



16 January 2020

Paul Richardson  
Director – Finance, Governance and Administration  
United Workers' Union  
Sent via email: [Paul.Richardson@unitedworkers.org.au](mailto:Paul.Richardson@unitedworkers.org.au)  
CC: [david@eddypartners.com.au](mailto:david@eddypartners.com.au)

Dear Paul,

**National Union of Workers-Victorian Branch  
Financial Report for the year ended 30 June 2019 – (FR2019/173)**

I acknowledge receipt of the financial report for the year ended 30 June 2019 for the National Union of Workers-Victorian Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 28 November 2019.

The financial report has now been filed.

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

You are not required to take any further action in respect of the report lodged. I make the following comments in relation to the lodged financial report.

**General purpose financial report (GPFR)**

References to legislation and the ROC

Following the enactment of the Fair Work (Registered Organisations) Amendment Act 2016, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that declaration (e)(vi) in the committee of management statement refers to the Registered Organisations Commission instead of the Fair Work Commission. I also note that Note 19 on page 38 of the general purpose financial report refers to the General Manager instead of the Commissioner.

Officer's declaration statement

I note that the relevant officer has not signed or dated the officer's declaration statement that was included in the lodged GPFR.

### Inconsistency in disclosure of financial information

The statement of changes in equity discloses a balance of retained earnings of \$39,089,464 for the 2019 financial year (2018: \$36,273,127). The officer's declaration statement includes a nil disclosure in relation to a balance in the general fund. It would appear that retained earnings is the reporting unit's general fund.

### **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](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at [kylie.ngo@roc.gov.au](mailto:kylie.ngo@roc.gov.au).

Yours sincerely,



**Kylie Ngo**  
**Registered Organisations Commission**

**REGISTERED ORGANISATIONS COMMISSION**

**s 268 - Fair Work (Registered Organisations) Act 2009**

**National Union of Workers – Victorian Branch**

**F2019/173**

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

I, Timothy John Kennedy being the National Secretary of the United Workers' Union (**the Union**) certify:

1. That the document lodged with the Registered Organisations Commission on 28 November 2019 is the full report of the former **National Union of Workers – Victorian Branch (the Branch)** referred to in section 268 of the *Fair Work (Registered Organisations) Act 2009*.
2. That the full report was provided to members of the Branch on 8 November 2019.
3. That the full report was presented to the National Executive of the Union on 28 November 2019 in accordance with section 266 of the *Fair Work (Registered Organisations) Act 2009*.

A handwritten signature in black ink, appearing to read 'T. Kennedy', written on a light-colored background.

**TIMOTHY JOHN KENNEDY**  
**NATIONAL SECRETARY**  
**UNITED WORKERS' UNION**

**Dated this 28th day of November 2019**

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2019**

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NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH

REPORT REQUIRED UNDER SUBSECTION 255(2A)  
FOR THE YEAR ENDED 30 JUNE 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 2019.

Categories of expenditures	2019 \$	2018 \$
Remuneration and other employment-related costs and expenses - employees	6,573,849	6,090,997
Advertising	1,644	757
Operating costs	5,162,150	4,869,824
Donations to political parties	10,000	4,000
Legal costs	212,845	213,164

Signature of designated officer: 

Name and title of designated officer: SUSIE ALLISON

VICTORIAN BRANCH SECRETARY

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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The Committee of Management presents its report on the operation of the Branch for the financial year ended 30 June 2019.

**Review of principal activities and the results of those activities**

The principal activities of the Branch during the financial year ended 30 June 2019 were to improve the wages and working conditions of its members. This was undertaken through bargaining with employers, maintaining the content of modern awards and by appearing before industrial tribunals, principally the Fair Work Commission.

During the reporting period the Branch continued to campaign on issues of importance to its members and working men and women generally.

The Branch continued to commit significant resources to organising workers employed in the farms sector who are part of the supermarket supply chain. The Branch advocates for decent permanent employment for working men and women through "Jobs You Can Count On".

Decisions of the Branch Committee of Management were implemented in furtherance of the above during the reporting period.

**Significant changes in state of affairs**

On 30 August 2019, members of both the National Union of Workers and United Voice voted to amalgamate and create a new union to be known as the United Workers Union. A copy of the declarations of the amalgamation ballot conducted by the Australian Electoral Commission are available at [www.fwc.gov.au/cases-decisions-orders/major-cases/united-voice-national-union-workers-proposed-amalgamation](http://www.fwc.gov.au/cases-decisions-orders/major-cases/united-voice-national-union-workers-proposed-amalgamation).

The Fair Work Commission (FWC) at the conclusion of a hearing on 1 October 2019 to determine an amalgamation date for the United Workers Union pursuant to s73 of the Fair Work (Registered Organisations) Act 2009 fixed the date as 11 November 2019. [2019 FWC 6756] A copy of the decision of FWC can be viewed at the Union's website – [www.nuw.org.au/your-union](http://www.nuw.org.au/your-union).

As a result, these financial statements have been prepared on a modified liquated basis, as the reporting unit will not continue to operate post amalgamation.

No other significant changes in the financial affairs of the Branch occurred during the year.

**Operating Result**

The operating result of the Branch for the year ended 30<sup>th</sup> June 2019 was a surplus of \$2,816,337 [2018: \$2,365,764]. No provision for tax was necessary as the Branch is considered exempt.

**After Balance Date Events**

As detailed in Note 2, the members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union (expected to commence from 11 November 2019).

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**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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**Right of members to resign**

All members have the right to resign from the Union in accordance with Rule 59 of the Union Rules (and Section 174 of the Act); namely, by providing written notice addressed and delivered to the Secretary of the Branch, including via email.

**Number of members**

In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations 2009:

The number of persons that were at the end of the financial year recorded in the register of members for sec. 230 of the Fair Work (Registered Organisations) Act 2009 and who are taken to be members of the Branch under sec. 244 of the Fair Work (Registered Organisations) Act 2009 was 25,295.

**Number of employees**

The number of persons who were at the end of the financial year employees of the Branch including both full-time and part-time employees measured on a full-time equivalent basis was 54.60;

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

The names of those who have been members of the Committee of Management of the Branch at any time during the financial year and the periods for which he or she held office were:

<b>Name:</b>	<b>Position:</b>	<b>Period:</b>
Julie Warren	Branch President	1/7/2018 to 3/9/2018
Belinda Jacobi	Branch President	3/9/2018 to 30/6/2019
David Clements	Vice President	1/7/2018 to 30/6/2019
Susie Allison	Branch Secretary	1/7/2018 to 30/6/2019
Dario Mujkic	Assistant Branch Secretary	1/7/2018 to 30/6/2019
Belinda Jacobi	Organiser	1/7/2018 to 3/9/2018
Alycia Economidis	Organiser	3/9/2018 to 30/6/2019
Heath Lamaro	Organiser	1/7/2018 to 30/6/2019
Neil Smith	Organiser	1/7/2018 to 30/6/2019
Andrew Giles	Organiser	1/7/2018 to 30/6/2019
Andreas Wittmann	Committee Member	1/7/2018 to 30/6/2019
Elizabeth McEwan	Committee Member	1/7/2018 to 30/6/2019
Paul Payne	Committee Member	1/7/2018 to 30/6/2019
Lemmuel Leech	Committee Member	1/7/2018 to 30/6/2019
Evalyn Clow	Committee Member	1/7/2018 to 30/6/2019
Julie Kamber	Committee Member	1/7/2018 to 30/6/2019
Narorn leung	Committee Member	1/7/2018 to 30/6/2019
Nicholas Gordon	Committee Member	15/8/2018 to 30/6/2019
Agnes Galiza-Pua	Committee Member	15/8/2018 to 30/6/2019
Tracey Lidsey	Committee Member	15/8/2018 to 30/6/2019

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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**Remuneration and Disclosures**

The following represents obligations upon the Union under the **Fair Work (Registered Organisations) Act 2009** (the Act) and the Union's Rules.

The Union's Rules were altered with effect from 3 July 2017 to reflect the new reporting and disclosure obligations arising from the operation of the **Fair Work (Registered Organisations) Amendment Act 2016**. ([2017] FWCD 3231). (the Amendment Act)

As required under the Amendment Act, the Union will file an Officers Disclosure Statement with Registered Organisations Commission by 31 December 2019. The statement will also be posted on the Unions website ([www.nuw.org.au](http://www.nuw.org.au)). This replaces the previous disclosures on remuneration that otherwise would be contained in the annual financial report.

The following officers and employees are superannuation fund trustees or directors of a company that is a superannuation fund trustee. In each case the officer or employee was nominated for the position by the reporting unit.

A superannuation contribution of the amount specified by legislation of LUCRF director's fees is paid to the officers nominated superannuation fund. For the reporting period the contribution was as appears in the table below.

<b>Officer or Employee</b>	<b>Position</b>	<b>Trustee Company</b>	<b>Name of Fund</b>	<b>SGC Contribution</b>
Susie Allison	Director	LUCRF Pty Ltd	LUCRF Super	\$5,412

During the reporting period officers held directorships of the following boards and/or entities

<b>Name</b>	<b>Board</b>	<b>Principal Activity</b>	<b>Reason</b>
Susie Allison	McKell Institute	Policy Development	Because they are an officer of the reporting unit
Dario Mujkic	Co-operative Power Australia	Energy Co-operative	Nominated for position by the reporting unit

None of the above officers received any remuneration associated with their membership or directorship of any board of which they are a member.

No officer received any remuneration from a related third party of the Union in connection with the performance of their duties. Rule 68(c) prohibits officers undertaking external or secondary employment without the permission of the Branch Committee of Management. On 9 April 2019 the committee of management approved the secondment of Assistant Branch Secretary Dario Mujkic to United Voice – Victorian Branch for the purposes of assisting with bargaining.



**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**OPERATING REPORT  
FOR THE YEAR ENDED 30 JUNE 2019**

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**Remuneration and Disclosures (continued)**

The Union maintains a register of interests of all officers and observes procedures for dealing with conflicts of interests in accordance with the provisions of the Amendment Act.

The salary, classifications and pay scale of all appointed officers and staff of the Union is as determined from time to time by Union's National Council in accordance with the Rules.

All officers in accordance with Rule 14D are required to undertake approved training within six months of assuming office. In accordance with the guidelines issued by the Registered Organisations Commission, officers who are re-elected to the same office are not required to undertake approved training (FS018). A register of participation in approved training is maintained by the Union.

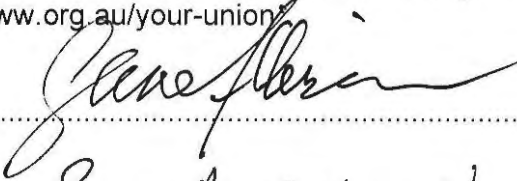
Costs associated with the delivery of the training and attendance are met by the Union.

On 26 September 2019, the Registered Organisations Commission granted an exemption in accordance with s.293M of the Act, from the requirement to undertake approved training on the basis that the following officer had a proper understanding of their responsibilities due to their experience and qualifications

<b>Name</b>	<b>Office</b>	<b>Reference</b>
Belinda Jacobi	Branch President	GT 2018/14
Susie Allison	Branch Secretary	GT 2018/12
Dario Mujkic	Assistant Branch Secretary	GT 2018/15

Members wishing to obtain additional information or detail on any of these matters may do so by contacting the Union on 1300 275 689 or by email – [info@nuw.org.au](mailto:info@nuw.org.au)

A copy of the Union's rules along with additional material relevant to governance is available for download on the website – [nuw.www.org.au/your-union](http://nuw.www.org.au/your-union)

Signature of designated officer: 

Name and title of designated officer: SUSIE ALLISON - VICTORIAN SECRETARY

Dated: 7/11/19

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

On the 7<sup>th</sup> November 2019 the Committee of Management of the National Union of Workers – Victorian Branch passed the following resolution in relation to the general purpose financial report (GPRF) for the year ended 30<sup>th</sup> June 2019:

The Committee of Management declares 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 GPRF relates and since the end of that year:
  - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the 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, it has been provided to the member or Commissioner; and
  - (vi) where any order for inspection of financial records has been made by the Registered Organisations Commission under section 273 of the RO Act, there has been compliance.

This declaration is made in accordance with a resolution of the Committee of Management.

Signature of designated officer: 

Name and title of designated officer: PASIE ALLISON - VICTORIAN SECRETARY

Dated: 7/11/19

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>Revenue</b>			
Membership subscriptions		12,302,509	11,836,934
Interest		281,386	212,234
Profit on disposal of assets		659	-
Other revenue	3	2,760,923	1,910,967
<b>Total revenue</b>		<b>15,345,477</b>	<b>13,960,135</b>
<b>Expenses</b>			
Employee expenses	4	6,573,849	6,090,997
Sustentation fees	4	2,339,518	2,260,583
Affiliation fees	4	253,714	248,967
Administration expenses	4	939,849	814,199
Donations paid	4	106,241	106,563
Depreciation	4	252,038	192,489
Legal costs	4	212,845	213,164
Audit fees	4	22,350	22,000
Motor vehicle expenses		322,896	351,301
Delegates expenses		168,371	150,647
Occupancy expenses		767,906	754,728
Communication expenses		99,077	104,682
Officials expenses		126,228	94,914
Training & staff education expenses		123,885	117,866
Impairment losses		148,006	71,255
Losses on disposal of assets		72,367	16
<b>Total expenses</b>		<b>12,529,140</b>	<b>11,594,371</b>
<b>Profit (loss) for the year</b>		<b>2,816,337</b>	<b>2,365,764</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss		-	-
<b>Total comprehensive income for the year</b>		<b>2,816,337</b>	<b>2,365,764</b>

The accompanying notes form part of the financial statements.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	3,461,069	8,012,213
Trade and other receivables	6	1,294,548	876,457
Financial assets	7	9,240,322	4,511,034
Other current assets	8	218,398	101,650
Plant and equipment	9	1,423,236	972,559
Investments in associates	10	8,204,600	7,841,031
Other investments	11	17,535,829	16,011,542
<b>Total current assets</b>		<b>41,378,002</b>	<b>13,501,354</b>
<b>Non-Current Assets</b>			
Trade and other receivables	6	-	360,233
Plant and equipment	9	-	972,559
Investments in associates	10	-	7,841,031
Other investments	11	-	16,011,542
<b>Total non-current assets</b>		<b>-</b>	<b>25,185,365</b>
<b>Total assets</b>		<b>41,378,002</b>	<b>38,686,719</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	731,530	719,865
Provisions	13	1,557,008	1,693,727
<b>Total current liabilities</b>		<b>2,288,538</b>	<b>2,413,592</b>
<b>Total liabilities</b>		<b>2,288,538</b>	<b>2,413,592</b>
<b>Net assets</b>		<b>39,089,464</b>	<b>36,273,127</b>
<b>EQUITY</b>			
Accumulated Funds		39,089,464	36,273,127
<b>Total equity</b>		<b>39,089,464</b>	<b>36,273,127</b>

The accompanying notes form part of the financial statements.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

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	Retained earnings	Total equity
	\$	\$
<b>Balance as at 1 July 2017</b>	<b>33,907,363</b>	<b>33,907,363</b>
Profit for the year	2,365,764	2,365,764
<b>Balance as at 30 June 2018</b>	<b>36,273,127</b>	<b>36,273,127</b>
<b>Balance as at 1 July 2018</b>	<b>36,273,127</b>	<b>36,273,127</b>
Profit for the year	2,816,337	2,816,337
<b>Balance as at 30 June 2019</b>	<b>39,089,464</b>	<b>39,089,464</b>

The accompanying notes form part of the financial statements.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from other reporting units	15B	403,028	390,545
Receipts from members		12,290,316	11,862,103
Interest		225,125	218,042
Other		1,352,067	1,411,792
<b>Cash used</b>			
Payments to Employees & Suppliers		(9,599,809)	(8,736,761)
Payment to other reporting units	15B	(2,973,091)	(2,840,348)
<b>Net cash from (used by) operating activities</b>	15A	<b>1,697,636</b>	<b>2,305,373</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sale of plant and equipment		186,204	-
Proceeds from investments		-	-
<b>Cash used</b>			
Purchase of plant and equipment		(960,627)	(39,595)
Purchase of term deposits, shares & units		(5,474,357)	(154,405)
<b>Net cash from (used by) investing activities</b>		<b>(6,248,780)</b>	<b>(194,000)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Repayment of Loans		-	-
<b>Cash used</b>			
Repayment of borrowings		-	-
<b>Net cash from (used by) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>(4,551,144)</b>	<b>2,111,373</b>
Cash & cash equivalents at the beginning of the reporting period		8,012,213	5,900,840
<b>Cash &amp; cash equivalents at the end of the reporting period</b>		<b>3,461,069</b>	<b>8,012,213</b>

The accompanying notes form part of the financial statements.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**1. Summary of significant accounting policies**

**1a Basis of preparation of the financial statements**

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

***Modified Liquidated Basis of Preparation***

As referred to in the Operating Report, on 30 August 2019, members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union.

Due to the intention to amalgamate and therefore no longer operate out of the entity, the Committee of Management have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. Accordingly the financial statements are not prepared on a going concern basis. The Committee of Management have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that 'when the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern'.

***Impact of adopting the modified liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report***

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. Despite the fact that the National Union of Workers will be deregistered, the intention is to amalgamate the National Union of Workers and United Voice and therefore the liquidation basis whereby the value of assets is recorded at their net realisable value and liabilities are recorded at their expected settlement amount is not considered appropriate.

The accounts have therefore been prepared on a modified liquidation basis whereby all assets and liabilities are recorded on a going concern basis but are recorded as current to recognise the fact that the National Union of Workers will cease to exist within a twelve month period.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**1a Basis of preparation of the financial statements (continued)**

***Impact of adopting the modified liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report (continued)***

In adopting this modified liquidation basis, the Committee of Management have continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant, and have modified them where this is considered appropriate.

In particular, the financial report does not include all of the disclosures required by the following standards on the basis that the disclosures are not considered relevant for decision-making by users as described below:

• AASB 5 Non-current Assets Held for Sale and Discontinued Operations

Given that the entire reporting unit is to be discontinued, the disclosures under AASB 5 that separate between continuing and discontinuing operations are not considered relevant to users.

• AASB 7 Financial Instruments: Disclosures

The information on exposures to financial risks are not considered relevant to users given that the financial risk exposures are not representative of the risks that will exist going forward.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the modified liquidation basis of preparation.

Comparative information has not been restated, and is measured and presented on a going concern basis.

**1b Comparative amounts**

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

**1c Significant accounting judgements and estimates**

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the reporting unit's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in below:



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**1c Significant accounting judgements and estimates (continued)**

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the reporting unit. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

*Liquidation value and liquidation expenses*

Under the liquidation basis of accounting, assets and liabilities are measured at liquidation value. The liquidation value of assets and liabilities is the estimated value for which assets are realised and liabilities settled.

**1d New Australian Accounting Standards**

***Adoption of New Australian Accounting Standard Requirements***

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year.

***Future Australian Accounting Standards Requirements***

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods that are expected to have a future financial impact on the Union include

***Future Australian Accounting Standards Requirements***

**AASB 16 Leases (AASB 16)**

AASB 16 was issued in January 2016 and it replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation-115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

For NFP entities, AASB 16 will commence from financial years beginning on or after 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Union plans to adopt AASB 16 on the required effective date 1 July 2019 using the modified retrospective method.

**1d New Australian Accounting Standards (continued)**

***Future Australian Accounting Standards Requirements (continued)***

**AASB 16 Leases (AASB 16)**

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. During the financial year ended 30 June 2019, the Union performed a preliminary assessment of AASB 16.

Apart from the above, there were no new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period that are expected to have a future financial impact on National Union of Workers – Victorian Branch

**1e Investment in associates**

An associate is an entity over which the National Union of Workers – Victorian Branch has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Union's share in the associate is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Union's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Union.

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**1f Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

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

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

Directors' fees are recognised when the right to receive the fee has been established.

Donation income is recognised when it is received.

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

Investment revenue is recognised in the period in which it is earned.

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

**1g Gains**

***Sale of assets***

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

**1h Sustentation fees and levies**

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

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**1i Employee benefits**

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

Liabilities for short-term employee benefits which are expected to be settled within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability including related on costs.

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

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Contributions made by the Union to employee superannuation funds are charged as expenses when incurred.

**1j Leases**

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

**1k Cash and cash equivalents**

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

**1l Financial instruments**

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions of the instrument.

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**1m Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Union's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Union commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in five categories:

(Other) financial assets at amortised cost

(Other) financial assets at fair value through other comprehensive income

Investments in equity instruments designated at fair value through other comprehensive income

(Other) financial assets at fair value through profit or loss

(Other) financial assets designated at fair value through profit or loss

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**1m Financial assets (continued)**

**Financial assets at fair value through profit or loss (including designated)**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

**Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - a) the Union has transferred substantially all the risks and rewards of the asset, or
  - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Union has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

**Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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**1m Financial assets (continued)**

**Impairment**

**(i) Trade receivables**

For trade receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**(ii) Debt instruments other than trade receivables**

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Union recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Union expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).

Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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**1n Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Union's financial liabilities include trade and other payables.

**Subsequent measurement**

**Financial liabilities at fair value through profit or loss (including designated)**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.



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**1o Plant and equipment**

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation.

***Depreciation***

The depreciable amount of plant and equipment is depreciated on either a straight line or diminishing value basis over their useful lives commencing from the time the asset is held ready for use.

***Depreciation***

The depreciation rates used for each class of asset are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Motor Vehicles	18.75% - 25%
Office Furniture and Equipment	7.5% - 66.67%
Fixtures and Fittings	2.50%-50%

All minor purchases of assets are considered by the Committee as having a useful life relative only to the period of purchase and as such are written off during that period.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss in the statement of comprehensive income.

**1p Taxation**

The Union is exempt from income tax under Section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

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**2. Events after the reporting period**

On 30 August 2019, members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union. A copy of the declarations of the amalgamation ballot conducted by the Australian Electoral Commission are available at [www.fwc.gov.au/cases-decisions-orders/major-cases/united-voice-national-union-workers-proposed-amalgamation](http://www.fwc.gov.au/cases-decisions-orders/major-cases/united-voice-national-union-workers-proposed-amalgamation)

Under the proposed structure, all reporting units of the National Union of Workers (80V) and United Voice (108V) (with the exception of the National Council) are to be abolished. Under the scheme, the following is to occur:

1. All assets and liabilities of the National Union of Workers and United Voice will be consolidated into the United Voice – National Council.
2. United Voice – National Council is to be renamed the United Workers Union
3. Officers of both the former National Union of Workers and United Voice will be translated into the new offices of the United Workers Union
4. Members of the former National Union of Workers and United Voice will become members of the United Workers Union.
5. Employees of the National Union of Workers and United Voice will become employees of the United Workers Union.

A copy of the rules of the United Workers Union which include at Schedule 5 the transitional matters is available at [www.anewunion.org.au/blog/](http://www.anewunion.org.au/blog/)

Upon the amalgamation date the United Workers Union will commence operations, resulting in the existing National Union of Workers and United Voice reporting units to cease operations

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	2019	2018
	\$	\$
<b>3. Other Revenue</b>		
Directors Fees Received	8,000	6,385
Share of net gain from associates accounted for using the equity method	511,575	85,263
Net gain on revaluation of investments	592,513	227,110
Dividends & Distributions Received	1,387,750	1,429,435
Sundry Income	248,514	162,774
Grants received	-	-
Donations received	12,571	-
	<u>2,760,923</u>	<u>1,910,967</u>
<b>4. Expenses</b>		
	2019	2018
	\$	\$
<b>Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	1,038,104	1,068,707
Superannuation	164,791	170,759
Leave and other entitlements	(39,769)	(95,615)
Separation and redundancies	-	-
Other employee expenses	106,428	109,543
<b>Subtotal employee expenses holders of office</b>	<u>1,269,554</u>	<u>1,253,394</u>
<b>Employees other than office holders:</b>		
Wages and salaries	4,108,593	3,643,707
Superannuation	669,254	609,293
Leave and other entitlements	(96,949)	149,648
Separation and redundancies	268,218	50,729
Other employee expenses	355,179	384,226
<b>Subtotal employee expenses employees other than office holders</b>	<u>5,304,295</u>	<u>4,837,603</u>
<b>Total employee expenses</b>	<u>6,573,849</u>	<u>6,090,997</u>
<b>Sustentation fees</b>		
NUW National Office	2,339,518	2,260,583
<b>Total sustentation fees</b>	<u>2,339,518</u>	<u>2,260,583</u>

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**4. Expenses (continued)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Affiliation fees</b>		
Australian Labor Party	140,868	137,913
Victorian Trades Hall Council	78,909	77,455
Ballarat Trades & Labour Council	660	660
Bendigo Trades & Labour Council	4,152	4,152
Geelong Trades & Labour Council	3,056	2,992
Gippsland Trades & Labour Council	464	1,275
Goulburn Valley Trades & Labour Council	4,315	3,287
North East Border Trades & Labour Council	17,124	17,124
South West Trades & Labour Council	900	900
Community Radio Federation Ltd	3,266	3,209
<b>Total affiliation fees</b>	<b>253,714</b>	<b>248,967</b>
<b>Administration expenses</b>		
Consideration to employers for payroll deductions	40,853	54,841
Campaign levy - ACTU	25,754	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	73,435	46,873
Other	799,807	712,485
<b>Total administration expenses</b>	<b>939,849</b>	<b>814,199</b>
<b>Donations</b>		
Total paid that were \$1,000 or less	91,284	4,763
Total paid that exceeded \$1,000	14,957	101,800
<b>Total donations</b>	<b>106,241</b>	<b>106,563</b>

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**4. Expenses (continued)**

	2019	2018
	\$	\$
<b>Depreciation</b>		
Depreciation		
Office Furniture and Equipment	29,661	44,861
Motor Vehicles	194,187	116,722
Fixtures and Fittings	28,190	30,906
<b>Total depreciation</b>	<u>252,038</u>	<u>192,489</u>
<b>Legal costs</b>		
Litigation	205,646	158,144
Other legal matters	7,199	55,020
<b>Total legal costs</b>	<u>212,845</u>	<u>213,164</u>
<b>Remuneration of auditors</b>		
Financial statement audit services	21,850	21,500
Other services	19,800	19,300
<b>Total remuneration of auditors</b>	<u>41,650</u>	<u>40,800</u>

Other services include the audit of the political membership return, assistance in the preparation of the general purpose financial report, completion of fringe benefits tax return and completion of quarterly business activity statements.

**5. Cash and cash equivalents**

	2019	2018
	\$	\$
Cash on hand	1,596	2,028
Cash at bank	3,459,473	8,010,185
<b>Total cash and cash equivalents</b>	<u>3,461,069</u>	<u>8,012,213</u>

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**6. Trade and other receivables**

	2019	2018
	\$	\$
<b><u>Current</u></b>		
<b>Receivables from other reporting units</b>		
NUW National Office	30,946	18,885
NUW General Branch	404	16,813
<b>Total receivables from other reporting units</b>	<u>31,350</u>	<u>35,698</u>
<b>Other receivables:</b>		
Other trade receivables	1,263,198	840,759
<b>Total other receivables</b>	<u>1,263,198</u>	<u>840,759</u>
<b>Total trade and other receivables</b>	<u>1,294,548</u>	<u>876,457</u>

The carrying amounts of all current trade and other receivables are equal to their fair values as they are short term receivables (less than 30 days) and non-interest bearing.

**Non-Current**

**Other receivables:**

IPP Property Trust – Distribution receivable	-	360,233
<b>Total other receivables</b>	<u>-</u>	<u>360,233</u>
<b>Total trade and other receivables</b>	<u>-</u>	<u>360,233</u>

Based on the underlying net assets of these entities, no impairment losses have been recognised as it is expected that these amounts will be recovered in full.

**7. Financial assets**

Held to Maturity investments		
- Term Deposits	9,240,322	4,511,034
<b>Total current financial assets</b>	<u>9,240,322</u>	<u>4,511,034</u>

Term Deposits are held with Members Equity Bank with an interest rate of between 2.25% and 2.80% (2018: 2.65%-2.85%)

**8. Other current assets**

Prepayments	144,292	83,805
Interest receivable	74,106	17,845
<b>Total other current assets</b>	<u>218,398</u>	<u>101,650</u>

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**9. Plant and Equipment**

	2019 \$	2018 \$
<b>Office Furniture &amp; Equipment</b>		
At Cost	420,698	434,309
Less Accumulated Depreciation	(356,770)	(349,220)
<b>Net Office Furniture &amp; Equipment</b>	<u>63,928</u>	<u>85,089</u>
<b>Motor Vehicles</b>		
At Cost	1,102,339	1,021,172
Less Accumulated Depreciation	(252,144)	(671,005)
<b>Net Motor Vehicles</b>	<u>850,195</u>	<u>350,167</u>
<b>Fixtures &amp; Fittings</b>		
At Cost	1,308,200	1,308,200
Less Accumulated Depreciation	(799,087)	(770,897)
<b>Net Fixtures &amp; Fittings</b>	<u>509,113</u>	<u>537,303</u>
<b>Total plant and equipment</b>	<u>1,423,236</u>	<u>972,559</u>

**Movements in Carrying Amounts**

2019	Motor Vehicles \$	Office F&E \$	Fixtures & Fittings \$	Total \$
Balance at beginning of year	350,167	85,089	537,303	972,559
Additions	952,086	8,541	-	960,627
Depreciation expense	(194,187)	(29,661)	(28,190)	(252,038)
Disposals	(257,871)	(41)	-	(257,912)
Carrying amount at end of year	<u>850,195</u>	<u>63,928</u>	<u>509,113</u>	<u>1,423,236</u>

2018	Motor Vehicles \$	Office F&E \$	Fixtures & Fittings \$	Total \$
Balance at beginning of year	466,889	90,371	568,209	1,125,469
Additions	-	39,594	-	39,594
Depreciation expense	(116,722)	(44,861)	(30,906)	(192,489)
Disposals	-	(15)	-	(15)
Carrying amount at end of year	<u>350,167</u>	<u>85,089</u>	<u>537,303</u>	<u>972,559</u>

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**10. Investments in Associates**

	2019	2018
	\$	\$
<b>(A) 833 Bourke Street Company and Trust</b>		
<u>Ordinary Shares in 833 Bourke Street Pty Limited</u>		
Opening Balance	34	34
Share of net gain in value of investment	-	-
Closing Balance	<u>34</u>	<u>34</u>
<u>Units in 833 Bourke Street Unit Trust</u>		
Opening Balance	7,551,551	7,466,288
Share of net gain in value of investment	511,575	85,263
Closing Balance	<u>8,063,126</u>	<u>7,551,551</u>
<b>Total investment</b>	<u><u>8,063,160</u></u>	<u><u>7,551,585</u></u>

The National Office of the National Union of Workers holds shares in 833 Bourke Street Pty Limited and units in 833 Bourke Street Unit Trust on behalf of the National Union of Workers – Victorian Branch. The above represents the National Union of Workers – Victorian Branch’s share of the total investment.

**(B) Industrial Printing & Publishing Company & Trust**

<u>Ordinary Shares in Industrial Printing &amp; Publishing Pty Ltd</u>		
Opening Balance	176,653	220,141
Share of net gain/(Provision for impairment)	(90,330)	(43,488)
Closing Balance	<u>86,323</u>	<u>176,653</u>
<u>Units in IPP Property Trust</u>		
Opening Balance	112,793	140,560
Share of net gain/(Provision for impairment)	(57,676)	(27,767)
Closing Balance	<u>55,117</u>	<u>112,793</u>
<b>Total investment</b>	<u><u>141,440</u></u>	<u><u>289,446</u></u>

The National Office of the National Union of Workers holds shares in trust in Industrial Printing and Publishing Pty Ltd and units in IPP Property Trust on behalf of the National Union of Workers – Victorian Branch. The above represents the National Union of Workers – Victorian Branch’s share of the total investment.



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**11. Other Investments**

	2019	2018
	\$	\$
Bell Potter Investment Portfolio – At Fair Value	17,535,829	16,011,542
<b>Total investment</b>	<b>17,535,829</b>	<b>16,011,542</b>
<u>Movement in Fair Value</u>		
Opening Balance	16,011,542	15,405,600
Net (Disposals)/Additions	931,774	378,832
Fair value adjustment	592,513	227,110
Closing Balance	17,535,829	16,011,542

The portfolio includes investments in equities, fixed interest securities, managed funds and exchange traded funds. The investments are managed on behalf of the National Union of Workers – Victorian Branch by Bell Potter Securities Limited.

**12. Trade and other payables**

	2019	2018
	\$	\$
Trade creditors and accruals	266,433	206,453
GST Payable	205,087	215,673
Legal Fees Payable – Litigation	8,772	21,091
Legal Fees Payable – Other Legal Matters	50	2,002
<b>Subtotal trade and other payables</b>	<b>480,342</b>	<b>445,219</b>
<b>Payables to other reporting units</b>		
NUW General Branch	-	822
NUW National Office	251,188	273,824
<b>Subtotal payables to other reporting unit[s]</b>	<b>251,188</b>	<b>274,646</b>
<b>Total trade and other payables</b>	<b>731,530</b>	<b>719,865</b>

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**13. Provisions**

	2019	2018
	\$	\$
<b>Employee provisions - Current</b>		
<b>Office Holders:</b>		
Annual leave	88,505	95,835
Long service leave	256,183	281,938
Separations and redundancies	-	-
Other	15,168	21,852
	<u>359,856</u>	<u>399,625</u>
<b>Employees other than office holders:</b>		
Annual leave	528,494	489,940
Long service leave	630,494	761,521
Separations and redundancies	-	-
Other	38,164	42,641
	<u>1,197,152</u>	<u>1,294,102</u>
<b>Total employee provisions - current</b>	<u>1,557,008</u>	<u>1,693,727</u>

**14 Contingent Liabilities, Assets and Commitments**

2019	2018
\$	\$

**Note 14A: Commitments and Contingencies**

**Operating lease commitments—as lessee**

5 year lease of office premises expiring 4/11/2023; photocopier leases with 60 month terms. On renewal, the terms of the leases are renegotiated.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are:

Within one year	717,900	679,155
After one year but not more than five years	2,531,628	2,987,560
More than five years	-	261,969
	<u>3,249,528</u>	<u>3,928,684</u>

**Capital commitments**

At 30 June 2019 the Union has no significant capital commitments.

**Other contingent assets or liabilities**

The members of the Committee of Management are unaware of any other contingent asset or liability, the effect of which may be material in relation to the financial statements.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**15. Cash flow information**

**15A: Cash flow reconciliation**

	2019	2018
	\$	\$
<b>Reconciliation of surplus(deficit) to net cash from operating activities:</b>		
Surplus/(deficit) for the year	2,816,337	2,365,764
<b>Adjustments for non-cash items</b>		
Depreciation	252,038	192,489
Loss on disposal of assets	72,367	16
Profit on disposal of assets	(659)	-
Unrealised (gain)/loss in value of investments in associates	(363,569)	(14,008)
Unrealised (profit)/loss in value of investments	(592,513)	(227,110)
Distributions reinvested	(180,847)	(344,177)
Management fees rebated & reinvested	(5,858)	(5,703)
<b>Changes in assets/liabilities</b>		
(Increase)/decrease in trade and receivables	(57,858)	199,506
(Increase)/decrease in other assets	(116,747)	3,665
Increase/(decrease) in trade and other payables	11,665	80,898
Increase/(decrease) in employee provisions	(136,720)	54,033
<b>Net cash from (used by) operating activities</b>	<b>1,697,636</b>	<b>2,305,373</b>

**15B: Cash flow information**

<b>Cash inflows</b>		
NUW – National Office	333,260	238,900
NUW – NSW Branch	319	-
NUW – General Branch	69,449	151,645
<b>Total cash inflows</b>	<b>403,028</b>	<b>390,545</b>
<b>Cash outflows</b>		
NUW – National Office	2,956,216	2,815,308
NUW – General Branch	16,875	25,040
<b>Total cash outflows</b>	<b>2,973,091</b>	<b>2,840,348</b>

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**16. Related party disclosures**

**16A: Related party transactions for the reporting period**

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

	2019	2018
	\$	\$
<b><u>Revenue received includes the following:</u></b>		
<b>NUW National Office</b>		
Sundry income received	5,480	10,733
Administration expenses recovered	250,413	189,419
Transfer of employee leave entitlements	80,506	33,892
	<u>336,399</u>	<u>234,044</u>
<b>NUW General Branch</b>		
Administration expenses recovered	41,562	163,522
Transfer of employee leave entitlements	12,969	-
	<u>54,531</u>	<u>163,522</u>
<b>NUW NSW Branch</b>		
Administration expenses recovered	319	-
	<u>319</u>	<u>-</u>
<b>833 Bourke Street Unit Trust</b>		
Distributions received	620,885	608,778
<b>Publicity Works Pty Ltd</b>		
Directors Fees received	8,000	8,000
<b><u>Expenses paid includes the following:</u></b>		
<b>NUW National Office</b>		
Payroll tax	298,078	270,384
Sustentation fees	2,339,518	2,260,583
Transfer of employee leave entitlements	-	51,248
Seconded staff expenses	80,801	87,143
Administration Expenses	215,842	165,679
	<u>2,934,239</u>	<u>2,835,037</u>
<b>NUW General Branch</b>		
Seconded staff expenses	-	6,197
Administration Expenses	10,956	19,120
Transfer of employee leave entitlements	5,144	-
	<u>16,100</u>	<u>25,317</u>
<b>833 Bourke Street Unit Trust</b>		
Rent & Outgoings	767,906	754,728
<b>Publicity Works Pty Ltd</b>		
Printing expenses	42,456	36,883

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**16. Related party disclosures (continued)**

**16A: Related party transactions for the reporting period**

	2019	2018
	\$	\$
<b><u>Amounts owed by -</u></b>		
NUW National Office	30,946	18,885
NUW General Branch	404	16,813
833 Bourke Street Unit Trust	47,486	50,715
	<u>78,836</u>	<u>86,413</u>
<b><u>Amounts owed to -</u></b>		
NUW National Office	251,188	273,824
NUW General Branch	-	822
833 Bourke Street Unit Trust	65,546	70,599
	<u>316,734</u>	<u>345,245</u>

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2019, the National Union of Workers – Victorian Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2018: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**16B: Key management personnel remuneration for the reporting period**

	2019	2018
	\$	\$
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	1,038,104	1,068,707
Annual leave & RDO accrued	(14,014)	(43,520)
<b>Total short-term employee benefits</b>	<u>1,024,090</u>	<u>1,025,187</u>
<b>Post-employment benefits:</b>		
Superannuation	164,791	170,759
<b>Total post-employment benefits</b>	<u>164,791</u>	<u>170,759</u>
<b>Other long-term benefits:</b>		
Long-service leave	(25,755)	(52,094)
<b>Total other long-term benefits</b>	<u>(25,755)</u>	<u>(52,094)</u>
<b>Termination benefits</b>	-	-
<b>Total</b>	<u>1,163,126</u>	<u>1,143,852</u>

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**17. Financial instruments**

The Union's activities expose it to the primary financial risks of market, liquidity, credit and interest rate risk. The Union's overall risk management approach is to identify the risks and implement safeguards which seek to minimise potential adverse effects on the financial performance of the Union.

Market Risk

The Union is exposed to equity securities price risk and managed funds price risk. This arises from investments held by the Union and classified on the statement of financial position either as available-for-sale or at fair value through profit or loss.

The Union's equity investments are publicly traded and are listed on the ASX.

The table below summarises the impact of increases/(decreases) of the indexes on the Union's equity and managed funds. The analysis is based on the assumption that the equity and managed fund indexes had increased/(decreased) by 10% (2018 – 10%) with all other variables held constant and all the Union's equity and managed funds instruments moved according to the historical correlation with the index.

	2019	2018
	\$	\$
<b>Effect on equity:</b>		
Increase of equity index by 10%	1,753,583	1,601,154
Decrease of equity index by 10%	(1,753,583)	(1,601,154)

Liquidity Risk

Liquidity risk is the risk that the Union may not be able to meet its financial obligations as they fall due. The Union has both short term and long term investments which enable sufficient cash to be available to settle obligations as they fall due.

Credit Risk

Credit risk is the risk of financial loss to the Union if a member or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, receivables, deposits with banks and financial institutions and loans to branches.

There is no concentration of credit risk with respect to current receivables. The maximum exposure to credit risk for receivables at the reporting date is the carrying amount in the statement of financial position.

Cash transactions are limited to high credit quality financial institutions. Currently the investments are held in Australian banks. The Union has no significant concentrations of credit risk.

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**17. Financial instruments**

Credit Risk

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. The credit quality of financial assets can be assessed by reference to external credit ratings as follows :

	2019	2018
	\$	\$
<b>Cash at bank</b>		
AA- Rating	1,472,547	2,406,945
BBB Rating	1,986,926	5,603,240
	<u>3,459,473</u>	<u>8,010,185</u>
<b>Term Deposits</b>		
BBB Rating	9,240,322	4,511,034

Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value and future cash flows will fluctuate as a result of changes in market interest rates. The Union's exposure to interest rate risk arises from cash at bank and term deposits.

Sensitivity analysis

As at 30 June the effect on the surplus/(deficit) as a result of changes in interest rates, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
<b>Effect on results:</b>		
Increase of interest rates by 1%	118,594	101,143
Decrease of interest rates by 1%	(118,594)	(101,143)

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**17. Financial instruments**

Maturity profile of financial instruments

The maturity profile of financial assets and liabilities held are detailed below:

2019	Weighted Average Interest Rate	Floating Interest Rate	1 year or less	1 to 5 years	Non Interest Bearing	Total
	%	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash on hand		-	-	-	1,596	1,596
Cash at bank	1.63	3,459,473	-	-	-	3,459,473
Term Deposits	2.67	-	9,240,322	-	-	9,240,322
Other Receivables		-	-	-	1,294,548	1,294,548
Investments		25,867,414	-	-	-	25,867,414
		29,326,887	9,240,322	-	1,296,144	39,863,353
<b>Financial Liabilities</b>						
Trade & other payables		-	-	-	731,530	731,530
<b>Net Financial Assets</b>		29,326,887	9,240,322	-	564,614	39,131,823

2018	Weighted Average Interest Rate	Floating Interest Rate	1 year or less	1 to 5 years	Non Interest Bearing	Total
	%	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash on hand		-	-	-	2,028	2,028
Cash at bank	1.75	8,010,185	-	-	-	8,010,185
Term Deposits	2.80	-	4,511,034	-	-	4,511,034
Other Receivables		-	-	-	1,236,690	1,236,690
Investments		23,852,573	-	-	-	23,852,573
		31,862,758	4,511,034	-	1,238,718	37,612,510
<b>Financial Liabilities</b>						
Trade & other payables		-	-	-	719,865	719,865
<b>Net Financial Assets</b>		31,862,758	4,511,034	-	518,853	36,892,645



**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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**18. Fair value measurement**

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial assets available-for-sale is based on quoted market prices at the end of the reporting period.

The table below shows the assigned level for each asset and liability held at fair value –

<b>30<sup>th</sup> June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Available-for-sale financial assets	17,535,829	-	-	17,535,829
<b>30<sup>th</sup> June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Available-for-sale financial assets	16,011,542	-	-	16,011,542

**19. Section 272 Fair Work (Registered Organisations) Act 2009**

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

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

**NATIONAL UNION OF WORKERS  
VICTORIAN BRANCH**

**OFFICER DECLARATION STATEMENT**

I, Susie Allison, being the Branch Secretary of the National Union of Workers – Victorian Branch, declare that the following activities did not occur during the reporting period ending 30<sup>th</sup> June 2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:

Dated:





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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL UNION OF WORKERS VICTORIAN BRANCH

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of National Union of Workers – Victorian Branch, which comprises the statement of financial position as at 30<sup>th</sup> June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30<sup>th</sup> June 2019, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report:

- a) presents fairly, in all material aspects, the financial position of National Union of Workers - Victorian Branch as at 30<sup>th</sup> June 2019, and its financial performance and its cash flows for the year ended on that date; and:
- b) complies with the Australian Accounting Standards; and
- c) 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).

##### Emphasis of Matter Regarding Modified Liquidation Valuation Basis

Without qualifying the opinion expressed above, attention is drawn to Note 1a which states that the report of the Branch has been prepared on a modified liquidation basis, given the members of both the National Union of Workers and United Voice have agreed to amalgamate to form the United Workers Union. The assets and liabilities are recorded on a going concern basis but are recorded as current to recognise the fact that the National Union of Workers will cease to exist within a twelve month period.

Partners:  
David J. Erkly CPA  
Stephen J. Eedy CPA  
Suzanne J. Eddy CPA





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

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

#### **Independence**

We are independent of the Union 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.

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

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

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.

#### **Partners:**

David J. Eddy CPA  
Stephen J. Eedy CPA  
Suzanne J. Eddy CPA





## **EddyPartners** Accountants

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

#### **Information Other than the Financial Report and Auditor's Report Thereon (continued)**

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

#### **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Union is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Union 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

**Partners:**  
David J. Eddy CPA  
Stephen J. Eedy CPA  
Suzanne J. Eddy CPA





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

#### **Auditor's Responsibilities for the Audit of the Financial Report (continued)**

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union'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 Union 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.

**Partners:**

David J. Eddy CPA  
Stephen J. Eddy CPA  
Suzanne J. Eddy CPA





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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL UNION OF WORKERS VICTORIAN BRANCH (Continued)

#### Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union audit. We remain solely responsible for our audit opinion.

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

We declare that we are an approved auditor, a member of CPA Australia and hold a current Public Practising Certificate.

#### EDDY PARTNERS ACCOUNTANTS & AUDITORS

David James Eddy, CPA – Partner

Approved auditor (AA2017/89)

Melbourne

Date: 7<sup>th</sup> November 2019

**Partners:**  
David J. Eddy CPA  
Stephen J. Eddy CPA  
Suzanne J. Eddy CPA







2 July 2019

Susan Allison  
Victorian Branch Secretary & General Vice President  
National Union of Workers-Victorian Branch  
Sent via email: [sallison@nuw.org.au](mailto:sallison@nuw.org.au)

Dear Susan Allison,

**Re: Lodgement of Financial Report - FR2019/173  
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the National Union of Workers-Victorian Branch (the reporting unit) ended on 30 June 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

### **Loans Grants and Donations Statement**

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 28 September 2019.

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

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

### **Financial report**

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

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 31 December 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

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

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

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

### **Auditor's report**

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

## **REMINDER**

### **YOUR AUDITOR MUST BE REGISTERED (s.256)**

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

### **Contact**

Should you require any clarification in relation to the above, please email [regorgs@roc.gov.au](mailto:regorgs@roc.gov.au).

Yours faithfully,

**Kylie Ngo**  
**Registered Organisations Commission**



## Fact sheet

### Summary of financial reporting timelines – s.253 financial reports

#### General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).

**STEP 1:**  
Reporting unit must prepare the General Purpose Financial Report, Committee of Management Statement, s.255(2A) Report and Operating Report as soon as practicable after the end of the financial year:

**STEP 2:**  
Committee of Management statement – resolution to be passed by the Committee of Management in relation to the General Purpose Financial Report (**1st meeting**)

**STEP 3:**  
Registered Auditor to prepare and sign the Auditor's Report and provide to the Reporting unit **within a reasonable timeframe**

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT  
AT GENERAL MEETING OF MEMBERS  
(this is the default process in the RO Act)

**STEP 4:**  
Provide **full report** to members at least 21 days before the General Meeting

**STEP 5:**  
Present **full report** to a General Meeting of Members within 6 months of the reporting unit's end of financial year (2nd meeting)

**STEP 6:**  
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC within 14 days of the 2nd meeting

IF RULES PROVIDE FOR PRESENTATION OF FULL REPORT AT  
COMMITTEE OF MANAGEMENT MEETING  
(Special rules must be in the rulebook to use this process)

**STEP 4:**  
Provide **full report** to members **within 5 months of the reporting unit's end of financial year**

**STEP 5:**  
Present **full report** to Committee of Management Meeting within 6 months of the reporting unit's end of financial year (2nd meeting)

**STEP 6:**  
Prepare and sign the designated officer's certificate then lodge **full report** and the designated officer's certificate with the ROC **within 14 days of the 2nd meeting**

## Misconceptions

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

Misconception	Requirement
<p><b>X</b> The Committee of Management statement is just copied from the Reporting Guidelines</p>	<p><b>✓</b> The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated <b>BEFORE</b> the auditor signs their report</p> <p>Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made</p>
<p><b>X</b> The Auditor's Report does not need to be signed until just before it is lodged with the ROC</p>	<p><b>✓</b> The Auditor's Report must be signed and dated <b>BEFORE</b> the full report (including the Auditor's Report) is sent to members and presented to the second meeting</p>
<p><b>X</b> The Designated Officer's Certificate must be signed before the report is sent to members</p>	<p><b>✓</b> The Designated Officer's Certificate declares what the reporting unit <b>HAS ALREADY DONE</b> to provide the report to members and present it to the meeting. It must be signed and dated <b>AFTER</b> sending the report to members and the second meeting</p>
<p><b>X</b> Documents can be dated when they should have been signed or when the events in the document occurred</p>	<p><b>✓</b> Documents must always be dated at the date they are actually signed by an officer or auditor</p>
<p><b>X</b> Any auditor can audit a financial report</p>	<p><b>✓</b> Only registered auditors can audit the financial report</p>
<p><b>X</b> The Committee of Management statement can be signed at any time</p>	<p><b>✓</b> The resolution passing the Committee of Management Statement must occur and the statement signed and dated <b>BEFORE</b> the auditor's report is signed and dated</p>
<p><b>X</b> Any reporting unit can present the Full Report to a second COM meeting</p>	<p><b>✓</b> Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members</p>
<p><b>X</b> Everything can be done at one Committee of Management meeting</p>	<p><b>✓</b> If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u>. The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)</p>
<p><b>X</b> The reporting unit has 6 months and 14 days to lodge their financial report with the ROC</p>	<p><b>✓</b> The reporting unit must lodge the financial report within 14 days of the second meeting</p>

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



## Fact sheet

### Loans, Grants & Donations

#### **The Loans, Grants & Donations Requirements**

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

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

#### **The Loans, Grants & Donations Statement**

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

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

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

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

## Common misconceptions

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

Misconception	Requirement
✗ Only reporting units must lodge the Statement.	✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
✗ Employees can sign the Statement.	✓ The statement must be signed by an elected officer of the relevant branch.
✗ Statements can be lodged with the financial report.	✓ The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

## Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

### Note 4E: Grants or donations\*

	2017	2016
Grants:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
<b>Total grants or donations</b>	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

## **Implications for filing the Financial Report**

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

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

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

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

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

### **Further information**

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