



6 July 2020

Mr Ben Davis
Secretary, Victorian Branch
Australian Workers' Union

Dear Secretary,

Re: – Australian Workers' Union, Victorian Branch - financial report for year ending 30 June 2019 (FR2019/112)

I refer to the financial report of the Australian Workers' Union, Victorian Branch. The documents were lodged with the Registered Organisations Commission (**ROC**) on 10 December 2019. The filing of the report was deferred pending the finalising of various reconciliations with the National Office report.

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

Nil activity disclosure – recovery of wage activity revenue

The auditor's report included a statement that *"No revenue has been derived from undertaking recovery of wages activity during the 2019 financial year, as confirmed in the Branch Executive Statement."*

Please note that item 28 of the current reporting guidelines has removed this declaration from the auditor's report and nil activity disclosure in relation to this revenue item¹ should be included in the statement of comprehensive income or notes or officer declaration statement (if prepared) in accordance with reporting guideline 21.

Disclosures relating to other reporting unit(s)

The reporting unit made disclosures of transactions with the National Office of the organisation. A comparison made between particular disclosures of both reporting units showed:

- Payable (net) to National Office (\$396)² against total receivable from Victorian Branch \$54112
- Receivable from National Office (nil) against total payable to Victorian Branch (\$27225)
- Subsidy paid to National Office (\$632227)³ against subsidy received from Victorian Branch \$629850

I have received advice explaining and reconciling the differences. I take this opportunity however to draw attention to subsection 252(2) of the RO Act which requires that where an organisation consists of 2 or more reporting units, the financial records for each of the reporting units must, as far as practicable, be kept in a consistent manner. Reporting guideline 25(e)(iv) also requires a committee of management to make a declaration to that effect, in relation to the general purpose financial report. It is noted also that overall the accounting policies relating to the measurement basis and disclosure of key financial transactions for each reporting unit are similar. It would therefore be expected, in the ordinary course, that amounts disclosed in the respective reports of relevant reporting units will correspond.

¹ See reporting guideline 13(e)

² Note 11(c) in Vic report

³ Note 11(b)(i) in Vic report

The reporting unit must take such steps as practicable as will ensure that balances for transactions with other reporting units within the organisation in next year's report will correspond with relevant balances disclosed in the reports of those other reporting units.

Reporting Requirements

The ROC website provides several 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 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stephen Kellett', with a horizontal line extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

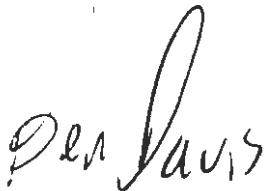
THE AUSTRALIAN WORKER'S UNION VICTORIAN BRANCH

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 2019, that were:

1. endorsed by postal ballot of Victorian Branch Executive on 1st November 2019.
2. made available to the membership on 8th November 2019.
3. presented to Victorian Branch Executive on 9 December 2019. The meeting moved a motion of acceptance, which was passed unanimously.

Date 9th December 2019



BEN DAVIS
Secretary

The Australian Workers Union

(Victorian Branch)

**AUDITORS REPORT
FINANCIAL STATEMENT AND NOTES THERETO
FOR THE YEAR ENDED
30 JUNE 2019**

**Operating Report
For the period ended 30 June 2019**

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 \$748,655 (2018: deficit \$106,132).

Review of Operations

The Branch has net assets of \$4.23 million, and a working capital surplus of some \$1.51 million, however it incurred negative operating cash flows of \$0.422 million this year. 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 was completed. We do not know the outcome of the investigations, nor how 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)	Ceased 30/06/2019
O'Brien L.	Prime Super (Director)	Resigned 28/02/2019

Number of Members

Number of persons in register of members: 13,968 (2018: 15,334)

Number of Employees

Number of employees (equivalent full time): 36 (2018: 38)

**Operating Report
For the period ended 30 June 2019**

Names of Members on Branch Executive

The following were members of the Branch Executive as at 30 June 2019: -

Davis B	Pillai P	Burd S	Penn G
Mastrandonakis J	Hayden R	Wood P	Rothville T
Harrington T	Swan D	King P	Spear P
Heath C	Sharp J	Lumanovski H	Tacey N
Keys J	Archer J	Andrews M	Garbett V

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

O'Brien L	Resigned 10 December 2018
Threfall-Clarke	Resigned 18 March 2019
Nasr R	Resigned 8 May 2019

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

Harrington T	Appointed 21 May 2019
Swan D	Appointed 27 June 2019

Signature of designated officer: Ben Davis

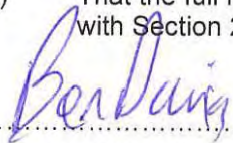
Name and title of designated officer: Ben Davis, Branch Secretary

Dated: 6/11/19

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
FOR THE YEAR ENDED 30 JUNE 2019**

I, Ben Davis, being the Secretary of the Australian Workers Union (Victoria Branch) certify:

- (i) That the documents lodged herewith are copies of the full report for the CCF for the period ended 30 June 2019 referred to in Section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- (ii) That the full report was endorsed by postal ballot of the reporting unit on 1st November 2019 in accordance with Section 266 of the *Fair Work (Registered Organisations) Act 2009*.



.....
Ben Davis (Secretary)
Designated Officer

Dated this 6th day of November 2019.

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

I, Ben Davis, being the Secretary of the Australian Workers Union (Victoria Branch), declare that all activities required to be disclosed during the reporting period ended 30 June 2019 have been disclosed in the financial report.

Ben Davis

.....
Ben Davis – Secretary

Designated Officer

Dated: *6/11/19.*

BRANCH EXECUTIVE STATEMENT

On 1 November, 2019, 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 2019.

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.

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: 6/11/19

**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 2019 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 – AA2017/45)

Dated 6/11/19

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

**Section 255(2A) Expenditure Report
for the year ended 30 June 2019**

The Branch Executive presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019.

	2019	2018
	\$	\$
CATEGORIES OF EXPENDITURE		
Remuneration and other employment-related costs and Expenses - employees	3,930,419	3,604,279
Advertising and Subscriptions	15,109	12,989
Operating Costs	3,403,829	3,356,223
Donations to Political Parties	39,227	11,683
Legal Costs	782,007	490,425
Total	8,170,591	7,475,599

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 2019

	Note	2019 \$	2018 \$
REVENUE			
Membership Contributions		5,750,220	5,682,538
Grants		400,000	647,713
OCC Health & Safety Training		104,120	116,776
Insurance Brokerage Fees & Commissions		610,303	611,167
Sponsorship Income – National Office	11(b)(i)	24,750	49,500
Sponsorship Income – Other		97,000	97,000
Dividends Received		165,056	49
Director Fees Received		67,364	37,788
AWU Functions		20,018	20,018
Interest		71,862	78,433
Sale of Merchandise		7,442	6,745
Rental Income		5,200	5,200
Other Income		6,497	10,000
Advertising		-	-
Legal Fees Recovered		92,004	-
Donations – General		100	-
Donations – Esso Members		-	6,105
Donations – Fletcher Insulation Members		-	435
Capitations		-	-
Compulsory and Voluntary Levies		-	-
Total Revenue		7,421,936	7,369,467
EXPENSES			
Direct Membership Expenses			
AWU Subsidy Transfers	11(b)(i)	632,227	624,661
Affiliation Fees	17	187,865	185,201
Ambulance Claims		205,773	176,490
Legal – Member Services (Litigation)		338,505	133,982
Legal – Member Services (Other Matters)		309,440	226,082
National Office ACTU IR Levy	11(b)(i)	-	-
Growth Campaign		17,723	6,809
Commission Paid – Delegates		142	142
Commission Paid – Employers for Payroll Deductions		2,788	4,284
Donations	12	45,261	16,873
Printing (Members)		12,597	16,937
Capitations		-	-
Depreciation of Computers		17,523	17,933
Membership Mail-outs		15,079	10,798
Research Expenses		-	-
Merchandise Expense		42,957	27,935
AWU Functions & Promotions		172,310	189,199
Bereavement Payments		1,500	-
National Contact Centre		44,892	44,892
Total		2,046,582	1,682,218

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 2019 (cont'd)

	Note	2019 \$	2018 \$
OH&S Expenses			
Training		26,605	28,979
Total		26,605	28,979
Shop Stewards & Delegates			
Lost Time & Other Expenses		886	292
Meeting Expenses – Delegates		23,048	35,742
Delegates Conference		24,338	27,053
National Conference Costs		52,509	166
Protest Expenses		64,414	200,890
Sponsorship Expenses		-	800
Total		165,195	264,943
Payroll Expenses			
Salaries & Wages	9	3,547,579	3,148,623
Superannuation	9	451,209	407,679
WorkCover Expenses		31,423	32,948
Payroll Tax		172,350	150,999
Fringe Benefits Tax		112,125	105,263
Annual Leave Expense	9	13,550	(5,525)
Long Service Leave	9	(81,919)	53,501
Consultancy		31,710	39,390
Casual Employment		500	-
Contractors		50,458	41,727
RDO Expenses		37	212
Total		4,329,022	3,974,817
Training & Tuition			
University Fees		4,691	3,455
Seminar & Conference Costs		10,795	11,080
Training Expenses		8,641	20,354
Recruiting		1,500	1,782
Total		25,627	36,671
Officials			
Accommodation & Meals		42,449	51,636
Air Fares		23,612	16,671
Travel Expenses		1,559	1,022
Meeting Expenses		2,957	3,772
National Executive Meeting		13,772	8,096
Parking & Taxis		16,930	17,563
Internet Expenses		8,996	10,947
Officials & Staff		5,000	-
Total		115,275	109,707

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 2019 (cont'd)

	2019	2018
	\$	\$
Motor Vehicle Expenses		
Registration	24,792	22,064
Car Insurance	57,809	39,989
Petrol	143,546	135,804
Services	49,190	43,234
Tyres	9,856	9,876
Motor Vehicle Expense - Other	48,263	49,125
Profit on Realisation of Vehicles	(23,051)	(7,278)
Depreciation Motor Vehicles	203,231	220,347
Total	513,636	513,161
Telephone Expenses		
Telephone - Office	16,594	16,450
Mobile Phones	45,622	39,492
Home Phones	-	-
Service & Equipment Maintenance	9,463	11,266
Total	71,679	67,208
Property Expenses		
Rental	10,972	10,741
Property Rates & Insurance	25,179	25,486
Property Maintenance	21,422	16,397
Depreciation Building & Renovations	44,962	45,468
Deprecation Furniture & Equipment	14,294	18,778
Body Corporate Fees	3,902	4,276
Office Furniture	679	236
Sundry Expenses	89,797	84,405
Total	211,207	205,787
General Expenses		
Advertising & Subscriptions	15,109	12,989
Auditing of Financial Statements	18,400	18,400
Accounting Fees	-	-
Bank Fees & Charges	32,864	28,529
Cleaning	52,710	50,033
Heating and Lighting	28,702	28,249
General Insurance	48,342	32,140
Legal Fees (ROC)	134,062	130,361
Staff Amenities	20,104	21,444
Unrealised loss - Investment	78,486	-
Total	428,779	322,145
Office Expenses		
Stationery	2,896	4,717
Postage & Courier	18,853	16,394
Printing	4,556	3,275
Courier & Freight / Storage	211	143
Copies Charge & Paper	26,492	21,520
Office Rental Equipment	44,289	43,981
Maintenance of Office Equipment	1,145	462
Computer Maintenance & Support	131,303	167,958
Software Expenses	7,240	11,513
Total	236,984	269,963
Total Expenses	8,170,591	7,475,599
Net Profit/(Loss) for the Year	(748,655)	(106,132)

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 2019

	2019	2018
	\$	\$
Profit / (Loss) for the period	(748,655)	(106,132)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	(748,655)	(106,132)
Total comprehensive income attributable to: Members of the organisation	(748,655)	(106,132)

The accompanying notes form part of this Financial Report

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Statement of Financial Position as at 30 June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	4	2,687,555	3,186,579
Accounts receivable		173,593	214,530
Other assets	5	537,269	554,470
Merchandise on hand - cost		35,198	27,914
Total Current Assets		3,433,615	3,983,493
Non-Current Assets			
National Office – Loan		1,231,180	1,231,180
Investment - unlisted		23,831	23,831
Shares in other companies		540,258	453,744
Property, Plant and Equipment	6	968,622	1,140,657
Total Non-Current Assets		2,763,891	2,849,412
Total Assets		6,197,506	6,832,905
Current Liabilities			
Trade Creditors		474,752	375,137
Accruals		193,940	112,045
Employee Entitlements	7	1,253,450	1,331,005
Total Current Liabilities		1,922,142	1,818,187
Non-Current Liabilities			
Employee Entitlements	7	47,580	38,279
Total Non-Current Liabilities		47,580	38,279
Total Liabilities		1,969,722	1,856,466
Net Assets		4,227,784	4,976,439
Equity			
Accumulated Funds	8	4,227,784	4,976,439
Total Equity		4,227,784	4,976,439

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 2019

	2019 \$	2018 \$
Accumulated Funds – Beginning of Year	4,976,439	5,082,571
Profit / (Loss) for the Period	(748,655)	(106,132)
Other Comprehensive Income for the year	-	-
Total Accumulated Funds – End of Year	4,227,784	4,976,439

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 2019

	Note	2019 Inflows/ (Outflows) \$	2018 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contribution from Membership Fees		5,728,612	5,662,927
Receipts from Other Activities		1,281,125	1,704,206
Interest Received		71,862	78,433
Receipts from National Office, Other Branches & Related Parties		153,729	145,150
Payments to National Office		(1,024,573)	(998,845)
Payments to Other Branches/Related Parties		(2,241)	(42,580)
Payments to Suppliers and Employees		(6,630,266)	(6,473,057)
Net Cash Provided by Operating Activities	10(b)	(421,752)	76,234
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment		(183,715)	(165,172)
Proceeds from the Disposal of Motor Vehicles & Computers		106,443	41,819
Payment for Investment		-	(23,831)
Net Cash Provided by/(Used in) Operating Activities		(77,272)	(147,184)
Net Increase in Cash and Cash Equivalents		(499,024)	(70,950)
Cash and Cash Equivalents at Beginning of Year		3,186,579	3,257,529
Cash and Cash Equivalents at End of Year	10(a)	2,687,555	3,186,579

The accompanying notes form part of this Financial Report

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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:

	2019
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 2019

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 2019 was 36 (2018: 38).

e. Revenue Recognition

Contributions from members are shown net of refunds and are accounted for 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.

Where grant income is received, it is not recognised as income until conditions attaching to its receipt have been reasonably complied with by the Union.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

No change to comparative information were required given the adoption of AABS15: Revenue from Contracts with Customers.

All revenue is recognised at the point of sale/service recognition, and is sourced in Australia. There are no unsatisfied performance obligations.

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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.

h. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Union commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified as "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

**Notes to the Financial Statements
for the Year Ended 30 June 2019 (Cont'd)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting Policies (Cont'd)

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

**Notes to the Financial Statements
for the Year Ended 30 June 2019 (Cont'd)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting Policies (Cont'd)

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Union's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

**Notes to the Financial Statements
for the Year Ended 30 June 2019 (Cont'd)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting Policies (Cont'd)

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the profitability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the following approaches to impairment, as applicable under AASB9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

**Notes to the Financial Statements
for the Year Ended 30 June 2019 (Cont'd)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting Policies (Cont'd)

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- If there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie delivery of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the Union measures any change in lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

**Notes to the Financial Statements
for the Year Ended 30 June 2019 (Cont'd)**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting Policies (Cont'd)

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Recognition of expected credit losses in financial statements

At each reporting date, the Union recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

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 Branch Executive 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 Income Statement.

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).

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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.

l. 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 mandatory applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union's when adopted in future periods, are discussed below:

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

The Union has chosen not to early-adopt AASB 16. However, the Union has conducted a high-level assessment of the impact of this new standard as follows.

A core change under AASB 16: *Leases* is that most leases will be recognised on the balance sheet by lessees, as the new standard does not differentiate between operating and finance leases.

An asset and a financial liability are recognised in accordance with this new standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2019**

Given that the Union activities as a lessor and lessee will not be materially impacted by this new standard, the Union does not expect any significant impact on its financial statements from this perspective. Nonetheless, starting next year, additional disclosures will be required.

AASB 16 will be applied by the Union from its mandatory adoption date of 1 July 2019. The simplified transition approach will be the Union's chosen approach.

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 2019

3. Fund Analysis

For the financial year ended 30 June 2019, there was no applicable fund or account operated in respect of compulsory levies, voluntary contributions or required by the rules of the Union; and there was no transfer and/or withdrawal from a fund, account, asset or controlled entity which is kept for a specific purpose. There was no balance held within a general fund, nor any compulsory or voluntary contributions and funds invested in specific assets.

	2019	2018
	\$	\$
<hr/>		
4. Cash and Cash Equivalents		
Cash at Bank – General operating accounts	212,371	197,608
Cash at Bank – Long service leave accounts	2,474,784	2,988,641
Petty Cash	400	330
	<hr/> 2,687,555	<hr/> 3,186,579

5. Other Assets

Subscriptions outstanding	457,683	436,075
Prepayments	79,586	118,395
	<hr/> 537,269	<hr/> 554,470

Credit Losses

There is no allowance for credit losses against trade and other receivables, nor has there been any provision movement or write off during the year (2018: \$nil).

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

6. Property, Plant and Equipment

	2019 \$	2018 \$
Land & Buildings		
At Cost	347,622	347,622
Less: Accumulated Depreciation	(53,513)	(47,153)
	294,109	300,469
Furniture & Fixtures		
At Cost	568,877	561,505
Less: Accumulated Depreciation	(534,985)	(520,692)
	33,892	40,813
Computer Equipment		
At Cost	357,797	342,490
Less: Accumulated Depreciation	(313,865)	(304,331)
	43,932	38,159
Motor Vehicles		
At Cost	992,882	1,151,719
Less: Accumulated Depreciation	(527,619)	(560,531)
	465,263	591,188
Renovation & Capital works		
At Cost	391,023	391,023
Less: Accumulated Depreciation	(259,597)	(220,995)
	131,426	170,028
Total Property, Plant and Equipment	968,622	1,140,657

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

2019	Land & Buildings \$	Furniture & Fixtures \$	Computer Equipment \$	Motor Vehicles \$	Renovation & Capital works \$	Total \$
Opening Balance	300,469	40,813	38,159	591,188	170,028	1,140,657
Additions	-	7,373	29,516	146,828	-	183,717
Disposals	-	-	(6,220)	(69,522)	-	(75,742)
Depreciation expense	(6,360)	(14,294)	(17,523)	(203,231)	(38,602)	(280,010)
Carrying amount at end of period	294,109	33,892	43,932	465,263	131,426	968,622

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

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

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

The Branch holds two properties in country Victoria.

	Balance at 30 June 2019 \$	Balance at 30 June 2018 \$
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	53,513	47,153
	294,109	300,469

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

7. Provisions

	2019 \$	2018 \$
Current:-		
Annual Leave	297,366	283,701
Long Service Leave	956,084	1,047,304
	1,253,450	1,331,005
Non-Current:-		
Long Service Leave	47,580	38,279
	47,580	38,279
Total	1,301,030	1,369,284

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

	Holders of Office		Employees		Total	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Annual Leave	68,569	47,604	228,797	236,097	297,366	283,701
Long Service Leave	367,177	453,470	636,487	632,113	1,003,664	1,085,583
Separation and Redundancies	-	-	-	-	-	-
Other Employee Provisions	-	-	-	-	-	-
Total	435,746	501,074	865,284	868,210	1,301,030	1,369,284

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2019**

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	2019	2018
	\$	\$
Accumulated Funds		
Balance at beginning of period	4,976,439	5,082,571
Net (loss)/profit for period	(748,655)	(106,132)
Other Comprehensive Income for the period	-	-
Balance at end of period	<u>4,227,784</u>	<u>4,976,439</u>
Total Equity	<u>4,227,784</u>	<u>4,976,439</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019 (cont'd)

9. Employee Benefits

Employee benefits paid/accrued during the period

	Holders of Office		Employees		Total	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Wages and salaries	581,282	542,331	2,827,371	2,522,548	3,408,652	3,064,879
Superannuation	76,771	69,811	374,437	337,868	451,209	407,679
Leave and other entitlements	(65,329)	(13,162)	(3,041)	61,138	(68,369)	47,976
Separation and redundancies	86,392	23,103	49,675	50,125	136,067	73,228
Other employee expenses	-	703	2,860	9,814	2,860	10,517
Total	679,116	622,786	3,251,303	2,981,493	3,930,419	3,604,279

10. Cash Flow Information

	2019	2018
	\$	\$
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	2,687,155	3,186,249
Cash on Hand	400	330
	<u>2,687,555</u>	<u>3,186,579</u>
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net (Loss)/Profit before Tax</u>	<u>(748,655)</u>	<u>(106,132)</u>
<u>Non Cash Items</u>		
Depreciation	280,010	302,526
(Profit)/Loss on disposal	(30,703)	(7,278)
Movement in Investment	(86,514)	
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Accounts receivable	40,937	198,280
(Increase)/Decrease in Other assets	17,201	(39,016)
(Increase)/Decrease in Merchandise on hand	(7,284)	6,319
Increase/(Decrease) in Trade Creditors	99,615	(274,189)
Increase/(Decrease) in Accruals	81,895	(53,782)
Increase/(Decrease) in Provisions	(68,254)	49,506
Net Cash Provided by/(used in) Operating Activities	<u>(421,752)</u>	<u>76,234</u>

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019 (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	
2019	2018	2019	2018	2019	2018	2019	2018
\$	\$	\$	\$	\$	\$	\$	\$
302,127	310,714	36,079	36,540	-	390	10,161	10,585

No share based payments were received by any officer this year (2018: \$nil).

The officeholders received no other 'non cash' benefits (2018: \$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

	2019	2018
	\$	\$
Subsidy	632,227	624,661
Legal	134,062	130,361
OHS	15,460	4,875
Call Centre	44,892	44,892
Other	170,051	124,348
Funding Hair Stylists Australia	-	23,831
Netsuite	32,450	31,128
Sponsorship	(24,750)	(49,500)
Sundry Income	(4,146)	(5,167)

(ii) Other Branches (Sundry Charges)

	2019	2018
	\$	\$
Queensland Branch	-	-
New South Wales Branch	-	(223)
South Australia Branch	-	-
Western Australia Branch	-	-

(iii) During the year, transactions between the Branch and officeholders or their associates were all on normal commercial terms and conditions and amounted to \$950 (2018: \$1,100). Further, delegates received sitting fees for Branch Committee attendances of \$nil (2018: \$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 \$165,000 (2018: \$nil) and commission fees of \$81,694 (2018: \$85,260) were received from Chifley Financial Services. In addition, Professional Indemnity and Management Liability Policies costs were incurred of \$nil paid to Chifley Financial Services (2018: \$38,713). Commissions of \$59,096 (2018:nil) were also received from Chifley Services Pty Ltd.

(v) No payments were made to former related parties.

(c) Related party balances at year end:-

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

	2019	2018
	\$	\$
National Office	(396)	(23,052)
Queensland Branch	-	-
New South Wales Branch	-	-
South Australia Branch	-	-
Western Australia Branch	-	-
Chifley Financial Services	-	-
	<u>(396)</u>	<u>(23,052)</u>

National Office

Carrying amount at beginning of the year	(23,052)	(37,801)
Sponsorship income	24,750	49,500
Subsidy charges	(632,227)	(624,661)
Levy charges	-	-
Legal fees - Other	(134,062)	(130,361)
OHS Consultant	(15,460)	(4,875)
Call Centre	(44,892)	(44,892)
Funding Hair Stylists Australia	-	(23,831)
Netsuite	(32,450)	(31,128)
Sundry Income	4,146	5,167
Sundry charges	(170,051)	(124,348)
Receipts	(1,671)	(54,667)
Payments made	1,024,573	998,845
Carrying amount at end of the year	<u>(396)</u>	<u>(23,052)</u>

Queensland Branch

Carrying amount at beginning of the year	-	-
Sundry charges	(49)	-
Payments made	49	-
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	(72)	-
Payments made	72	378
Carrying amount at end of the year	<u>-</u>	<u>-</u>

South Australia Branch

Carrying amount at beginning of the year	-	-
Sundry charges	-	-
Payments made	-	-
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 2019 (cont'd)

11. Related Party Information (Cont'd)

Related party balances at year end:-
Amounts receivable/(payable) at reporting date – other branches

	2019 \$	2018 \$
Western Australia Branch		
Carrying amount at beginning of the year	-	-
Sundry charges	(2,120)	-
Payments made	2,120	-
Carrying amount at end of the year	-	-
	2019 \$	2018 \$
Chifley Financial Services		
Carrying amount at beginning of the year	3,100	-
Sponsorship	-	-
Sundry income	-	8,100
Insurance charges	-	(38,713)
Commission fees	81,694	85,260
Sundry charges	8,169	(3,489)
Payments made	-	42,202
Receipts	(92,963)	(90,260)
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

	2019 \$	2018 \$
Political Party	39,227	11,683
Other	6,034	5,190
	<u>45,261</u>	<u>16,873</u>
Grants <= \$1,000	-	-
Grants > \$1,000	-	-
Donations <= \$1,000	34,661	8,714
Donations > \$1,000	10,600	8,159
	<u>45,261</u>	<u>16,873</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 2019 (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 2019 (2018: \$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 2019

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
(i) Financial Assets												
Cash and Cash Equivalents	2,687,155	3,186,249	-	-	-	-	400	330	2,687,455	3,186,579	2.4	2.4
Receivables	-	-	-	-	-	-	173,593	214,530	173,593	214,530	n/a	n/a
Other Financial Assets	-	-	-	-	-	-	537,269	554,470	537,269	554,470	n/a	n/a
Total	2,687,155	3,186,249	-	-	-	-	711,262	769,330	3,398,317	3,955,579		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Payables	-	-	-	-	-	-	668,692	487,182	668,692	487,182	n/a	n/a
Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Total	-	-	-	-	-	-	668,692	487,182	668,692	487,182		
Net Financial Assets/(Liabilities)	2,687,155	3,186,249	-	-	-	-	42,570	282,148	2,729,625	3,468,397		

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2019**

15. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of the investments in commercial bills/securities at 30 June 2019 is estimated at \$nil (2018: \$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 2019.

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 2019, the effect on profit and equity as a result of changes in interest rates, with all other variables remaining constant, would be as follows:

	2019	2018
	\$	\$
Change in profit		
Increase in interest rate by 2%	53,743	63,725
Decrease in interest rate by 2%	(53,743)	(63,725)
Change in equity		
Increase in interest rate by 2%	53,743	63,725
Decrease in interest rate by 2%	(53,743)	(63,725)

d. Past due receivables

There were receivables past their due by date at 30 June 2019 totalling \$3,219 (2018: \$1,326) which are being collected subsequent to 30 June 2019. Hence no impairment provision was recorded.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2019**

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 2019**

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 2019			
	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:	-	564,089	-	564,089
Total financial assets recognised	-	564,089	-	564,089
<i>Non-financial assets</i>				
Freehold land & buildings	-	294,109	-	294,109
Total non-financial assets recognised	-	294,109	-	294,109

	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 at fair value	-	477,575	-	477,575
<i>Non-financial assets</i>				
Freehold land & buildings	-	300,469	-	300,469
Total non-financial assets recognised at fair value	-	300,469	-	300,469

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

Description	Fair Value at 30 June 2019 \$	Valuation Technique(s)	Inputs Used
Available for sale financial assets	540,258	Income approach using discounted cash flow methodology	Price per share, market yield
<i>Non-financial assets</i> Freehold land & buildings	294,109	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 2019**

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

	2019 \$	2018 \$
South West Trades & Labour Council	1,500	1,500
Ballarat Regional Trades & Labour Council	2,000	2,000
Australian Labour Party Victorian Branch	88,495	88,411
Victorian Trades Hall Council	86,800	85,200
Bendigo Trades Hall Council	1,080	1,080
Geelong & Region Trades & Labour Council	3,820	3,740
Sunraysia Trades & Labour Council	1,625	975
Gippsland Trade & Labour Council	1,545	1,545
North East & Border Trades & Labour Council	1,000	750
	187,865	185,201

THE AUSTRALIAN WORKERS UNION - (Victorian Branch)

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2019

	2019 \$	2018 \$
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	35,786	43,980
- After one year but not more than five years	-	35,786
- More than five years	-	-
	35,786	79,766

19: Capital Commitments & Contingencies

At 30 June 2019, the entity has no capital commitments, nor is it aware of any contingent liabilities or contingent assets.

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 2019.

**Notes to and Forming Part of the Financial Statements
for the Year Ended 30 June 2019**

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.

The Union did not acquire an asset or liability under Part 2 of Chapter 3 of the RO Act or a determination or revocation by the General Manager of the Fair Work Commission under subsection 245 (1) and 249 (1) of the RO Act.

At the end of the reporting period, \$197,245 (2018: \$28,880) of legal fees were included in creditors and accruals. These legal fees (2019) are related to litigation (\$81,241) and other matters (\$116,004). In 2018, they related to litigation (\$16,217) and other matters (\$12,663). There were no unpaid commissions for employer payroll deductions at the end of the reporting date (2018: \$nil).

There were no compulsory or voluntary levies, fees and allowances or grants paid by the Union (2018: \$nil) except as already disclosed in this report. There were no penalties paid via the RO Act or Regulations this year (2018: \$nil).

No part of the Union affairs were administered by another reporting unit during the year.

**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 2019, 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 2019, notes to the financial statements, including a summary of significant accounting policies the Branch Executive Statement, the Subsection 255 (2A) report and the Officer Declaration 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 2019, 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 2019 financial year, as confirmed in the Branch Executive Statement.

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

Stannards
Stannards Accountants and Advisors



Michael B Shulman
Partner

Melbourne, VIC
Dated: *6/11/19*

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