



20 December 2018

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

Dear Mr Davis

Re: – Financial reporting – The Australian Workers' Union, Victorian Branch - for year ending 30 June 2018 (FR2018/87)

I acknowledge receipt of the financial report of the Victorian Branch of the Australian Workers' Union in respect of the year ending 30 June 2018. The documents were lodged with the Registered Organisations Commission ('the ROC') on 30 November 2018.

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

Please note the report for year ending 30 June 2019 may be subject to an advanced compliance review.

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

Audit scope to include subsection 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) and as described by reporting guideline 22. The subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 Forming an Opinion and Reporting on a Financial Report.

A subsection 255(2A) report was included in the copy of the documents lodged with the ROC but the auditor did not refer to it in the audit report.

Nil activity disclosures

Item 21 of the reporting guidelines states that if any activities within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement. The financial statements and notes included nil activity information for all relevant prescribed categories not otherwise actively reported except:

- RG20 - make a payment to a former related party of the reporting unit

Key management personnel compensation – names not required

Note 11(a) on page 24 discloses information which is additional to the key management personnel compensation information required by Australian Accounting Standard *AASB 124 Related Party*

Disclosures (paragraph 17). The additional information consists of the names of those individuals who meet the definition of key management personnel. As this information goes beyond the requirements of AASB 124 and due to the nature of the disclosure, the ROC has decided to redact this information from its copy of the 2018 financial report before publishing it on its website.

Reporting Requirements

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

Yours faithfully

A handwritten signature in black ink, appearing to read "Stephen Kellett", with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

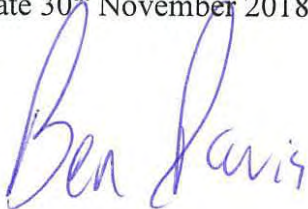
THE AUSTRALIAN WORKER'S UNION VICTORIAN BRANCH

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 2018, that were:

1. presented to Victorian Branch Executive on 27th September 2018.
2. made available to the membership on 8th October 2018.
3. presented by way of postal ballot to Victorian Branch Executive. The ballot was conducted on 16th November 2018, and closed at 5:00 pm on 20th November 2018. Postal ballot was completed with result in favour of adopting the 2017/2018 Victorian Branch Operating Report, Financial Accounts, Statements and Auditor's Report.

Date 30th November 2018



BEN DAVIS
Secretary

The Australian Workers Union

(Victorian Branch)

**AUDITORS REPORT
FINANCIAL STATEMENT AND NOTES THERETO
FOR THE YEAR ENDED
30 JUNE 2018**

**Operating Report
For the period ended 30 June 2018**

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 \$106,132 (2017: deficit \$1,108,428).

Review of Operations

The Branch has net assets of \$4.98 million, a working capital surplus of some \$2.17 million and generated operating cash flows of \$0.076 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: 15,334 (2017: 16,507)

Number of Employees

Number of employees (equivalent full time): 38 (2017: 36)

**Operating Report
For the period ended 30 June 2018**

Names of Members on Branch Executive

The following were members of the Branch Executive as at 30 June 2018: -

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
			Keys, J

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

Bellaart, D – resigned 20 March 2018

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

Keys, J – elected 7 June 2018

Signature of designated officer: 

Name and title of designated officer: 

Dated: 

BRANCH EXECUTIVE STATEMENT

On 27th September, 2018, 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 2018.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the Branch Executive were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) in relation to recovery of wage activity, there has been no recovery of wage activities during the year.

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

Signature of designated officer: Ben Davis

Name and title of designated officer: BEN DAVIS - AWU VICTORIAN BRANCH SECRETARY

Dated: 27/9/18

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 2018 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



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2018/45)

Dated 27/4/18

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

**Expenditure Report
for the year ended 30 June 2018**

The Branch Executive presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2018.

	Note	2018 \$	2017 \$
CATEGORIES OF EXPENDITURE			
Remuneration and other employment-related costs and Expenses - employees		3,604,279	3,794,114
Advertising and Subscriptions		12,989	19,792
Operating Costs		3,356,223	3,563,736
Donations to Political Parties		11,683	995
Legal Costs		490,425	1,295,210
Total		7,475,599	8,673,847

Signature of designated officer: *Ben Davis*

Name and title of designated officer: *BEN DAVIS*
AWU VICTORIAN
BRANCH SECRETARY

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit or Loss for the year ended 30 June 2018

	Note	2018 \$	2017 \$
REVENUE			
Membership Contributions		5,682,538	5,536,589
Grants		647,713	647,712
OCC Health & Safety Training		116,776	99,240
Insurance Brokerage Fees & Commissions		611,167	647,862
Sponsorship Income – National Office	11(b)(i)	49,500	49,500
Sponsorship Income – Other		97,000	92,000
Dividends Received		49	-
Director Fees Received		37,788	17,415
AWU Functions		20,018	16,236
Interest		78,433	100,818
Sale of Merchandise		6,745	2,573
Rental Income		5,200	5,200
Other Income		10,000	17,009
Advertising		-	2,000
Financial Support – Branches		-	-
Donations – Esso Members		6,105	200,000
Donations – Fletcher Insulation Members		435	131,259
Capitations		-	-
Compulsory and Voluntary Levies		-	-
Total Revenue		7,369,467	7,565,413
EXPENSES			
Direct Membership Expenses			
AWU Subsidy Transfers	11(b)(i)	624,661	607,906
Affiliation Fees	17	185,201	183,196
Ambulance Claims		176,490	213,495
Legal – Member Services (Litigation)		133,982	428,088
Legal – Member Services (Other Matters)		226,082	850,058
National Office ACTU IR Levy	11(b)(i)	-	15,552
Growth Campaign		6,809	7,838
Commission Paid – Delegates		142	138
Commission Paid – Employers for Payroll Deductions		4,284	4,401
Donations	12	16,873	10,870
Printing (Members)		16,937	21,696
Capitations		-	-
Depreciation of Computers		17,933	20,885
Membership Mail-outs		10,798	24,327
Research Expenses		-	-
Merchandise Expense		27,935	21,207
AWU Functions & Promotions		189,199	201,723
Bereavement Payments		-	1,500
National Contact Centre		44,892	42,622
Total		1,682,218	2,655,502

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit or Loss for the year ended 30 June 2018 (cont'd)

	Note	2018 \$	2017 \$
OH&S Expenses			
Training		28,979	53,499
Total		28,979	53,499
Shop Stewards & Delegates			
Lost Time & Other Expenses		292	2,296
Meeting Expenses – Delegates		35,742	18,089
Delegates Conference		27,053	52,565
National Conference Costs		166	39,405
Protest Expenses		200,890	204,743
Sponsorship Expenses		800	-
Total		264,943	317,098
Payroll Expenses			
Salaries & Wages	9	3,148,623	3,309,762
Superannuation	9	407,680	414,278
WorkCover Expenses		32,948	53,347
Payroll Tax		150,999	161,276
Fringe Benefits Tax		105,263	114,334
Annual Leave Expense	9	(5,525)	(3,476)
Long Service Leave	9	53,501	73,550
Consultancy		39,390	54,779
Casual Employment		-	250
Contractors		41,726	42,312
RDO Expenses		212	25
Total		3,974,817	4,220,437
Training & Tuition			
University Fees		3,455	6,868
Seminar & Conference Costs		11,080	12,923
Training Expenses		20,354	50,191
Recruiting		1,782	6,362
Total		36,671	76,344
Officials			
Accommodation & Meals		51,636	64,481
Air Fares		16,671	17,359
Travel Expenses		1,022	781
Meeting Expenses		3,772	12,789
National Executive Meeting		8,096	7,075
Parking & Taxis		17,563	18,433
Internet Expenses		10,947	10,649
Total		109,707	131,567

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Profit or Loss for the year ended 30 June 2018 (cont'd)

	2018	2017
	\$	\$
Motor Vehicle Expenses		
Registration	22,064	20,239
Car Insurance	39,989	45,156
Petrol	135,804	126,917
Services	43,234	45,044
Tyres	9,876	13,380
Motor Vehicle Expense - Other	49,125	51,256
Profit on Realisation of Vehicles	(7,278)	(48,285)
Depreciation Motor Vehicles	220,347	226,682
Total	513,161	480,389
Telephone Expenses		
Telephone - Office	16,450	17,603
Mobile Phones	39,492	47,413
Home Phones	-	-
Service & Equipment Maintenance	11,266	9,573
Total	67,208	74,589
Property Expenses		
Rental	10,741	10,176
Property Rates & Insurance	25,486	24,359
Property Maintenance	16,397	20,862
Depreciation Building & Renovations	45,468	45,468
Deprecation Furniture & Equipment	18,778	24,215
Body Corporate Fees	4,276	8,924
Office Furniture	236	355
Sundry Expenses	84,405	78,626
Total	205,787	212,985
General Expenses		
Advertising & Subscriptions	12,989	19,792
Auditing of Financial Statements	18,400	18,400
Accounting Fees	-	-
Bank Fees & Charges	28,529	28,211
Cleaning	50,033	47,874
Heating and Lighting	28,249	26,127
General Insurance	32,140	27,080
Legal Fees (ROC)	130,361	17,064
Staff Amenities	21,444	23,200
Total	322,145	207,748
Office Expenses		
Stationery	4,717	5,265
Postage & Courier	16,394	17,941
Printing	3,275	355
Courier & Freight / Storage	143	278
Copies Charge & Paper	21,520	26,827
Office Rental Equipment	43,981	43,650
Maintenance of Office Equipment	462	46
Computer Maintenance & Support	167,958	136,731
Software Expenses	11,513	12,590
Total	269,963	243,683
Total Expenses	7,475,599	8,673,841
Net Profit/(Loss) for the Year	(106,132)	(1,108,428)

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 2018

	2018	2017
	\$	\$
Profit / (Loss) for the period	(106,132)	(1,108,428)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(106,132)	(1,108,428)
Total comprehensive income attributable to: Members of the organisation	(106,132)	(1,108,428)

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Financial Position as at 30 June 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash and Cash Equivalents	4	3,186,579	3,257,529
Accounts receivable		214,530	412,810
Other assets	5	554,470	515,454
Merchandise on hand - cost		27,914	34,233
Total Current Assets		3,983,493	4,220,026
Non-Current Assets			
National Office – Loan		1,231,180	1,231,180
Investment - unlisted		23,831	-
Shares in other companies		453,744	453,744
Property, Plant and Equipment	6	1,140,657	1,312,552
Total Non-Current Assets		2,849,412	2,997,476
Total Assets		6,832,905	7,217,502
Current Liabilities			
Trade Creditors		375,137	649,326
Accruals		112,045	165,827
Employee Entitlements	7	1,331,005	1,297,463
Total Current Liabilities		1,818,187	2,112,616
Non-Current Liabilities			
Employee Entitlements	7	38,279	22,315
Total Non-Current Liabilities		38,279	22,315
Total Liabilities		1,856,466	2,134,931
Net Assets		4,976,439	5,082,571
Equity			
Accumulated Funds	8	4,976,439	5,082,571
Total Equity		4,976,439	5,082,571

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 2018

	2018 \$	2017 \$
Accumulated Funds – Beginning of Year	5,082,571	6,190,999
Profit / (Loss) for the Period	(106,132)	(1,108,428)
Other Comprehensive Income for the year	-	-
Total Accumulated Funds – End of Year	4,976,439	5,082,571

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 2018

	Note	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contribution from Membership Fees		5,662,927	5,567,935
Receipts from Other Activities		1,704,206	1,757,151
Interest Received		78,433	100,818
Receipts from National Office, Other Branches & Related Parties		145,150	115,466
Payments to National Office		(998,845)	(829,077)
Payments to Other Branches/Related Parties		(42,580)	(4,383)
Payments to Suppliers and Employees		(6,473,057)	(7,455,537)
Net Cash Provided by Operating Activities	10(b)	76,234	(747,627)
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(165,172)	(371,278)
Proceeds from the Disposal of Motor Vehicles & Computers		41,819	115,364
Payment for Investment		(23,831)	-
Net Cash Provided by/(Used in) Operating Activities		(147,184)	(255,914)
Net Increase in Cash and Cash Equivalents		(70,950)	(1,003,541)
Cash and Cash Equivalents at Beginning of Year		3,257,529	4,261,070
Cash and Cash Equivalents at End of Year	10(a)	3,186,579	3,257,529

The accompanying notes form part of this Financial Report

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

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

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

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

The financial report covers Australian Workers Union – Victorian Branch as an Individual entity and is incorporated in Victoria under the Fair Work (Registered Organisations) Act 2009.

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:

	2018
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 2018**

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 2018 was 38 (2017: 36).

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 2018**

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 (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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 2018

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

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The Committee of Management have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out 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 entity 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 Committee of Management anticipates that the adoption of AASB 9 may have an impact on the entity's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*.

AASB 2014-7: (issued December 2014) gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: *Financial Instruments (December 2014)*. More significantly, additional disclosure requirements have been added to AASB 7: *Financial Instruments: Disclosure regarding credit risk exposures of the entity*. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

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

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

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

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

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

- new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as "peppercorn leases") principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058;
- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of 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 Committee of Management anticipates that the adoption of AASB 16 will impact the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019).

This Standard is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related amount being contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the entity satisfies its obligations under the transfer.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

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

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004: *Contributions*.

Although the Committee of Management anticipates that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impractical at this stage to provide a reasonable estimate of such impact.

- AASB 2016-8: *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*.

AASB 2016-8 (issued December 2016) inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9: *Financial Instruments* and AASB 15: *Revenue from Contracts with Customers* as a consequence of AASB 1058: *Income of Not-for-Profit Entities* (refer to [1-0900]).

AASB 2016-8 mandatorily applies to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, provided AASB 1058 is applied for the same period.

This pronouncement is not expected to impact the Branch.

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-section (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).

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

3. Fund Analysis

For the financial year ended 30 June 2018, there was no applicable fund or account operated in respect of compulsory levies, voluntary contributions or required by the rules of the Branch; and

- there was no transfer and/or withdrawal from a fund, account, asset or controlled entity which is kept for a specific purpose.

	2018	2017
	\$	\$

4. Cash and Cash Equivalents

Cash at Bank – General operating accounts	197,608	126,501
Cash at Bank – Long service leave accounts	2,988,641	3,130,573
Petty Cash	330	455
	<hr/> 3,186,579	<hr/> 3,257,529

5. Other Assets

Subscriptions outstanding	436,075	416,464
Prepayments	118,395	98,990
	<hr/> 554,470	<hr/> 515,454

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

6. Property, Plant and Equipment

	2018 \$	2017 \$
Land & Buildings		
At Cost	347,622	347,622
Less: Accumulated Depreciation	(47,153)	(40,793)
	300,469	306,829
Furniture & Fixtures		
At Cost	561,505	545,293
Less: Accumulated Depreciation	(520,692)	(501,914)
	40,813	43,379
Computer Equipment		
At Cost	342,490	342,618
Less: Accumulated Depreciation	(304,331)	(288,383)
	38,159	54,235
Motor Vehicles		
At Cost	1,151,719	1,158,987
Less: Accumulated Depreciation	(560,531)	(460,014)
	591,188	698,973
Renovation & Capital works		
At Cost	391,023	391,023
Less: Accumulated Depreciation	(220,995)	(181,887)
	170,028	209,136
Total Property, Plant and Equipment	1,140,657	1,312,552

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

2018	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	306,829	43,379	54,235	698,973	209,136	1,312,552
Additions	-	16,212	2,650	146,310	-	165,172
Disposals	-	-	(793)	(33,748)	-	(34,541)
Depreciation expense	(6,360)	(18,778)	(17,933)	(220,347)	(39,108)	(302,526)
Carrying amount at end of period	300,469	40,813	38,159	591,188	170,028	1,140,657

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

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

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

The Branch holds two properties in country Victoria.

	Balance at 30 June 2018 \$	Balance at 30 June 2017 \$
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	47,153	40,793
	300,469	306,829

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

7. Provisions

	2018 \$	2017 \$
Current:-		
Annual Leave	283,701	287,696
Long Service Leave	1,047,304	1,009,767
	1,331,005	1,297,463
Non-Current:-		
Long Service Leave	38,279	22,315
	38,279	22,315
Total	1,369,284	1,319,778

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

	Holders of Office		Employees		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Annual Leave	47,604	69,140	236,097	218,555	283,701	287,695
Long Service Leave	453,470	445,096	632,113	586,987	1,085,583	1,032,083
Separation and Redundancies	-	-	-	-	-	-
Other Employee Provisions	-	-	-	-	-	-
Total	501,074	514,236	868,210	805,542	1,369,284	1,319,778

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018

7. 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.

8. Equity	2018 \$	2017 \$
Accumulated Funds		
Balance at beginning of period	5,082,571	6,190,999
Net (loss)/profit for period	(106,132)	(1,108,428)
Other Comprehensive Income for the period	-	-
Balance at end of period	4,976,439	5,082,571
Total Equity	4,976,439	5,082,571

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018 (cont'd)

9. Employee Benefits

Employee benefits paid/accrued during the period

	Holders of Office		Employees		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Wages and salaries	542,331	581,287	2,522,548	2,552,790	3,064,879	3,134,077
Superannuation	69,811	73,804	337,868	340,474	407,679	414,278
Leave and other entitlements	(13,162)	40,598	61,138	29,476	47,976	70,074
Separation and redundancies	23,103	-	50,125	160,724	73,228	160,724
Other employee expenses	703	774	9,814	14,187	10,517	14,961
Total	622,786	696,463	2,981,493	3,097,651	3,604,279	3,794,114

10. Cash Flow Information

	2018	2017
	\$	\$
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	3,186,249	3,257,074
Cash on Hand	330	455
	<u>3,186,579</u>	<u>3,257,529</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net (Loss)/Profit before Tax</u>	<u>(106,132)</u>	<u>(1,108,428)</u>
<u>Non Cash Items</u>		
Depreciation	302,526	317,250
(Profit)/Loss on disposal	(7,278)	(48,285)
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Accounts receivable	198,280	(170,855)
(Increase)/Decrease in Other assets	(39,016)	25,043
(Increase)/Decrease in Merchandise on hand	6,319	496
Increase/(Decrease) in Trade Creditors	(274,189)	201,884
Increase/(Decrease) in Accruals	(53,782)	(33,120)
Increase/(Decrease) in Provisions	49,506	68,388
Net Cash Provided by/(used in) Operating Activities	<u>76,234</u>	<u>(747,627)</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018 (cont'd)

11. Related Party Information

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

Short-term Remuneration		Post-Employment Benefits		Other Benefits		Non-Cash Benefits	
2018	2017	2018	2017	2018	2017	2018	2017
\$	\$	\$	\$	\$	\$	\$	\$
310,714	297,382	36,540	35,265	390	385	10,585	9,508

Key officers comprised – ■■■■■, ■■■■■, ■■■■■.

No share based payments were received by any officer this year (2017: \$nil).

The officeholders received no other 'non cash' benefits (2017: \$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

	2018	2017
	\$	\$
Subsidy	624,661	607,906
IR Levy	-	15,552
Legal	130,361	17,064
OHS	4,875	18,065
Call Centre	44,892	42,622
Other	124,348	136,628
Funding Hair Stylists Australia	23,831	-
Netsuite	31,128	-
Sponsorship	(49,500)	(49,500)
Sundry Income	(5,167)	(8,412)

(ii) Other Branches (Sundry Charges)

	2018	2017
	\$	\$
Queensland Branch	-	748
New South Wales Branch	(223)	2,010
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 \$1,100 (2017: \$1,400). Further, delegates received sitting fees for Branch Committee attendances of \$nil (2017: \$nil).

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018 (cont'd)

11. Related Party Information (cont'd)

- (iv) During the year dividends of \$nil (2017: \$nil) and commission fees of \$85,260 (2017: \$57,155) were received from Chifley Financial Services. In addition, Professional Indemnity and Management Liability Policies costs were incurred of \$38,713 paid to Chifley Financial Services (2017: \$nil).

(c) Related party balances at year end:-

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

	2018	2017
	\$	\$
National Office	(23,052)	(37,801)
Queensland Branch	-	-
New South Wales Branch	-	(378)
South Australia Branch	-	-
Western Australia Branch	-	-
Chifley Financial Services	3,100	-
	<u>(19,952)</u>	<u>(38,179)</u>

National Office

Carrying amount at beginning of the year	(37,801)	(29,042)
Sponsorship income	49,500	49,500
Subsidy charges	(624,661)	(607,906)
Levy charges	-	(15,552)
Legal fees - Other	(130,361)	(17,064)
OHS Consultant	(4,875)	(18,065)
Call Centre	(44,892)	(42,622)
Funding Hair Stylists Australia	(23,831)	-
Netsuite	(31,128)	-
Sundry Income	5,167	8,412
Sundry charges	(124,348)	(136,628)
Receipts	(54,667)	(57,911)
Payments made	998,845	829,077
Carrying amount at end of the year	<u>(23,052)</u>	<u>(37,801)</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	(378)	-
Sundry Income	223	-
Receipts	(223)	-
Sundry charges	-	(2,010)
Payments made	378	1,632
Carrying amount at end of the year	<u>-</u>	<u>(378)</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>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2018 (cont'd)

11. Related Party Information (Cont'd)

	2018 \$	2017 \$
Western Australia Branch		
Carrying amount at beginning of the year	-	-
Sundry charges	-	(44)
Payments made	-	44
Carrying amount at end of the year	-	-

Related party balances at year end:-

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

	2018 \$	2017 \$
Chifley Financial Services		
Carrying amount at beginning of the year	-	-
Sponsorship	-	-
Sundry income	8,100	400
Insurance charges	(38,713)	-
Commission fees	85,260	57,155
Sundry charges	(3,489)	-
Payments made	42,202	-
Receipts	(90,260)	(57,555)
Carrying amount at end of the year	3,100	-

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

12. Donations

	2018 \$	2017 \$
Political Party	11,683	995
Other	5,190	9,875
	<u>16,873</u>	<u>10,870</u>
Grants <= \$1,000	-	-
Grants > \$1,000	-	-
Donations <= \$1,000	8,714	5,870
Donations > \$1,000	8,159	5,000
	<u>16,873</u>	<u>10,870</u>

13. 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.

14. 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 2018 (cont'd)**

15. 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 2018 (2017: \$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 2018

15. 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	3,186,249	3,257,074	-	-	-	-	330	455	3,186,579	3,257,529	2.4	2.0
Receivables	-	-	-	-	-	-	214,530	412,810	214,530	412,810	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	554,470	515,454	554,470	515,454	n/a	n/a
Total	3,186,249	3,257,074	-	-	-	-	769,330	928,719	3,955,579	4,185,793		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Payables	-	-	-	-	-	-	487,182	815,153	487,182	815,153	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	-	-	-	-	487,182	815,153	487,182	815,153		
Net Financial Assets/(Liabilities)	3,186,249	3,257,074	-	-	-	-	282,148	113,566	3,468,397	3,370,640		

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

15. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2018 is estimated at \$nil (2017: \$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 2018.

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 2018, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2018	2017
	\$	\$
Change in profit		
Increase in interest rate by 2%	63,725	65,141
Decrease in interest rate by 2%	(63,725)	(65,141)
Change in equity		
Increase in interest rate by 2%	63,725	65,141
Decrease in interest rate by 2%	(63,725)	(65,141)

d. Past due receivables

There were receivables past their due by date at 30 June 2018 totalling \$1,326 (2017: \$375) which are being collected subsequent to 30 June 2018. Hence no impairment provision was recorded.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

16. 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 2018**

16. 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.

	30 June 2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	\$	\$	\$	\$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	477,575	-	477,575
Total financial assets recognised	-	477,575	-	477,575
<i>Non-financial assets</i>				
Freehold land & buildings	-	300,469	-	300,469
Total non-financial assets recognised	-	300,469	-	300,469

	30 June 2017			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	\$	\$	\$	\$
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	-	306,829	-	313,189
Total non-financial assets recognised at fair value	-	306,829	-	313,189

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

Description	Fair Value at 30 June 2018 \$	Valuation Technique(s)	Inputs Used
Available for sale financial assets	\$477,575	Income approach using discounted cash flow methodology	Price per share, market yield
<i>Non-financial assets</i> Freehold land & buildings	\$300,469	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 2018**

16. 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

17. Affiliation Fees

	2018	2017
	\$	\$
South West Trades & Labour Council	1,500	1,500
Ballarat Regional Trades & Labour Council	2,000	2,000
Australian Labour Party Victorian Branch	88,411	88,896
Victorian Trades Hall Council	85,200	83,200
Bendigo Trades Hall Council	1,080	1,080
Geelong & Region Trades & Labour Council	3,740	3,675
Sunraysia Trades & Labour Council	975	1,300
Gippsland Trade & Labour Council	1,545	1,545
North East & Border Trades & Labour Council	750	-
	185,201	183,196

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

	2018 \$	2017 \$
18: Operating Commitments		
Operating Lease Commitments – as lessee		
Future minimum office equipment rental payable under non-cancellable operating leases at 30 June are:		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
- Within one year	43,980	43,980
- After one year but not more than five years	35,786	79,766
- More than five years	-	-
	79,766	123,746
Operating Lease Commitments – as lessor		
Future minimum rentals receivable under non-cancellable operating leases at 30 June are:		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
- Within one year	-	-
- After one year but not more than five years	-	-
- More than five years	-	-
	-	-

19: Capital Commitments

At 30 June 2018, the entity has no capital commitments.

20. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Branch subsequent to the financial year ended 30 June 2018.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2018**

21. 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, \$28,880 (2017: \$315,703) of legal fees were included in creditors and accruals. These legal fees (2018) are related to litigation (\$16,217) and other matters (\$12,663). In 2017, they 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 (2017: \$nil).

There were no compulsory or voluntary levies, fees and allowances or grants paid by the Union (2017: \$nil) except as already disclosed in this report. There were no penalties paid via the RO Act or Regulations this year (2017: \$nil).

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

To the Members of the Australian Workers Union – Victorian Branch

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Workers Union – Victorian Branch which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2018, notes to the financial statements, including a summary of significant accounting policies; and the Branch Executive Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Australian Workers Union – Victorian Branch as at 30 June 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

We declare that the Branch Executive's use of the going concern basis in the preparation of the financial statements of the Australian Workers Union – Victorian 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 my report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The Branch Executive 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.

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.

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

Responsibilities of the Branch Executive for the Financial Report

The Branch Executive of the Australian Workers Union – Victorian Branch 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 Branch Executive 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 Branch Executive is responsible for assessing ACT 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 intend to liquidate Victorian Branch or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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, we exercise professional judgement and maintain professional skepticism 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 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 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 Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Victorian Branch audit. We remain solely responsible for our audit opinion.

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

We communicated 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 identified during our audit.

No revenue has been derived from undertaking recovery of wages activity during the 2018 financial year, as confirmed in the Branch Executive Statement.

Stannards & Co
Stannards Accountants and Advisors


Michael B Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2018/45)

Melbourne, VIC
Dated: *27/9/18*