commission Paid – Delegates		138	163
Commission Paid – Employers for Payroll Deductions		4,401	5,429
Donations	11	10,870	25,754
Printing (Members)		21,696	35,476
Capitations		-	-
Depreciation of Computers		20,885	21,445
Membership Mail-outs		24,327	36,998
Research Expenses		-	36,395
Merchandise Expense		21,207	49,341
AWU Functions & Promotions		201,723	174,889
Bereavement Payments		1,500	1,500
National Contact Centre		42,622	7,028
Total		2,655,502	1,788,576

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2017 (cont'd)

	Note	2017 \$	2016 \$
OH&S Expenses			
Training		53,499	64,377
Total		53,499	64,377
Shop Stewards & Delegates			
Lost Time & Other Expenses		2,296	-
Meeting Expenses – Delegates		18,089	24,207
Delegates Conference		52,565	26,368
National Conference Costs		39,405	-
Protest Expenses		204,743	135
Total		317,098	50,710
Payroll Expenses			
Salaries & Wages	8	3,309,762	3,978,411
Superannuation	8	414,278	447,048
WorkCover Expenses		53,347	29,248
Payroll Tax		161,276	184,072
Fringe Benefits Tax		114,334	72,203
Annual Leave Expense	8	(3,476)	(43,432)
Long Service Leave	8	73,550	(347,939)
Consultancy		54,779	23,184
Casual Employment		250	164
Contractors		42,312	53,331
RDO Expenses		25	-
Total		4,220,437	4,396,290
Training & Tuition			
University Fees		6,868	6,372
Seminar & Conference Costs		12,923	13,733
Training Expenses		50,191	18,962
Recruiting		6,362	2,227
Total		76,344	41,294
Officials			
Accommodation & Meals		64,481	39,663
Air Fares		17,359	24,534
Travel Expenses		781	792
Meeting Expenses		12,789	6,679
National Executive Meeting		7,075	18,279
Parking & Taxis		18,433	19,910
Internet Expenses		10,649	11,197
Total		131,567	121,054

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit and Loss for the year ended 30 June 2017 (cont'd)

	2017	2016
	\$	\$
Motor Vehicle Expenses		
Registration	20,239	17,629
Car Insurance	45,156	38,364
Petrol	126,917	137,324
Services	45,044	53,545
Tyres	13,380	17,962
Motor Vehicle Expense - Other	51,256	50,433
Profit on Realisation of Vehicles	(48,285)	(19,783)
Depreciation Motor Vehicles	226,682	225,383
Total	480,389	520,857
Telephone Expenses		
Telephone - Office	17,603	15,211
Mobile Phones	47,413	68,754
Home Phones	-	477
Service & Equipment Maintenance	9,573	12,354
Total	74,589	96,796
Property Expenses		
Rental	10,176	10,992
Property Rates & Insurance	24,359	26,750
Property Maintenance	20,862	18,933
Depreciation Building & Renovations	45,468	44,597
Deprecation Furniture & Equipment	24,215	31,736
Body Corporate Fees	8,924	2,600
Office Furniture	355	400
Sundry Expenses	78,626	70,130
Total	212,985	206,138
General Expenses		
Advertising & Subscriptions	19,792	8,668
Auditing of Financial Statements	18,400	18,300
Accounting Fees	-	-
Bank Fees & Charges	28,211	26,621
Cleaning	47,874	47,827
Heating and Lighting	26,127	32,355
General Insurance	27,080	29,397
Legal and Professional Fees – Other Matters	17,064	43,375
Staff Amenities	23,200	26,393
Total	207,748	232,936
Office Expenses		
Stationery	5,265	5,557
Postage & Courier	17,941	18,892
Printing	355	2,302
Courier & Freight / Storage	278	729
Copies Charge & Paper	26,827	24,746
Office Rental Equipment	43,650	42,000
Maintenance of Office Equipment	46	291
Computer Maintenance & Support	136,731	138,931
Software Expenses	12,590	11,319
Total	243,683	244,767
Total Expenses	8,673,841	7,763,795
Net Profit/(Loss) for the Period	(1,108,428)	(82,540)

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Comprehensive Income for the Year Ended 30 June 2017

	2017 \$	2016 \$
Profit / (Loss) for the period	(1,108,428)	(82,540)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(1,108,428)	(82,540)
Total comprehensive income attributable to: Members of the organisation	(1,108,428)	(82,540)

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Financial Position as at 30 June 2017

	Note	2017 \$	2016 \$
Current Assets			
Cash and Cash Equivalents	3	3,257,529	4,261,070
Accounts receivable		412,810	241,955
Other assets	4	515,454	540,497
Merchandise on hand - cost		34,233	34,729
Total Current Assets		4,220,026	5,078,251
Non-Current Assets			
National Office – Loan		1,231,180	1,231,180
Shares in other companies		453,744	453,744
Property, Plant and Equipment	5	1,312,552	1,325,603
Total Non-Current Assets		2,997,476	3,010,527
Total Assets		7,217,502	8,088,778
Current Liabilities			
Trade Creditors		649,326	447,442
Accruals		165,827	198,947
Employee Entitlements	6	1,297,463	1,126,797
Total Current Liabilities		2,112,616	1,773,186
Non-Current Liabilities			
Employee Entitlements	6	22,315	124,593
Total Non-Current Liabilities		22,315	124,593
Total Liabilities		2,134,931	1,897,779
Net Assets		5,082,571	6,190,999
Equity			
Accumulated Funds	7	5,082,571	6,190,999
Total Equity		5,082,571	6,190,999

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Changes in Equity for the Year Ended 30 June 2017

	2017 \$	2016 \$
Accumulated Funds – Beginning of Year	6,190,999	6,273,539
Profit / (Loss) for the Period	(1,108,428)	(82,540)
Other Comprehensive Income for the year	-	-
Total Accumulated Funds – End of Period	5,082,571	6,190,999

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Cash Flows for the Year Ended 30 June 2017

	Note	2017 Inflows/ (Outflows) \$	2016 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contribution from Membership Fees		5,567,935	5,819,989
Receipts from Other Activities		1,757,151	1,569,801
Interest Received		100,818	112,835
Receipts from National Office, Other Branches & Related Parties		115,466	163,487
Payments to National Office		(829,077)	(840,584)
Payments to Other Branches/Related Parties		(4,383)	(9,480)
Payments to Suppliers and Employees		(7,455,537)	(7,041,588)
Net Cash Provided by Operating Activities	9(b)	(747,627)	(225,540)
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(371,278)	(393,657)
Proceeds from the Disposal of Motor Vehicles & Computers		115,364	119,363
Net Cash Provided by/(Used in) Operating Activities		(255,914)	(274,294)
Net Increase in Cash and Cash Equivalents		(1,003,541)	(499,834)
Cash and Cash Equivalents at Beginning of Year		4,261,070	4,760,904
Cash and Cash Equivalents at End of Year	9(a)	3,257,529	4,261,070

The accompanying notes form part of this Financial Report

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

1. Statement of Significant Accounting Policies

This significant policies which have been adopted in the preparation of these financial statements are:

a. Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Regulations 2009 and Fair Work (Registered Organisations) Act 2009.

The financial report of the Union covers it as an individual 'not for profit' entity. It complies with Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

In accordance with generally accepted accounting principles for these types of organisations, the financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

Cost is based on fair values of consideration given in exchange for assets.

The accounting policies set out below have been consistently applied, unless otherwise stated.

b. Income Tax

The Union is registered under the Fair Work (Registered Organisations) Act 2009 and, is believed to be exempt from income tax including capital gains tax, by virtue of the provisions of s.50-1 of the Income Tax Assessment Act 1997. It still has an obligation for fringe benefits tax and goods and services tax.

c. Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation is calculated using the prime cost and diminishing value methods and is brought to account over the estimated economic lives of all buildings, motor vehicles, computer equipment, furniture and fittings. Depreciation rates applied are:

	2017 & 2016
Buildings	2.5%
Furniture & Fixtures	20%
Computer Equipment	20%
Motor Vehicles	20%
Renovation & Capital Works	10%

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

d. Employee Entitlements

Short-term employee benefits

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

Long-term employee benefits

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

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

Superannuation

Contributions are made by the Union to employee superannuation funds and are expensed when incurred. The Union is not obliged to contribute to these funds other than to meet its liabilities under the superannuation guarantee system and is under no obligation to make up any shortfall in the funds' assets to meet payments due to employees.

The number of full-time equivalent employees at 30 June 2017 was 36 (2016: 41).

e. Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accrual basis.

Interest revenue is recognised on an accrual basis.

Revenue arising from the disposal of non-current assets is recognised when the organisation and the buyer are both committed to a contract.

f. Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

g. Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

h. Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Union assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit and Loss.

i. Fair Value of Assets and Liabilities

The Union 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 Union 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.

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 entity 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).

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 instruments, 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.

j. Leases

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

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the Union will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

k. Operating Segment

The Union is incorporated under the Fair Work (Registered Organisations) Act 2009 and domiciled in Australia.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

I. Critical Accounting Estimates and Judgements

The Branch Executive evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Key Estimates – Impairment

The Union assesses impairment at each reporting date by evaluating conditions specific to it that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined and reflected in the Financial Report.

m. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Branch, together with an assessment of the potential impact of such pronouncements on the Branch when adopted in future periods, are discussed below:

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

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

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

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

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2016-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

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

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

m. New Accounting Standards for Application in Future Periods (cont'd)

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

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

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

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

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

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

The main changes introduced by the new Standard include:

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

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Branch Executive anticipate that the adoption of AASB 16 will impact the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

m. New Accounting Standards for Application in Future Periods (cont'd)

AASB 2014-10: Amendments to Australian Accounting Standards – *Sale of Contribution of Assets between an investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3: *Business Combinations* to an associate or joint venture, and requires that:

- A gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- The remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- Any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture.
- The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor’s interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the Branch Executive anticipate that the adoption of AASB 2014-10 may have an impact on the Union’s financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

2. Information to be provided to Members or The Commissioner, Registered Organisations Commission

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-sections (1), (2) and (3) of Section 272 which reads as follows:-

- (1) A Member of an organisation, or the Commissioner, Registered Organisations Commission, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

	2017	2016
	\$	\$
3. Cash and Cash Equivalents		
Cash at Bank – General operating accounts	126,501	290,666
Cash at Bank – Long service leave accounts	3,130,573	3,969,969
Petty Cash	455	435
	<u>3,257,529</u>	<u>4,261,070</u>
4. Other Assets		
Subscriptions outstanding	416,464	447,810
Prepayments	98,990	92,687
	<u>515,454</u>	<u>540,497</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

5. Property, Plant and Equipment

	2017 \$	2016 \$
Land & Buildings		
At Cost	347,622	347,622
Less: Accumulated Depreciation	(40,793)	(34,433)
	306,829	313,189
Furniture & Fixtures		
At Cost	545,293	523,854
Less: Accumulated Depreciation	(501,914)	(477,699)
	43,379	46,155
Computer Equipment		
At Cost	342,618	330,728
Less: Accumulated Depreciation	(288,383)	(272,565)
	54,235	58,163
Motor Vehicles		
At Cost	1,158,987	1,174,189
Less: Accumulated Depreciation	(460,014)	(514,337)
	698,973	659,852
Renovation & Capital works		
At Cost	391,023	391,023
Less: Accumulated Depreciation	(181,887)	(142,779)
	209,136	248,244
Total Property, Plant and Equipment	1,312,552	1,325,603

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current period.

2017	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	313,189	46,155	58,163	659,852	248,244	1,325,603
Additions	-	21,439	21,218	328,621	-	371,278
Disposals	-	-	(4,261)	(62,818)	-	(67,079)
Depreciation expense	(6,360)	(24,215)	(20,885)	(226,682)	(39,108)	(317,250)
Carrying amount at end of period	306,829	43,379	54,235	698,973	209,136	1,312,552

2016	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	319,549	64,493	51,261	642,095	277,289	1,354,687
Additions	-	13,398	35,108	335,959	9,192	393,657
Disposals	-	-	(6,761)	(92,819)	-	(99,580)
Depreciation expense	(6,360)	(31,736)	(21,445)	(225,383)	(38,237)	(323,161)
Carrying amount at end of period	313,189	46,155	58,163	659,852	248,244	1,325,603

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

5. Property, Plant and Equipment (cont'd)

The Branch holds two properties in country Victoria.

	Balance at 30 June 2017 \$	Balance at 30 June 2016 \$
Portland (103-111 Percy Street)		
- Cost	99,536	99,536
Sale (3/396 Raymond Street)		
- Cost	248,086	248,086
	347,622	347,622
Less: Depreciation of Buildings	40,793	34,433
	306,829	313,189

Under the rules of the Union, other properties are registered in the name of the National Executive in Sydney.

6. Provisions

	2017 \$	2016 \$
Current:-		
Annual Leave	287,696	292,858
Long Service Leave	1,009,767	833,939
	1,297,463	1,126,797
Non-Current:-		
Long Service Leave	22,315	124,593
	22,315	124,593
Total	1,319,778	1,251,390

Of the amounts owing above, they are payable as follows:-

	Holders of Office		Employees		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Annual Leave	69,140	72,027	218,555	220,831	287,695	292,858
Long Service Leave	445,096	401,611	586,987	556,921	1,032,083	958,532
Separation and Redundancies	-	-	-	-	-	-
Other Employee Provisions	-	-	-	-	-	-
Total	514,236	473,638	805,542	777,752	1,319,778	1,251,390

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

6. Provisions (cont'd)

Employee Provisions

Employee provisions represent amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Union does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Union does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision (if any) includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

7. Equity	2017	2016
	\$	\$
Accumulated Funds		
Balance at beginning of period	6,190,999	6,273,539
Net (loss)/profit for period	(1,108,428)	(82,540)
Other Comprehensive Income for the period	-	-
Balance at end of period	<u>5,082,571</u>	<u>6,190,999</u>
Total Equity	<u>5,082,571</u>	<u>6,190,999</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017 (cont'd)

8. Employee Benefits

Employee benefits paid/accrued during the period

	Holders of Office		Employees		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Wages and salaries	581,287	596,644	2,552,790	2,658,815	3,134,077	3,255,459
Superannuation	73,804	94,526	340,474	352,522	414,278	447,048
Leave and other entitlements	40,598	(276,955)	29,476	(114,416)	70,074	(391,371)
Separation and redundancies	-	522,667	160,724	180,085	160,724	702,752
Other employee expenses	774	15,592	14,187	4,608	14,961	20,200
Total	696,463	952,474	3,097,651	3,081,614	3,794,114	4,034,088

9. Cash Flow Information

	2017	2016
	\$	\$
a. Reconciliation of Cash		
Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:-		
Cash at Bank	3,257,074	4,260,635
Cash on Hand	455	435
	<u>3,257,529</u>	<u>4,261,070</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net (Loss)/Profit before Tax</u>	<u>(1,108,428)</u>	<u>(82,540)</u>
<u>Non Cash Items</u>		
Depreciation	317,250	323,161
(Profit)/Loss on disposal	(48,285)	(19,783)
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Accounts receivable	(170,855)	(1,821)
(Increase)/Decrease in Other assets	25,043	(43,694)
(Increase)/Decrease in Merchandise on hand	496	(11,691)
(Increase)/Decrease in National Office – Long Service Leave Debt	-	-
Increase/(Decrease) in Trade Creditors	201,884	54,710
Increase/(Decrease) in Accruals	(33,120)	(31,590)
Increase/(Decrease) in Provisions	68,388	(412,292)
<u>Net Cash Provided by/(used in) Operating Activities</u>	<u>(747,627)</u>	<u>(225,540)</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017 (cont'd)

10. Related Party Information

(a) Remuneration of Key Officers during the year was as follows:-

Short-term Remuneration		Post-Employment Benefits		Other Benefits	
2017	2016	2017	2016	2017	2016
\$	\$	\$	\$	\$	\$
297,382	300,151	35,265	35,647	385	390

Key officers comprised – B Davis, L O'Brien, J Mastrandonakis.

No share based payments were received by any officer this year (2016: \$nil).

The officeholders received no 'non cash' benefits (2016: \$nil), except as disclosed above. No officeholder of the Union during the year and/or prior year had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

No officeholder or officer of the Union (this year or last year) received and/or kept any remuneration in their own name because they were a member of, or held position with a Board or other organisation because :-

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Union; or
- ii) They were nominated for the position by the Union; or
- iii) They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Union.

(b) Transactions between the state branch and other branches (all on normal commercial terms and conditions):-

(i) National Office

	2017	2016
	\$	\$
Subsidy	607,906	638,262
IR Levy	15,552	15,528
Legal	17,064	58,745
OHS	18,065	14,954
Call Centre	42,622	7,028
Other	136,628	129,767
Sponsorship	(49,500)	(49,500)
Sundry Income	(8,412)	(8,123)

(ii) Other Branches (Sundry Charges)

	2017	2016
	\$	\$
Queensland Branch	748	-
New South Wales Branch	2,010	2,523
South Australia Branch	1,959	-
Western Australia Branch	44	-

(iii) During the year, transactions between the Branch and officeholders or their associates were all on normal commercial terms and conditions and amounted to \$1,400 (2016: \$1,225). Further, delegates received sitting fees for Branch Committee attendances of \$nil (2016: \$2,900).

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017 (cont'd)

10. Related Party Information

(iv) During the year dividends of \$nil (2016: \$nil) and commission fees of \$57,155 (2016: \$96,472) were received from Chifley Financial Services. In addition, insurance premiums of \$nil (2016: \$3,747) were paid to Chifley Financial Services.

(c) Related party balances at year end:-

Amounts receivable/(payable) at reporting date – other branches

	2017	2016
	\$	\$
National Office	(37,801)	(29,042)
Queensland Branch	-	-
New South Wales Branch	(378)	-
South Australia Branch	-	-
Western Australia Branch	-	-
Chifley Financial Services	-	-
	<u>(38,179)</u>	<u>(29,042)</u>

National Office

Carrying amount at beginning of the year	(29,042)	1,850
Sponsorship income	49,500	49,500
Subsidy charges	(607,906)	(638,262)
Levy charges	(15,552)	(15,528)
Legal fees - Other	(17,064)	-
Legal fees – Royal Commission	-	(58,745)
OHS Consultant	(18,065)	(14,954)
Call Centre	(42,622)	(7,028)
Sundry Income	8,412	8,123
Sundry charges	(136,628)	(129,767)
Receipts	(57,911)	(64,815)
Payments made	829,077	840,584
Carrying amount at end of the year	<u>(37,801)</u>	<u>(29,042)</u>

Queensland Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(748)	-
Payments made	748	-
Carrying amount at end of the year	<u>-</u>	<u>-</u>

New South Wales Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(2,010)	(2,523)
Payments made	1,632	2,523
Carrying amount at end of the year	<u>(378)</u>	<u>-</u>

South Australia Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(1,959)	-
Payments made	1,959	-
Carrying amount at end of the year	<u>-</u>	<u>-</u>

Western Australia Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(44)	-
Payments made	44	-
Carrying amount at end of the year	<u>-</u>	<u>-</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017 (cont'd)

10. Related Party Information (Cont'd)

Related party balances at year end:-

Amounts receivable/(payable) at reporting date – other branches

	2017	2016
	\$	\$
Chifley Financial Services		
Carrying amount at beginning of the year	-	(2,872)
Sponsorship	-	-
Sundry income	400	2,200
Insurance charges	-	(3,747)
Commission fees	57,155	96,472
Sundry charges	-	(338)
Payments made	-	6,957
Receipts	(57,555)	(98,672)
Carrying amount at end of the year	-	-

(d) The loan owing by the National Office (\$1,231,180) is interest free and unsecured.

11. Donations

	2017	2016
	\$	\$
Political Party	995	22,388
Other	9,875	3,366
	<u>10,870</u>	<u>25,754</u>
Grants < \$1,000	-	-
Grants >= \$1,000	-	-
Donations < \$1,000	4,870	7,754
Donations >= \$1,000	6,000	18,000
	<u>10,870</u>	<u>25,754</u>

12. Segment Reporting

The Union provides services to members employed in the manufacturing, steel, aluminium, glass, oil & gas, aviation, agriculture, construction, state public services, plastics, hospitality, food, paper, resources, aquaculture, events and racing industries within Australia.

13. Union's Details

The principal place of business of the Union is:

685 Spencer Street
WEST MELBOURNE VIC 3003

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017 (cont'd)**

14. Financial Instruments

a. Financial Risk Management

The entity's financial instruments consist of deposits with banks, bills and securities, short-term investments, accounts receivables and payable.

The entity does not have any derivative instruments at 30 June 2017 (2016: \$nil).

The purpose of the financial instruments is to finance the operations of the entity.

i Treasury Risk Management

The Branch Executive meets on a regular basis to analyse interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii Financial Risk

The main risks the entity is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk. The entity is not exposed to fluctuations in foreign currency.

Liquidity Risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2017

14. Financial Instruments (cont'd)

Interest Rate Risk

The Union's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised are as follows:

Financial Instruments	Floating Interest Rate		Fixed Interest Rate maturing in: less than 1 year		Fixed Interest Rate maturing in: 1 year or more		Non-Interest Bearing		Total Carrying Amount as per Statement of Financial Position		Weighted Average Effecting Interest Rate	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	3,257,074	4,260,635	-	-	-	-	455	435	3,257,529	4,261,070	2.0	2.9
Receivables	-	-	-	-	-	-	412,810	241,955	412,810	241,955	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	515,454	540,497	515,454	540,497	n/a	n/a
Total	3,257,074	4,260,635	-	-	-	-	928,719	782,887	4,185,793	5,043,522		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Payables	-	-	-	-	-	-	815,153	646,389	815,153	646,389	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	-	-	-	-	815,153	646,389	815,153	646,389		
Net Financial Assets/(Liabilities)	3,257,074	4,260,635	-	-	-	-	113,566	136,498	3,370,640	4,397,133		

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

14. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2017 is estimated at \$nil (2016: \$nil). The net fair value of the Union's other financial assets and financial liabilities are not expected to be significantly different from the class of assets and liabilities as disclosed above and recognised in the statement of financial position as at 30 June 2017.

c. Sensitivity Analysis

Interest rate risk

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current period results and equity which could result from a change in this risk.

Interest rate sensitivity analysis

At 30 June 2017, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2017 \$	2016 \$
Change in profit		
Increase in interest rate by 2%	65,141	85,213
Decrease in interest rate by 2%	(65,141)	(85,213)
Change in equity		
Increase in interest rate by 2%	65,141	85,213
Decrease in interest rate by 2%	(65,141)	(85,213)

d. Past due receivables

There were receivables past their due by date at 30 June 2017 totalling \$375 which is in the process of being collected subsequent to 30 June 2017. Hence no impairment provision was recorded.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

15. Fair Value Measurement

The Union measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Union 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	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the 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. 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 Union 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 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.

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 Union 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.

Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017

15. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

Recurring fair value measurements	30 June 2017			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	453,744	-	453,744
Total financial assets recognised	-	453,744	-	453,744
<i>Non-financial assets</i>				
Freehold land & buildings	-	306,829	-	313,189
Total non-financial assets recognised	-	306,829	-	313,189

Recurring fair value measurements	30 June 2016			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	453,744	-	453,744
Total financial assets recognised at fair value	-	453,744	-	453,744
<i>Non-financial assets</i>				
Freehold land & buildings	-	313,189	-	313,189
Total non-financial assets recognised at fair value	-	313,189	-	313,189

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

Description	Fair Value at 30 June 2017 \$	Valuation Technique(s)	Inputs Used
Available for sale financial assets	\$453,744	Income approach using discounted cash flow methodology	Price per share, market yield
<i>Non-financial assets</i> Freehold land & buildings	\$306,829	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre, borrowing rate

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

15. Fair Value Measurement (cont'd)

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- lease liabilities.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation techniques(s) and inputs used:

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Assets</i> Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
<i>Liabilities</i> Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Lease liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

16. Affiliation Fees	2017	2016
	\$	\$
South West Trades & Labour Council	1,500	1,125
Ballarat Regional Trades & Labour Council	2,000	-
Australian Labour Party Victorian Branch	88,896	96,412
Victorian Trades Hall Council	83,200	53,350
Bendigo Trades Hall Council	1,080	1,080
Geelong & Region Trades & Labour Council	3,675	3,645
Sunraysia Trades & Labour Council	1,300	1,300
Gippsland Trade & Labour Council	1,545	1,455
	<u>183,196</u>	<u>158,367</u>

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2017**

17. Other Disclosures

The Union did not receive financial support from any other reporting unit during the year, nor did it provide such financial support in terms of continuation as a going concern. Except as disclosed in the Statement of Profit and Loss, there were no expenses in connection with holding meetings of members of the Union and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible.

There was no restructuring or amalgamation of the Branch with any other reporting entity during the year.

At the end of the reporting period, \$315,703 (2016: \$77,035) of legal fees were included in creditors and accruals. These legal fees (2017) are related to litigation (\$79,432) and other matters (\$236,271). There were no unpaid commissions for employer payroll deductions at the end of the reporting date (2016: \$nil).

There were no compulsory or voluntary levies, fees and allowances or grants paid by the Union (2016: \$nil) except as already disclosed in this report. There were no penalties paid via the RO Act or Regulations this year (2016: \$nil).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE AUSTRALIAN WORKERS UNION
(VICTORIAN BRANCH)**

Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying general purpose financial report of the Branch, which comprises the statement of financial position as at 30 June, 2017, the statement of profit or loss, the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the Branch Executive Statement.

In our opinion under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a) Australian Accounting Standards, and Australian Accounting Interpretations;
- b) in relation to recovery of wages activity;
 - (i) that the scope of the audit encompassed recovery of wages activity
 - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of the Commissioner, Registered Organisations Commission, including;
 1. Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 2. Any donations or other contributions deducted from recovered money; and
- c) Any other requirements imposed by these Reporting Guidelines or the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

As part of our audit of the organisation for the year ended 30 June 2017, we are of the opinion that the Branch Executive's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility 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 independence requirements of Corporations Act 2001 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 responsibilities in accordance with the Code.

We confirm that the independence declaration by the *Corporations Act 2001*, which has been given to the Branch Executive, would be in the same terms if given to the Branch Executive as at the time of this auditor's report.

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

INDEPENDENT AUDIT REPORT (Cont'd)

Branch Executive Responsibility for the Financial Report

The Branch Executive are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission. This responsibility includes establishing and maintaining internal controls relevant to the preparation and true and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are responsible in the circumstances.

In preparing the financial report, the Branch Executive 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 the Branch Executive either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Branch's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing 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 Branch Executive.
- Conclude on the appropriateness of the Branch Executive'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.

**INDEPENDENT AUDIT REPORT
(Cont'd)**

- 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 business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.


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

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

From the matters communicated with the Branch Executive, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We can describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.


Stannards Accountants and Advisors


Michael Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated: 26/4/17