



23 May 2019

Mr Richard Olsen
Secretary, New South Wales Branch
Transport Workers' Union of Australia

Dear Mr Olsen

Re: – Transport Workers' Union of Australia, New South Wales Branch - financial report for year ending 31 December 2018 (FR2018/304)

I refer to the financial report of the New South Wales Branch of the Transport Workers' Union of Australia. The documents were lodged with the Registered Organisations Commission (**ROC**) on 13 May 2019.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements. Please note the report for year ending 31 December 2019 may be subject to an advanced compliance review.

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

Audit scope - officer's declaration statement

Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report* paragraph 24(c) requires the auditor's statement to list the elements of the GPFR. In the lodged auditor's report reference is made to an officer's declaration statement, however an officer's declaration statement was not included in the copy of the documents lodged with the ROC.¹

In future years only those statements which formed part of the audit scope should be identified in the auditor's report.

Auditor declaration

Reporting guideline 29(a) sets out a new form of auditor declaration (see copy of 5th edition Reporting Guidelines attached).

Disclosure of capitation fees or other expense to another reporting unit

Reporting guideline 14(b) requires a disclosure in relation to capitation fees (however described, e.g. sustentation fees). On the basis that these terms are equivalent, the nil balance in respect of capitation fees expense in Notes 7 and 9 did not correspond to the sustentation fees expense to

¹ An Officer's Declaration Statement is not required to form part of a GPFR where all relevant nil activity disclosures are contained in the financial statements and notes, as was the case here for the Branch.

National Office disclosed in the statement of comprehensive income. This will require an appropriate change in next year's report.²

Administration of financial affairs by another entity

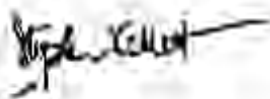
Paragraph 19 of the reporting guidelines requires a disclosure in relation to administration of a reporting unit's financial affairs by another entity. The nil activity statement that "*The Branch financial affairs are not administered by another entity*" in Note 30 did not correspond to the disclosure of the administration arrangements in respect of the Branch's financial affairs by the Transport Workers Union of New South Wales in Note 8. This will require an appropriate change in next year's report.²

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

Yours faithfully



Stephen Kellett
Financial Reporting
Registered Organisations Commission

² As discussed with the Branch's Chief Financial Officer.



Transport Workers' Union of Australia, NSW Branch

Richard Olsen State Secretary | P: 1800 729 909 | F: 02 9912 0777 | E: info@twunsw.org.au | W: www.twunsw.org.au

ABN: 24 302 560 296

13 May 2019

Mr Mark Bielecki
Registered Organisations Commissioner
Registered Organisations Commission
Level 4, 414 La Trobe Street
MELBOURNE VIC 3000

Dear Sir

Re: Financial Report 2018 of the Transport Workers' Union of Australia, NSW Branch

In accordance with the *Fair Work (Registered Organisations) Act 2009* the Transport Workers' Union of Australia, NSW Branch hereby submits the Certificate of Designated Office and 2018 Financial Report.

The 2018 Financial Report was presented to the Branch Committee of Management on 08 March 2019, made available to members through the union's website on 13 March 2019 and was again presented and endorsed by a second Branch Committee of Management meeting on 10 May 2019.

If there is anything further please do not hesitate to contact Rajeev Nijhawan, Chief Financial Officer, on (02) 9912 0700.

Yours Sincerely,

Richard Olsen
Branch Secretary
Transport Workers' Union of Australia, NSW Branch

AUSTRALIA'S STRONGEST UNION, GIVING TRANSPORT WORKERS A POWERFUL VOICE SINCE 1888

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Transport Workers' Union of Australia, NSW Branch

Richard Olsen State Secretary | P: 1800 729 909 | F: 02 9912 0777 | E: info@twunsw.org.au | W: www.twunsw.org.au

ABN: 24 302 560 296

Section 268 Fair Work (Registered Organisations) Act 2009

CERTIFICATE OF DESIGNATED OFFICER

2018 Financial Report (The Full Report)

I, Richard Olsen, being the Branch Secretary of the Transport Workers' Union of Australia, NSW Branch, hereby certify:

- That the documents lodged herewith are copies of the Full Report for the Transport Workers' Union of Australia, NSW Branch for the period ended 31 December 2018 in accordance with s 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- That the Full Report was presented to a meeting of the Branch Committee of Management of the reporting unit on 8 March 2019; and
- That the Full Report was provided to members of the reporting unit in accordance with s 265 of the *Fair Work (Registered Organisations) Act 2009* on 13 March 2019; and
- That the Full Report was presented to a second meeting of the Branch Committee of Management of the reporting unit in accordance with s 266(3) of the *Fair Work (Registered Organisations) Act 2009* on 10 May 2019.

Richard Olsen
Branch Secretary
Transport Workers' Union of Australia, NSW Branch

Dated: 13 May 2019

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**TRANSPORT WORKERS' UNION OF
AUSTRALIA (NEW SOUTH WALES BRANCH)**

FINANCIAL REPORT

YEAR ENDED 31 DECEMBER 2018

ESTABLISHED 24 JULY 1888

PROUDLY Carrying Australia for 130+ years

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

ANALYSIS OF FINANCIAL STATEMENTS

The Transport Workers' Union of Australia New South Wales Branch (Federal) presents its reports for the financial year ended 31 December 2018.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

Revenue earned from Member Contributions and Entrance Fees for the year was \$762,523 which when compared to the prior year has increased by \$12,607 i.e. 1.68% (FY 2017: \$749,916).

Service Fees for the financial year was \$1,249,985 an increase of \$13,401 (1.08%) when compared to the prior year. (FY 2017: \$1,236,584)

The total income generated by the branch was \$2,033,641 an increase of \$30,593 (1.53%) when compared to the prior year (FY 2017: \$2,003,048)

EXPENDITURE

- (i) **Employee Related Payments (ERP)** for the year was \$321,526 which includes salary on-costs, superannuation payments, FBT, and a 2% remuneration increase consisting of a 1.50% salary increase and 0.5% superannuation increase. (FY 2017: \$294,089)
- (ii) **Operating Expenditure** for the year was \$1,673,400 (FY 2017: \$1,657,882). The increase in expenditure by \$15,518 relates to a mix of over and under spend in various operating cost line item expenditure over the year.
- (iii) **Cumulative Operating Expenditure** which includes Employee Related payments for the year was \$1,994,926 (FY2017: \$1,951,971).

NET POSITION

The surplus of \$38,715 for year ended 2018 (FY 2017: \$51,077) is a direct flow-on effect of a modest 3% increase/review to the membership subscription in 2018, adjustment of \$4,741 relating to member debtors FY 2018 as compared to FY 2017 and other expenses.

STATEMENT OF CASHFLOWS

The cash flow of the Branch has been managed to ensure liabilities are paid as and when they fall due for payment. Cash at the end of the year amounted to \$270,320 and reflects consistency in the cash flow experienced during the year. (FY 2017: \$236,630). The Branch continues to perform to expectations.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

STATEMENT OF FINANCIAL POSITION

The net assets are \$98,848 (FY 2017: \$61,051). The decision to recognize member debtors as implemented from FY 2013 has been continued in 2018. As at 31 December 2018 the outstanding debt owed, for 30 and 60 days, from members is \$380 (GST Inclusive). Further details are set out in Note 1.

The financial viability of the branch is assured through the continued financial support from the Transport Workers Union of NSW. Refer Note 19.



RICHARD OLSEN
BRANCH SECRETARY

Friday 8 March 2019

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

REPORT REQUIRED UNDER SUBSECTION 255(2A)

For the year ended 31 December 2018

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Descriptive form

| Categories of expenditures | 2018 \$ | 2017 \$ |
|--|--------------------|--------------------|
| Remuneration and other employment-related costs and expenses - employees | 321,526 | 294,089 |
| Advertising | - | 270 |
| Operating costs | 1,673,400 | 1,657,882 |
| Donations to political parties | 364 | 318 |
| Legal costs | 2,179 | - |

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

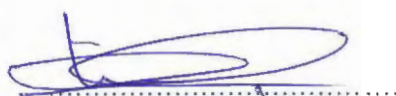
OPERATING REPORT

The Branch Committee of Management presents its operating report of the Transport Workers' Union of Australia, New South Wales Branch for the financial year ended 31 December 2018.

1. The principal activities of the Branch are aimed at the improvement of wages and working conditions for members. There were no changes to those activities during the financial year.
2. There were no significant changes to the Branch's financial affairs during the year. The profit for the year has helped the Branch net assets to improve.
3. The Branch's financials reported a surplus of \$38,715 for the year. (FY 2017: \$51,077).
4. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174 (1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174 (1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a Branch of the organisation. There was no change to this rule during the year.
5. Richard Olsen is a director of TWU Superannuation Fund.
6. At the end of the financial year the number of registered members of the New South Wales Branch was 22,661. (NSW 21,116 and ACT 1,545)
7. The number of persons who were employees of the reporting unit on 31 December 2018 was 3, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis;
8. The names of each person who were members of the Branch Committee of Management at any time during the financial year are as follows:

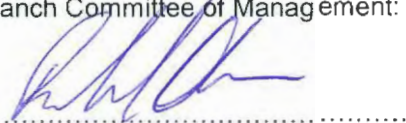
| | | Period Position Held |
|----|-------------------|------------------------------------|
| 1 | Richard Olsen | 1 January 2018 to 31 December 2018 |
| 2 | Charles McKay | 1 January 2018 to 31 December 2018 |
| 3 | Paul Eid | 1 January 2018 to 31 December 2018 |
| 4 | Brian Beckwith | 1 January 2018 to 31 December 2018 |
| 5 | Mick Pieri | 1 January 2018 to 31 December 2018 |
| 6 | Robert Pirc | 1 January 2018 to 31 December 2018 |
| 7 | Michael Forbes | 1 January 2018 to 31 December 2018 |
| 8 | Klaus Pinkas | 1 January 2018 to 31 December 2018 |
| 9 | Trevor Binskin | 1 January 2017 to 31 December 2017 |
| 10 | Stephen Pettiford | 1 January 2018 to 31 December 2018 |
| 11 | Richard Cockburn | 1 January 2018 to 31 December 2018 |
| 12 | Doug Fox | 1 January 2018 to 31 December 2018 |
| 13 | Mark Trevillian | 1 January 2018 to 31 December 2018 |
| 14 | Ray Childs | 1 January 2018 to 31 December 2018 |
| 15 | George Oei | 1 January 2018 to 31 December 2018 |
| 16 | Jason Larfield | 1 January 2018 to 31 December 2018 |

Signed in accordance with a resolution of the Branch Committee of Management:



ANTHONY MATTHEWS

Friday 08 March 2019



RICHARD OLSEN

Friday 08 March 2019

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

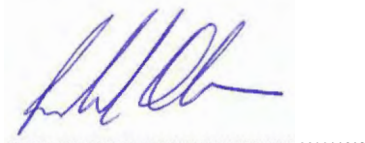
BRANCH COMMITTEE OF MANAGEMENT'S STATEMENT

On 08 March, 2019, the Branch Committee of Management of the Transport Workers' Union of Australia, New South Wales Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 31 December 2018.

The Branch Committee of Management declares in relation to the GPFR that in its opinion:

- (a) The Financial Statements and notes comply with the Australian Accounting Standards;
- (b) The Financial Statements and notes comply with the reporting guidelines of the Commissioner;
- (c) The Financial Statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 31 December 2018;
- (d) There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 31 December 2018 and since the end of the financial year:
 - (i) meetings of the Branch Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial records of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the Financial Statements of the Branch have been kept, as far as practicable, in a consistent manner to each of the other Branches and national office 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, that information has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, the Branch has complied.

For the Branch Committee of Management:



RICHARD OLSEN
BRANCH SECRETARY

Friday 08 March 2019

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

| | NOTE | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| INCOME | | | |
| Contributions and Entrance Fees | | 762,523 | 749,916 |
| Interest | | 175 | 107 |
| Property Rentals | | 16,190 | 16,071 |
| Service Fees - Transport Workers' Union of New South Wales | | 1,249,985 | 1,236,584 |
| Sundry Income | | 4,768 | 369 |
| TOTAL INCOME | | 2,033,641 | 2,003,048 |
| Depreciation expense | | - | - |
| Officers benefits expense (holders of office) | | | |
| Wages and Salaries | | 121,547 | 110,673 |
| Superannuation | | 16,732 | 15,792 |
| Leave and other entitlements | | 12,105 | 21,592 |
| Separation and redundancies | | - | - |
| Other employee expenses (Fringe benefits) | | - | - |
| | | 150,384 | 148,057 |
| Employees benefits expense | | | |
| Wages and Salaries | | 123,445 | 119,392 |
| Superannuation | | 17,360 | 16,922 |
| Leave and other entitlements | | 30,020 | 9,572 |
| Separation and redundancies | | - | - |
| Other employee expenses (Fringe benefits) | | 317 | 146 |
| | | 171,142 | 146,032 |
| Other expenses | | | |
| Administration Fees - Transport Workers' Union of New South Wales | | 46,598 | 45,696 |
| Affiliation Fees | | 16,410 | 16,880 |
| Audit and Accountancy Fees | | 6,150 | 6,319 |
| Advertising/Media Campaign | | - | 270 |
| Badges | | 1,240 | 1,240 |
| Bank Charges | | 2,226 | 2,398 |
| Commission | | 449 | 485 |
| Computer Costs | | 10,184 | 23,656 |
| Country Organising | | - | - |
| Donations | 5 | 364 | 318 |
| Doubtful Debt Expense | | - | - |
| Deficit on Disposal of Assets | | - | - |
| Electricity | | 3,983 | 4,016 |
| Freight | | - | - |
| General Expenses | | 34,389 | 23,885 |
| Insurance | | 2,793 | 4,099 |
| IR Levy | | 2,892 | 2,892 |
| Legal and Professional Fees | | 2,179 | - |

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2018
(CONT'D)**

| | NOTE | 2018 \$ | 2017 \$ |
|---|------|-------------------------|-------------------------|
| Meeting and Conference Expenses | | 21,751 | 25,038 |
| Motor Car Expenses | | 36,956 | 35,537 |
| Officials expenses | | 15,633 | 7,468 |
| Payroll Tax | | 20,630 | 20,441 |
| Postage | | 2,933 | 2,892 |
| Printing and Stationery | | 4,444 | 7,515 |
| Property Expenses | | 49,226 | 48,711 |
| Staff Training | | - | 96 |
| Telephones | | 6,753 | 8,438 |
| Sustentation Fees – NSW – to TWU of NSW (National Office) | | 1,249,985 | 1,236,584 |
| Sustentation Fees – ACT – to TWU of NSW (National Office) | | 134,509 | 132,285 |
| Training Levy | | 723.00 | 723.00 |
| Financial Support from Transport Workers' Union of New South Wales | | - | - |
| | | <u>1,673,400</u> | <u>1,657,882</u> |
| TOTAL EXPENDITURE | | <u>1,994,926</u> | <u>1,951,971</u> |
| | | | |
| OPERATING SURPLUS/(DEFICIT) FOR THE YEAR | | <u>38,715</u> | <u>51,077</u> |
| | | | |
| SURPLUS/(DEFICIT) FOR THE YEAR OTHER COMPREHENSIVE INCOME | | <u>38,715</u> | <u>51,077</u> |
| | | <u>-</u> | <u>-</u> |
| | | | |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>38,715</u> | <u>51,077</u> |

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

| | NOTE | 2018 \$ | 2017 \$ |
|--------------------------------------|------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 13 | 270,320 | 236,630 |
| Investments | 14 | 7,466 | 8,384 |
| Trade and Other Receivables | 15 | 88,805 | 103,559 |
| Prepayments and Deposits | | <u>11,253</u> | <u>13,150</u> |
| Total Current Assets | | <u>377,844</u> | <u>361,723</u> |
| Non Current Assets | | | |
| Property, Plant and Equipment | 16 | <u>-</u> | <u>-</u> |
| Total Non Current Assets | | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | | <u>377,844</u> | <u>361,723</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 17 | 151,516 | 190,926 |
| Provision for Accrued Annual Leave | | - | 28,822 |
| Provision for Long Service Leave | 18 | <u>93,008</u> | <u>80,924</u> |
| Total Current Liabilities | | <u>278,996</u> | <u>300,672</u> |
| Non Current Liabilities | | | |
| Provision for Long Service Leave | | <u>-</u> | <u>-</u> |
| Total Non Current Liabilities | | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | | <u>278,996</u> | <u>300,672</u> |
| NET ASSETS | | <u>98,848</u> | <u>61,051</u> |
| EQUITY | | | |
| AFS Reserve | | 4,912 | 5,830 |
| Accumulated Funds | | 93,936 | 55,221 |
| TOTAL EQUITY | | <u>98,848</u> | <u>61,051</u> |

(The attached notes form part of these financial statements)

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | AFS Reserve | Accumulated Funds \$ | Total Equity |
|---|----------------|----------------------------|---------------|
| Balance at 1 January 2017 | 4,290 | 4,144 | 8,434 |
| Total Comprehensive Income for the Year | - | 51,077 | 51,077 |
| Revaluation | <u>1,540</u> | <u>-</u> | <u>1,540</u> |
| Balance at 31 December 2017 | 5,830 | 55,221 | 61,051 |
| Total Comprehensive Income for the Year | - | 38,715 | 38,715 |
| Revaluation | <u>(918)</u> | <u>-</u> | <u>(918)</u> |
| Balance at 31 December 2018 | <u>4,912</u> | <u>93,936</u> | <u>98,848</u> |

(The attached notes form part of these financial statements)

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Note | 2018 \$ | 2017 \$ |
|---|-------|----------------|----------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from Members | | | |
| - Contributions and Entrance Fees | | 767,264 | 749,022 |
| Service Fees from Transport Workers' Union of New South Wales | | 1,258,445 | 1,304,654 |
| Payments to Transport Workers' Union of New South Wales | | | |
| - Administration Fees | | (86,554) | (9,316) |
| Payments to Suppliers and Employees | | (534,669) | (582,034) |
| Payments to Transport Workers' Union of Australia | | | |
| - Sustentation Fees & Levies | | (1,391,929) | (1,402,258) |
| Interest Received | | 175 | 107 |
| Other Receipts | | <u>20,958</u> | <u>16,440</u> |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES | 20(b) | <u>33,690</u> | <u>76,615</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for mobile phones | | - | - |
| Proceeds from sale of motor vehicle | | - | - |
| Payment for motor vehicle | | <u>-</u> | <u>-</u> |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>-</u> | <u>-</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | <u>-</u> | <u>-</u> |
| NET CASH USED IN FINANCING ACTIVITIES | | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 33,690 | 76,615 |
| Cash at beginning of Year | | <u>236,630</u> | <u>160,015</u> |
| CASH AT END OF YEAR | 20(a) | <u>270,320</u> | <u>236,630</u> |

(The attached notes form part of these financial statements)

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. CHANGE IN ACCOUNTING POLICY

Revenue Recognition

The union has applied the accrual basis of accounting for member contributions since the 31 December 2011 financial report using the month of January receipts to account for unpaid December contributions for Payroll deductions and direct debit recovery. For the financial year FY 2018 the unpaid member contributions (refer note 3) amounts due for 30 and 60 days is \$380 (FY 2017: \$5,121) (GST Inclusive). The Committee seeks to recover these unpaid contributions over the coming year and has recognised the amounts in the current years reported revenue as an accrual. In line with AASB 118 'Revenue', membership income received for future years will be recognized when due. As at 31 December 2018 Membership Fees \$11,849 (GST Inclusive) has been carried forward to 2019. Refer to Note 3 for estimates of recoverable values.

According to AASB 101 Presentation of financial Statements for NFP's in making its assessment, of material uncertainties the ability to continue as a 'Going Concern' would not be affected should the debt not be collected due to the financial support from the Transport Workers Union of NSW. Refer Note 19.

2. STATEMENT OF ACCOUNTING POLICIES

The financial report is for the New South Wales Branch of the Transport Workers' Union of Australia, and in accordance with the Fair Work (Registered Organisations) Act 2009 the Branch is a reporting unit. The Transport Workers' Union of Australia is an organisation registered under the Fair Work (Registered Organisations) Act 2009. The New South Wales Branch is a Branch of the registered organisation. In accordance with the Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the New South Wales Branch are not subject to the *Corporations Act 2001*. The Transport Workers' Union of Australia NSW Branch is a not-for-profit entity.

SIGNIFICANT ACCOUNTING POLICIES

The financial report of Transport Workers Union of Australia New South Wales Branch for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Committee of Management on 8 March 2019.

(a) Basis of Preparation

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

The reporting guidelines made under section 255 of the Fair Work (Registered Organisations) Act 2009 (the RO Act) require all reporting units to apply the Tier 1 reporting requirements as per Australian Accounting Standard AASB 1053 Application for Tiers of Australian Accounting Standards. As such the New South Wales Branch have, prepared a full set of general purpose financial statements to apply the Tier 1 reporting requirements under AASB 1053.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

The financial report has been prepared on the basis of historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the Branch in the preparation of the financial report.

(b) Revenue

- (i) Revenue received for services and management fee/s is recognised when the service is provided.
- (ii) In prior years, revenue (contributions and entrance fees) was accounted on cash basis that is using the contributions-in-transit method.
- (iii) A decision was made in FY 2011 (*1(b) Financial Report FY 2011*) to move away from the cash basis contributions-in-transit method and recognize prior year revenue being received in the current year by an accrual journal at year end. That is membership income/revenue should be recognised in the subscription year in which the service was provided.
- (iv) For the financial year FY 2018 the membership-debtors accrual journal for \$380 (FY 2017: \$5,121) (GST inclusive) has been accounted at year end recognising prior year revenue being received in the current year which complies with *AASB101-Presentation of Financial Statements*.
- (v) Service Fees received interest, received and rental income from the Transport Workers' Union of New South Wales is accounted for on an accrual basis.

(c) Income tax

No provision for Income Tax is necessary as Industrial Trade Unions are exempt from Income Tax under Section 50-15 of the Income Tax Assessment Act 1997.

(d) Employee Entitlements

Provision is made for the Branch's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on costs.

Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. In the case of Long Service Leave this results in an amount not materially different to that achieved by discounting future cash flows.

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(e) Investments

All investments (except for investment properties, see note (l)) and other financial assets are initially stated at fair value. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

1. Share portfolio – Subsequently measured at fair value. Gains and losses are taken through the profit or loss account (FVTPL) as the associated cash flows are not solely payments of principal and interest (SPPI) on specified dates, and as the investment is not held for trading (HFT).

(f) Goods and Services Tax

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

(g) Property Plant and Equipment

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Branch commencing from the time the asset is ready for use.

The depreciation rates used for each class of assets are:

| | |
|---------------|--------|
| Mobile Phones | 50.00% |
|---------------|--------|

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each period end date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of comprehensive income in the year that the item is derecognized.

(h) New Standards and interpretations not yet adopted

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below. The Company does not plan to adopt these standard early.

(i) AASB 16 Leases

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

(iii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

AASB 15 is effective for annual reporting periods beginning on or after 01 January 2019 for non-profit entities, and for annual reporting periods beginning on or after 01 January 2018 for for-profit entities.

(i) Accounting Standards

The entity has applied AASB 09 *Financial Instruments* from 01 January 2018, and note that AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* are effective from 01 January 2019.

(j) Financial Instruments

(i) Non-derivative financial assets

The entity initially recognises loans and receivables on the date that they are originated.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following categories of non-derivative financial assets:

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition of trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are subject to an insignificant risk of changes in their fair value, and are used by the entity in the management of its short-term commitments.

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date that the entity becomes a party to the contractual provisions of the instrument.

The entity derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The entity classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

(iii) Share Capital

We note that the entity does not have any form of share capital, all equity is held in retained earnings.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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.

(a) Critical accounting estimates and assumptions

The Branch makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

(b) Critical judgments in applying the Branch's accounting principles

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

In line with section 125 and 131 of AASB 101, the monies would be recovered and as such there will not be any significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Trade and Other Receivables

After the introduction of the new 'Membership Connect' system in September 2013 and considering debts overdue by 30 and 60 days - The amount of \$380 (FY 2017 \$5,121) (including GST) has been considered as receivable, which represents:

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

| | 2018 | 2017 |
|---|-------------|-------------|
| Financial Members in arrears | \$380 | \$ 5,121 |
| Less financial members for future periods | - | - |
| Add: Un-financial members in arrears | - | - |
| Less provision for doubtful debts (including GST) | - | - |
| | \$ 380 | \$ 5,121 |

The estimated amount of \$380 (FY 2017 \$5,121) unpaid contributions, will be pursued in the coming year and are accordingly recognized as a receivable.

The member debtors for FY 2018 have been determined based on the expected recovery of debts after making allowance for the age of the debts and the values outstanding in each case. The aging of the debts has been determined in accordance with the revenue recognition policy in Note 1.

4. INFORMATION TO BE PROVIDED TO MEMBERS OR THE COMMISSIONER

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

- (1) A member of a reporting unit, or the Commissioner, 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).

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

5. DONATIONS

Non-reportable donations less than \$1,000 (excl GST)

| Details to whom payment made | Purpose | 2018 \$ | 2017 \$ |
|-----------------------------------|---|------------|------------|
| Australian Labor Party ACT Branch | 8 Conference Delegate tickets at \$45.45 each | 364 | - |
| Australian Labor Party ACT Branch | 7 Conference Delegate tickets at \$45.45 each | - | 318 |
| Total | | 364 | 318 |

Reportable donations equal to or exceeding \$1,000 (excl GST)

| Details to whom payment made | Purpose | 2018 \$ | 2017 \$ |
|------------------------------|---------|------------|------------|
| NA | NA | - | - |
| NA | NA | - | - |
| NA | NA | - | - |
| Total | | Nil | Nil |

6. RECOVERY OF WAGES ACTIVITY

The Transport Workers Union ("TWU") of Australia (NSW Branch) has not undertaken recovery of wages activity. The Transport Workers Union (TWU) of Australia (NSW Branch) does assist with recovery of TWU member wages. However as and when decreed by the court we confirm that any settlement or recovery of wages is directly managed between the employer and the employee (i.e. our TWU member) and at no point of time is any money banked to the Union's TWU Branch bank account.

Reportable amounts are NIL for

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

7. SPECIFIED ITEMS THAT HAVE NOT OCCURRED

The following prescribed disclosures under the reporting guidelines of *the Fair Work (registered Organisations) Act, 2009*, have not occurred in the reporting period

1. Statement of Comprehensive Income - revenue
 - a. Capitation fees
 - b. Compulsory levies
 - c. Donations or grants received.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

7. SPECIFIED ITEMS THAT HAVE NOT OCCURRED (Cont'd)

2. Statement of Comprehensive Income – expenses
 - a. Payments to employer's for payroll deduction activity
 - b. Fees and periodic subscriptions are paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters
 - c. Penalties imposed under the RO Act.
 - d. Grants paid < \$1,000
 - e. Grants paid ≥\$1,000
 - f. Capitation fees paid
 - g. Compulsory levies imposed

3. Statement of Financial position
 - a. Payments to employers for payroll deduction activity

8. ADMINISTRATION

The financial affairs of the branch are administered by another Transport Workers Union of New South Wales. The services provided included

- Receipt and processing of member contributions
- Payment of wages, legal and administration expenses
- Provision of office and office equipment and office utilities.

The Transport Workers Union of New South Wales receives reimbursement of the costs of the above services as set out in the Statement of income and expenses.

9. DISCLOSURES IN RESPECT OF STATEMENT OF COMPREHENSIVE INCOME

9 (a) LEGAL AND PROFESSIONAL FEES

| | 2018 | 2017 |
|---------------------------------|--------------|--------------|
| | \$ | \$ |
| Legal costs - litigation | - | - |
| Legal costs – other matters | 2,179 | - |
| Total | <u>2,179</u> | <u>-</u> |
| Audit Fees | | |
| Audit Of Accounts | 6,150 | 6,319 |
| Audit Fees -- Others | - | - |
| Total | <u>6,150</u> | <u>6,319</u> |

9 (b) OTHER EXPENSES

| | | |
|--|----------|----------|
| Payments to employers for payroll deduction activity | <u>-</u> | <u>-</u> |
|--|----------|----------|

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

DISCLOSURES IN RESPECT OF STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

9 (c) EXPENSES

Fees and periodic subscriptions are paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters

| | 2018 \$ | 2017 \$ |
|------------------------------------|---------------|---------------|
| Affiliation Fees | | |
| ALP NSW Branch | - | - |
| ALP ACT Branch | 4,785 | 5,659 |
| Unions ACT | 11,625 | 11,221 |
| Total Affiliation Fees | <u>16,410</u> | <u>17,180</u> |
| Capitation Fees | | |
| Capitation Fees - Paid | - | - |
| Capitation Fees - Accrued | - | - |
| Total (Capitation Fees) | <u>-</u> | <u>-</u> |
| National Council Fund | | |
| Contributions paid | - | - |
| Total National Council Fund | <u>-</u> | <u>-</u> |

9 (d) Fees and/or allowances paid to persons in respect of their attendances as representatives of the Union at conferences or other meetings.

| | 2018 \$ | 2017 \$ |
|--|--------------|---------------|
| Branch Committee of Management (BCOM) Attendance Fees paid to independent Committee members as per bullet point 8 page 3 | 8,018 | 17,504 |
| | - | - |
| | <u>8,018</u> | <u>17,504</u> |

9 (e) Expenses incurred in connection with holding meetings of members of the Union and any conferences or meetings of councils, committees, panels or other bodies for the holding of which the Union was wholly or partly responsible.

| | 2018 \$ | 2017 \$ |
|--|--------------|--------------|
| Branch Committee of Management (BCOM) Meeting Expenses | 3,241 | 6,648 |
| | - | - |
| | <u>3,241</u> | <u>6,648</u> |

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

10. DISCLOSURES IN RESPECT OF STATEMENT OF FINANCIAL POSITION

10 (a) Employee provisions related to holders of office

| | 2018 | 2017 |
|-----------------------------|---------------|---------------|
| | \$ | \$ |
| Officers provisions | | |
| Annual leave | 16,663 | 9,152 |
| Long service leave | 56,970 | 51,875 |
| Separation and redundancies | - | - |
| Other employee provisions | - | - |
| | <u>73,633</u> | <u>61,027</u> |

10 (b) Employee provisions related to employees (other than holders of office)

| | 2018 | 2017 |
|-----------------------------|---------------|---------------|
| | \$ | \$ |
| Employees provisions | | |
| Annual leave | 17,809 | 19,670 |
| Long service leave | 36,038 | 29,049 |
| Separation and redundancies | - | - |
| Other employee provisions | - | - |
| | <u>53,847</u> | <u>48,719</u> |

10 (c) Trade and Other Payables in respect of legal costs and other expenses related to litigation or other legal matters;

| | 2018 | 2017 |
|---------------------|----------|----------|
| | \$ | \$ |
| Litigation | - | - |
| Other Legal matters | - | - |
| | <u>-</u> | <u>-</u> |

11. DISCLOSURES IN RESPECT OF STATEMENT OF CHANGES IN EQUITY

The following equity items as prescribed under the reporting guidelines of the Fair Work (Registered Organisations) Act, 2009, have not occurred in the reporting period:

- a. No separate fund or account operated in respect of compulsory levies raised by the Union or voluntary contributions collected from members of the Union.
- b. No monies in respect of compulsory levies raised or voluntary contributions collected from members of the Union have been invested in any assets.
- c. No separate fund or account which is required by the rules of the Union or rules of a Branch of the Union.
- d. No transfer(s) and/or withdrawal(s) to a fund, account or controlled entity, when any of these are kept for a specific purpose(s) by the Union.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

12. DISCLOSURES IN RESPECT OF STATEMENT OF CASH FLOWS
Amounts received/paid to/from other reporting units of the Union

Amounts received and paid in respect of the Capitation Fees and other charges have been incorporated as part of the Statement of Cash Flows.

13. CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Cash on Hand | 1,125 | 1,125 |
| Cash at Bank - National Australia Bank | 269,195 | 235,505 |
| | <u>270,320</u> | <u>236,630</u> |

14. INVESTMENTS

| FVTPL Financial Asset | 2018 | 2017 |
|-------------------------------|--------------|--------------|
| | \$ | \$ |
| Boral Limited | 894 | 1,410 |
| Lindsay Australia Limited | 713 | 769 |
| Insurance Australia Group Ltd | 5,859 | 6,205 |
| Total | <u>7,466</u> | <u>8,384</u> |

Fair value of listed shares is determined by reference to quoted market prices on the Australian Securities Exchange at the reporting date.

| Movement Schedule | 2018 | 2017 |
|--------------------------------------|--------------|--------------|
| | \$ | \$ |
| <u>Boral Limited</u> | | |
| Opening January | 1,410 | 979 |
| Additions | - | - |
| Revaluations | (516) | 431 |
| Closing December | <u>894</u> | <u>1,410</u> |
| <u>Lindsay Australia Limited</u> | | |
| Opening January | 769 | 731 |
| Additions | - | - |
| Revaluations | (56) | 38 |
| Closing December | <u>713</u> | <u>769</u> |
| <u>Insurance Australia Group Ltd</u> | | |
| Opening January | 6,205 | 5,134 |
| Additions | - | - |
| Revaluations | (346) | 1,071 |
| Closing December | <u>5,859</u> | <u>6,205</u> |

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

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

- Financial assets, financial liabilities and available-for-sale financial assets at fair value through profit or loss (FVTPL)
- The Union has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
 (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
 (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Union's assets and liabilities measured and recognised at fair value at 31 December 2018 and 2017

| At 31 December 2018 | Level 1 | Level 2 | Level 3 | Total |
|--|--------------|----------|----------|--------------|
| Financial Assets | | | | |
| Boral Limited – Fair Value | 894 | - | - | 894 |
| Lindsay Australia Limited – Fair Value | 713 | - | - | 713 |
| Insurance Australia Group Ltd – Fair Value | 5,859 | - | - | 5,859 |
| Total Financial Assets | 7,466 | - | - | 7,466 |
| | | | | |
| At 31 December 2017 | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | |
| Boral Limited – Fair Value | 1,410 | - | - | 1,410 |
| Lindsay Australia Limited – Fair Value | 769 | - | - | 769 |
| Insurance Australia Group Ltd – Fair Value | 6,205 | - | - | 6,205 |
| Total Financial Assets | 8,384 | - | - | 8,384 |

There were no transfers between levels for recurring fair value measurements during the year. The Unions policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value, their carrying value approximates fair value. The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

15. TRADE AND OTHER RECEIVABLES

| | 2018 | 2017 |
|--|---------------|----------------|
| | \$ | \$ |
| Debtor – Revenue Accruals | 380 | 5,121 |
| Less Provision for Doubtful Debts | - | - |
| Debtor - Transport Workers' Union of New South Wales | 86,801 | 95,261 |
| Sundry Debtors | 1,624 | 1,571 |
| | <u>88,805</u> | <u>103,559</u> |

Amount receivable from Transport Workers Union of New South Wales as of 31 Dec 2018 \$86,801 (FY 2017 \$95,261)

Amount receivable from Transport Workers Union of Australia as of 31 Dec 2018 NIL (FY 2017: NIL)

16. PROPERTY, PLANT AND EQUIPMENT

MOTOR VEHICLES

| | 2018 | 2017 |
|-------------------------------|-------------|-------------|
| | \$ | \$ |
| Motor Vehicles at cost | - | - |
| Less Accumulated Depreciation | - | - |
| | <u>-</u> | <u>-</u> |

MOVEMENTS IN CARRYING AMOUNTS

| | 2018 | 2017 |
|-----------------------------|-------------|-------------|
| | \$ | \$ |
| Balance at 1 January 2018 | - | - |
| Additions | - | - |
| Disposals | - | - |
| Depreciation | - | - |
| Balance at 31 December 2018 | <u>-</u> | <u>-</u> |

17. TRADE AND OTHER PAYABLES

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$ | \$ |
| Creditor - Transport Workers' Union of New South Wales | 2,381 | 42,337 |
| Creditor - Transport Workers' Union of Australia | 93,626 | 101,061 |
| Creditors and Accruals | 46,759 | 38,955 |
| GST Payable | 8,750 | 8,573 |
| | <u>151,516</u> | <u>190,926</u> |

Amount payable to Transport Workers Union of New South Wales as of 31 Dec 2018 \$2,381 (FY 2017: \$42,337)

Amount payable to Transport Workers Union of Australia as of 31 Dec 2018 \$93,626 (FY 2017: \$101,061)

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

18. OFFICERS & EMPLOYEE PROVISIONS

| | 2018 | 2017 |
|------------------------------------|---------------|---------------|
| | \$ | \$ |
| Annual Leave | | |
| Officers | 16,663 | 9,152 |
| Employees | <u>17,809</u> | <u>19,670</u> |
| | <u>34,472</u> | <u>28,822</u> |
| | | |
| Long Service Leave | | |
| Officers | 56,970 | 51,875 |
| Employees | <u>36,038</u> | <u>29,049</u> |
| | <u>93,008</u> | <u>80,924</u> |
| | | |
| Separation and Redundancies | | |
| Officers | - | - |
| Employees | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| | | |
| Other Employee Provisions | | |
| Officers | - | - |
| Employees | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

No separation, redundancies or any other employee provisions have been paid or provided for officers and employees during the year.

19. FINANCIAL DEPENDENCE

The Transport Workers' Union of Australia New South Wales Branch is dependent upon the ongoing financial support of the Transport Workers' Union of New South Wales in order to pay its debts as and when they fall due. In this regard the net assets of the Union at 31 December 2018 were \$11,291,758 (FY 2017: \$11,657,061).

Transport Workers' Union of New South Wales has agreed to provide unconditional ongoing financial support to The Transport Workers' Union of Australia New South Wales Branch as and when required.

The Transport Workers' Union of Australia New South Wales Branch has not provided financial support to another reporting unit to continue as a going concern.

The Transport Workers Union of Australia, New South Wales Branch's ability to continue as a going concern is not reliant on the agreed financial support of another reporting unit.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

| | 2018 \$ | 2017 \$ |
|---|-----------------|----------------|
| 20. CASH FLOW INFORMATION | | |
| (a) For the purpose of the Statement of Cash Flows, Cash includes: | | |
| Cash at Bank | 269,195 | 235,505 |
| Cash on Hand | <u>1,125</u> | <u>1,125</u> |
| | <u>270,320</u> | <u>236,630</u> |
| (b) Reconciliation of cash flow from operations with operating result | | |
| Net Surplus | 38,715 | 51,077 |
| Non cash flows in operating results | | |
| Depreciation | - | - |
| Changes in Assets and Liabilities | | |
| Decrease/ (Increase) in Debtor - Transport Workers' Union of New South Wales | 8,460 | 68,070 |
| Decrease/(Increase) in Prepayments and Sundry Debtors | 8,191 | (1,431) |
| Increase/(Decrease) in Employee Entitlement Provisions | 17,734 | (941) |
| Increase/(Decrease) in GST Payable | 177 | (998) |
| Increase/(Decrease) in Creditors and Accruals | 7,804 | (42,153) |
| (Decrease)/Increase in Creditor- Transport Workers' Union of Australia | (7,435) | (33,389) |
| (Decrease)/Increase in amount payable to Transport Workers' Union of New South Wales | <u>(39,956)</u> | <u>36,380</u> |
| CASH FLOWS FROM OPERATIONS | <u>33,690</u> | <u>76,615</u> |

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

21. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal terms and conditions no more favourable than those available to other parties, unless otherwise stated.

- (a) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the Operating Statement and in the Financial Report (Note 10(a) and Note 18).
- (b) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$16,732 (FY 2017: \$15,792).
- (c) There have been no other transactions between the officers and the Branch other than those relating to their membership of the Branch and the reimbursement by the Branch in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.
- (d) Service Fees received from, and administration fees paid to the Transport Workers' Union of New South Wales are disclosed as income and expenses respectively in the Statement of Comprehensive Income and as cash received and cash paid respectively in the Statement of Cash Flows.
- (e) Amounts receivable from and payable to the Transport Workers' Union of New South Wales at balance date are disclosed at Note 15 and Note 17 of the accounts respectively.

The ultimate controlling entity of the Branch is the Transport Workers' Union of Australia.

Transactions with Ultimate Controlling Entity:

- (a) Sustentation Fees and Levies are disclosed as expenses in the Statement of Comprehensive Income and as payments in the Statement of Cash Flows.
- (b) The amounts payable to the Ultimate Controlling Entity at balance date are disclosed at Note 17

22. RELATED PARTY

Transactions with key management personnel.

Key management persons are those persons having authority and responsibility for planning, directing and controlling the activities of the Branch, directly or indirectly, including any member of the Committee of Management.

Key management personnel remuneration includes the following expenses:

| | 2018 \$ | 2017 \$ |
|------------------------------|----------------|----------------|
| Short term employee benefits | 129,340 | 126,556 |
| Post-employment benefits | 16,732 | 15,792 |
| Long-term employee benefits | 8,980 | 5,709 |
| Total remuneration | <u>155,052</u> | <u>148,057</u> |

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

23. CORPORATE GOVERNANCE FRAMEWORK

The Transport Workers' Union of Australia NSW Branch has been an 'early adopter' and established a Governance Framework which is based on best practice for non-profit organizations. Governance sets out the standards of accountability and transparency expected of the Union, by our many stakeholders and members. The overall aim of the framework is to drive performance improvement while meeting our obligations through strong leadership, integrity, responsible and ethical decision-making and management, accountability and performance improvement.

24. SUPERANNUATION

Employees of the Branch are entitled to benefits from a superannuation plan on retirement, disability or death. The Branch participated in a defined contribution plan. The benefits provided under this plan are based on accumulated contributions and earnings for each employee. The Branch's liability is limited to paying the contributions to the plan.

| 25. COMMITMENTS | 2018 | 2017 |
|--|---------------|---------------|
| | \$ | \$ |
| Costs in respect of a five year Fuji Xerox copier operating lease on office equipment 15 -12-17 to 15-12-2022 (@ \$392 pm excl GST): | | |
| - Less than one year | 4,705 | 4,705 |
| - One to five years | <u>14,116</u> | <u>18,429</u> |
| | <u>18,821</u> | <u>23,134</u> |

26. CONTINGENCIES

Contingent liabilities

The Union has guaranteed the novated lease payments and the lease termination cost, should the employee leave the employ of the Union and elects not to retain the novated car lease. Accordingly, a potential liability arises for the repayment of motor vehicle lease payments to Orix Australia Corporation Limited (financier), upon the dismissal or resignation of an employee until such time the lease is terminated. As the amount of the commitment is contingent to the above event it cannot be determined as it is subject to the employment circumstances and election from the employee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

27. FINANCIAL RISK MANAGEMENT NOTE

(a) General objectives, policies, and processes

The Transport Workers' Union of Australia NSW Branch is exposed to risks that may arise from its use of financial instruments. This note describes the Branch's objectives, policies, and processes for managing those risks and the methods used to measure them. The Transport Workers' Union of Australia NSW Branch has no financial instruments relevant to the risk mentioned and this objective does not apply.

There have been no substantive changes in the Branch's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Branch's financial instruments consist mainly of deposits with banks and receivables. The main risks the Branch is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The Finance Committee and Branch Committee of Management have overall responsibility for the determination of the Branch's risk management objectives and policies.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Branch incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Branch.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, are disclosed below:

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

27. FINANCIAL RISK MANAGEMENT NOTE (Cont'd)

(b) *Credit Risk (Cont'd)*

| | 2018 | 2017 |
|---------------------------|---------|---------|
| | \$ | \$ |
| Cash and cash equivalents | 270,320 | 236,630 |

The cash and cash equivalents are held in high quality Australian financial banking institutions.

| | 2018 | 2017 |
|-----------------------------------|--------|---------|
| | \$ | \$ |
| Receivable – Revenue accrual | 380 | 5,121 |
| Less Provision for Doubtful Debts | - | - |
| Sundry Debtors | 88,425 | 98,438 |
| Total Trade and Other receivables | 88,805 | 103,559 |

There has been no history of default, no amounts are past due and all receivables are likely to be repaid within the expected terms.

(c) *Liquidity Risk*

Liquidity risk is the risk that the Branch may encounter difficulties in raising funds to meet commitments associated with financial instruments.

The Branch is not significantly exposed to this risk; as at 31 Dec 2018 it has \$270,320 of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31 Dec 2018 were \$278,996.

The Branch manages liquidity risk by monitoring cash flows. Further the Transport Workers' Union of New South Wales has made an undertaking to provide financial support to the Branch.

(d) *Market Risk*

Market risk arises from the use of interest bearing, tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)

27. FINANCIAL RISK MANAGEMENT NOTE (Cont'd)

(e) (i) *Interest Rate Risk*

The Branch's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities are summarised below:

| 31 December 2018 | Floating interest rate | Non-interest Bearing | Total |
|---|------------------------------|-------------------------|----------------|
| Financial Assets | \$ | \$ | \$ |
| Cash and cash equivalents | 269,195 | 1,125 | 270,320 |
| Term Deposit | - | - | - |
| Trade and Other Receivables | - | 88,805 | 88,805 |
| | <u>269,195</u> | <u>89,930</u> | <u>359,125</u> |
| Weighted average Interest rate | 0.10% | | |
| Financial Liabilities | | | |
| Trade and Other Payables | - | 151,516 | 151,516 |
| | <u>-</u> | <u>151,516</u> | <u>151,516</u> |
| Net Financial Assets (Liabilities) | <u>269,195</u> | <u>(61,586)</u> | <u>207,609</u> |
| | | | |
| 31 December 2017 | Floating interest rate | Non-interest bearing | Total |
| Financial Assets | \$ | \$ | \$ |
| Cash and cash equivalents | 235,505 | 1,125 | 236,630 |
| Term Deposit | - | - | - |
| Trade and Other Receivables | - | 103,559 | 103,559 |
| | <u>235,505</u> | <u>104,684</u> | <u>340,189</u> |
| Weighted average Interest rate | 0.05% | | |
| Financial Liabilities | | | |
| Trade and Other Payables | - | 190,926 | 190,926 |
| | <u>-</u> | <u>190,926</u> | <u>190,926</u> |

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

| | | | |
|---|----------------|-----------------|----------------|
| Net Financial Assets (Liabilities) | <u>235,505</u> | <u>(86,242)</u> | <u>149,263</u> |
|---|----------------|-----------------|----------------|

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018 (Cont'd)**

27. FINANCIAL RISK MANAGEMENT NOTE (Cont'd)

(e)(i) Interest Rate Risk (Cont'd)

Sensitivity Analysis

| 2018 | Carrying Amount | +0.5% (50 basis points) Profit | -0.5% (50 basis points) Loss |
|-------------|--------------------|---|---------------------------------------|
| | \$ | \$ | \$ |
| Cash Assets | <u>270,320</u> | <u>1,352</u> | <u>(1,352)</u> |
| | | | |
| 2017 | | | |
| Cash Assets | <u>235,505</u> | <u>1,178</u> | <u>(1,178)</u> |

(e) (ii) Other Price Risks

The Branch does not invest in shares or derivatives therefore it does not expose itself to the fluctuations in price that are inherent in such a market.

(e) (iii) Foreign Exchange Risk

The Branch is not directly exposed to foreign exchange rate.

28. AMALGAMATIONS AND RESTRUCTURES

The Branch has not acquired any asset or liability during the financial year as a result of an Amalgamation or restructure; or a determination by the General Manager under subsection 245(1) of the RO Act; or a revocation by the General Manager under subsection 249(1) of the RO Act of a certificate issued to an organisation under subsection 245(1).

29. FINANCIAL SUPPORT RECEIVED FROM ANOTHER REPORTING UNIT

Transport Workers' Union of New South Wales has agreed to provide unconditional ongoing financial support to The Transport Workers' Union of Australia New South Wales Branch as and when required.

30. ADMINISTRATION BY ANOTHER ENTITY

The Branch financial affairs are not administered by another entity
No payments were made during the reporting period to a former related party of the Branch.

31. FINANCIAL SUPPORT

The Transport Workers' Union of Australia New South Wales Branch has not provided financial support to another reporting unit to continue as a going concern.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

32. BRANCH OFFICE DETAILS

The Registered Office of the Transport Workers' Union of Australia NSW Branch is located at:

Quinn House
31 Cowper Street
PARRAMATTA NSW 2150



Independent Auditor's Report

To the Members of Transport Workers' Union of Australia (NSW Branch)

Report on the audit of the Financial Statements

Opinion

We have audited the **Financial Report** of Transport Workers' Union of Australia (NSW Branch) ("the Reporting Unit"), which comprises the statement of financial position at 31 December 2018, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, 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 presents fairly, in all material aspects, the financial position of Transport Workers' Union of Australia (NSW Branch) as at 31 December 2018, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of the Reporting Unit in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the *Financial Statements* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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

Restriction on use and distribution



The Financial Statements have been prepared to assist the members of Transport Workers' Union of Australia (NSW Branch) in complying with the financial reporting requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Members of Transport Workers' Union of Australia (NSW Branch) and should not be used by or distributed to parties other than the Members of Transport Workers' Union of Australia (NSW Branch). We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the Members of Transport Workers' Union of Australia (NSW Branch) or for any other purpose than that for which it was prepared.

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

The Committee of Management is responsible for 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the other Information. In doing so, we consider whether the other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Committee of Management and Those Charged with Governance for the Financial Report

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

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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. They 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.

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 I identify during our audit.

A further description of our responsibilities for the audit of the Financial Statements is located at the *Auditing and Assurance Standards Board* website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

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



KPMG



Jonathan Rudman
Partner
KPMG Enterprise
91 Phillip Street, Parramatta, NSW 2150
8 March 2019

Registration number as registered by the RO Commissioner under the RO Act: AA2017/97

