



4 May 2021

Gordon Thomson
General Secretary
Union of Christmas Island Workers
cc: Nigel Dias, Armada Auditing

Dear Gordon,

Re – Financial reporting – Union of Christmas Island Workers - for the year ended 31 December 2019 - [FR2019/353]

I refer to the financial report of the Union of Christmas Island Workers in respect of the year ending 31 December 2019. The documents were lodged with the Registered Organisations Commission ('ROC') on 1 July 2020.

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 2020 will be subject to an advanced compliance review.

You are not required to take any further action in relation to the 2019 report. However I make the following comments to assist you when preparing the 2020 report.

Committee of Management Statement

Reference to Fair Work Commission

Declaration (e)(vi) in the Committee of Management Statement stated that *"where any order for inspection of financial records has been made by the Registered Organisations Commissioner under section 273...."*. The reference to "Registered Organisations Commissioner" should be to "Fair Work Commission" because orders under section 273 are only made by the Fair Work Commission. Please refer to and use the wording in paragraph (e)(vi) of reporting guideline 26 in the current Reporting Guidelines.

Recovery of wages activity declaration

The declaration (f) in the Committee of Management Statement that *"no revenue has been derived from undertaking recovery of wages activity..."* should be removed from future Committee of Management Statements, since the activity is disclosed in the Statement of Comprehensive Income and at Note 3F in accordance with Reporting Guideline 13(e).

New Australian Accounting Standards

Australian Accounting Standards [AASB 16 *Leases*, AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*] were applicable to not-for-profit entities for periods beginning on or after 1 January 2019. Note 1.4 included various information, including transitional disclosures in relation to AASB 16 and AASB 15, but did not appear to state explicitly that AASB 1058 had been adopted, although it is noted that the statement of comprehensive income disclosed Revenue items separately from Other Income.

I recommend an appropriate statement in relation to AASB 1058 be included in the 2020 report and that the Revenue policy at note 1.5 (g) be expanded to include updated information reflecting the respective standards for such revenue and income items as apply. The model financial statements make the difference between revenue recognised under AASB 15 and income recognised under AASB 1058 clear and I refer you to the illustrative text at note 1.7 on pages 28-31 in the 2019-2020 model financial statements (see attached) to assist you to incorporate such relevant information as is appropriate to the Union.

Material uncertainty related to Going Concern

The auditor's report drew attention to a material uncertainty related to the going concern of the UCIW. He drew the reader's attention to: (a) a net operating loss for the year of \$10,553 which resulted in a current assets deficiency of \$7,198; and (b) a reduction in membership numbers from 268 at 31 December 2019 to 218 at 6 June 2020.

The current assets deficiency in 2019 followed a net current assets result in 2018 of \$353. The net operating loss was significantly less than the \$30,689 loss reported in the 2018 report.

I have noted your advice that although there has been no net increase in membership in 2020, the Union has managed the financial affairs over the year to the effect that it has satisfactorily met its financial obligations as and when they fall due, and that the wages expense has been reduced by reduction of one staff member and reductions in Secretary employment costs.

The ROC will continue to monitor the financial performance and position of the Union.

Qualified Audit report

The Delegate of the Commissioner has written separately in relation to this to the effect that it is not proposed to take any further action in the matter.

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 wish to discuss the matters raised in this letter, please contact me via email at stephen.kellett@roc.gov.au.

Yours faithfully



Stephen Kellett
Financial Reporting
Registered Organisations Commission



4 May 2021

Gordon Thomson
General Secretary
Union of Christmas Island Workers

cc: Nigel Dias, Armada Auditing

Dear Gordon Thomson,

Financial reporting – Union of Christmas Island Workers – for year ended 31 December 2019 – [FR2019/353]

I refer to your correspondences by letter and email dated 15 September 2020, 6 November 2020, 1 March 2021, 22 March 2021 and 23 March 2021 and advices by telephone on 16 December 2020, 8 February 2021 and 25 March 2021 in relation to the matter of the qualification in the auditor's report for the financial report of the Union of Christmas Island Workers (**UCIW**) for the year ended 31 December 2019.

The correspondences and advices followed letters and additional contacts from Stephen Kellett, of the Registered Organisations Commission (**ROC**) on 1 September 2020, 18 September 2020, 8 February 2021, and 2 March 2021. I also note that discussions occurred with Nigel Dias, the UCIW auditor, on 29 January 2021 and 24 March 2021.

The qualification in the Auditor's Report

The qualification concerned the:

- (a) limited evidence available with respect to membership fees revenue due to the way it was recorded in the financial records, namely, based on a cash basis rather than by the year to which the membership service period related as required by Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers*; and
- (b) lack of sufficient evidence to enable an accurate valuation of receivables due from membership fees, in particular, the absence of a detailed aged debtors' report which would have assisted the auditor to determine whether any expected credit losses would be required in accordance with AASB 9 *Financial Instruments*.

Section 332

As Stephen Kellett explained in his letter of 1 September 2020, Part 4 of Chapter 11 of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* deals with inquiries and investigations. Section 332 of the RO Act deals in particular with investigations arising from an auditor's report. To recapitulate, subsection 332(1) states that:

"Subject to subsection (2), the Commissioner must:

- (a) *where the documents lodged with the Commissioner under section 268 include a report of an auditor setting out any:*

- (i) defect or irregularity; or
 - (ii) deficiency, failure or shortcoming; and
- (b) *where for any other reason the Commissioner considers that a matter revealed in the documents should be investigated – investigate the matter”.*

Subsection 332(2) states that:

“The Commissioner is not required to investigate the matters raised in the report of the auditor if:

- (a) *the defect, irregularity, deficiency, failure or shortcoming consists solely of the fact that the organisation concerned has kept financial records for its membership subscriptions separately on a cash basis as provided in subsection 252(4); or*
- (b) *after consultation with the reporting unit and the auditor, the Commissioner is satisfied that the matters are trivial or will be remedied in the following financial year”.*

The effect of the above is that the Commissioner must investigate unless either of the circumstances described in subsection 332(2) applies. I have been delegated by the Commissioner the relevant functions and powers under the RO Act pursuant to section 343B.

On the question of the first circumstance, I begin by noting that keeping financial records for membership subscriptions separately on a cash basis is permitted by subsection 252(4) which states: *“If an organisation keeps the financial records referred to in subsection (1) on an accrual basis, it may keep the financial records for its membership subscriptions separately on a cash basis.”* The auditor’s report implies that the membership records of the UCIW are kept on a cash basis, however the auditor’s qualification states that the membership fees are recorded in the financial report based on cash received, which is not in accordance with the Australian Accounting Standards. This restricted the audit procedures to only the amounts recorded as revenue in the year and not all membership revenue therefore the auditor was unable to express an opinion on whether the recorded balances of membership fees for the financial year are complete. This does not satisfy circumstance (a).

On the question of the second circumstance, this involves an assessment of either a matter’s triviality or of the prospect of its being remedied within the following year. Subject to particular contexts that might apply, I do not consider that an auditor’s qualification based on a difficulty in expressing an opinion on a material disclosures would generally be thought as trivial having regard to subsection 253(3) which requires that *“the financial statements and notes for a financial year must give a true and fair view of the financial position and performance of the reporting unit”.*

However, I do consider that the matters of the qualification can be remedied and so I have to satisfy myself that they will be so remedied in the following financial year, that is, in the year ending 31 December 2020.

Consultations

I am satisfied that there has been adequate consultation with both the reporting unit and the auditor, and that sufficient information has been provided so that I may both understand the circumstances that prompted the qualification and evaluate the likelihood of remedy.

Based on your advice, I understand that modifications have been made to the file which monitors membership details, including membership payments, to incorporate amounts (if any) owed by each member which will enable deferred income to be determined. Based on advice received from the auditor, they appear satisfied that the information that has been made available will provide sufficient audit evidence to check and assess the membership subscriptions revenue and receivables for the financial year ended 31 December 2020.

Conclusion

Taking into account all the relevant facts and circumstances, including and in particular the cooperation by the UCIW, the engagement and advice by the auditor, the nature of the remediation, and an increased awareness on compliance, I consider I may be satisfied that the subject matters of the qualification in the audit report will be remedied in the following financial year. Therefore, I am not required to investigate the matter under section 332 of the RO Act.

I advise that while the ROC will continue to monitor the financial reporting performance of the UCIW, it is not proposed to take any further action in relation to this matter.

If you have any queries regarding this letter, please contact Stephen Kellett via email at stephen.kellett@roc.gov.au.

Yours sincerely



Chris Enright
Executive Director
Delegate of the Registered Organisations Commissioner

Union of Christmas Island Workers

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

Certificate by prescribed designated officer

Certificate for the year ended 31 December 2019

I, Gordon Thomson, being the General Secretary of the Union of Christmas Island Workers certify:

- that the documents lodged herewith are copies of the full report for the Union of Christmas Island Workers for the year ended 31 December 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 8 June 2020 and
- that the full report was presented to the Annual General of the reporting unit on 30 June 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Gordon Thomson
General Secretary

30 June 2020



Union of Christmas Island Workers
Financial Statements 2019

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL REPORT TO MEMBERS OF UNION OF CHRISTMAS ISLAND WORKERS

Qualified Opinion

We have audited the attached general purpose financial report of Union of Christmas Island Workers ("the Entity") which includes the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and the statement of cash flows, the categories of expenditure report as required by *subsection 255(2A) of the Fair Work (Registered Organisations) Act 2009*, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the members of the board.

In our opinion, except for the matters described in the "*Basis for Qualified Opinion*" Section of our audit report, the accompanying financial report of the Union of Christmas Island Workers is in accordance with Part 3 of Charter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)*, including:

- a) Giving a true and fair view of the Entity's financial position as at 31 December 2019 and of its financial performance and cash flows for the year then ended; and
- b) Complying with Australian Accounting Standards and Part 3 of Charter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)*.

Basis for Qualified Opinion

Membership Fees and Membership Fees Receivables

As disclosed in the financial report, the entity has recorded membership fees of \$178,139 for the year ended 31 December 2019. The membership fees are recorded in the financial report based on the cash received for the year ended 31 December 2019. Accordingly, as the evidence available to us regarding membership fees was limited, our audit procedures with respect to membership fees had to be restricted to the amounts recorded in the financial records. Revenue from membership subscriptions is not recorded as revenue in the year to which the membership service period relates as required by AASB 15 *Revenue from Contracts with Customers*. We therefore are unable to express an opinion on whether the recorded balances of membership fees for the year ended 31 December 2019 are complete. Therefore, our audit report has been qualified in respect of this matter.

The financial report discloses \$28,950 receivables due from membership fees. Management provided us with a letter which noted that there was 41 un-financial members owing a total of \$28,950 union fees for the period 1 January to 31 December 2019. However, in the absence of a detailed aged debtors report we were unable to determine whether any expected credit loss adjustments were required in accordance AASB 9 *Financial Instruments*. Therefore, we were unable to obtain sufficient and appropriate audit evidence in relation to the existence and valuation of the receivables due from membership fees at 31 December 2019. Hence our audit report has been qualified in respect of this matter.

Basis for Qualified Opinion (Continued)

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 are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We confirm that the independence declaration required by Section 307c of the *Corporation Act 2001*, which has been given to the directors, would be in the same terms if given as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Regarding Going Concern

Without qualifying our audit report, we draw attention to Note 1.16 in the financial report, which indicates that the Entity incurred a net loss of \$10,553 during the year ended 31 December 2019 and, as of that date, the Entity's current liabilities exceeded its total assets by 7,198. Furthermore, there has been a reduction in membership numbers from 268 at 31 December 2019 to 218 on 6 June 2020. As stated in Note 1.16, these events or conditions, along with other matters as set forth in Note 1.16, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. Our opinion is not qualified in respect of this matter.

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 my 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 Management and the Directors for the Financial Report

The committee of management of the Union of Christmas Island Workers is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the 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 of Christmas Island Workers' 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 of Christmas Island Workers or to cease operations, or have no realistic alternative but to do so. Management of the Entity are also responsible for overseeing the financial reporting process.

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. 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 of Christmas Island Workers' 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

Auditor's Responsibilities for the Audit of the Financial Report

- The Union of Christmas Island Workers' 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 of Christmas Island Workers to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union of Christmas Island Workers to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union of Christmas Island Workers 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 auditor registered under the RO Act (AA2020/11) and that we hold a certificate of public practice.

*Armada Audit
& Assurance*

Armada Audit & Assurance Pty Ltd



Nigel Dias
Registered Company Auditor 499186
Director
Perth, Dated 08 June 2020



Union Of Christmas Island Workers

P.O. Box 84, CHRISTMAS ISLAND, INDIAN OCEAN, 6798

Union of Christmas Island Workers

**CATEGORIES OF EXPENDITURE
FORMING PART OF THE GENERALPURPOSE FINANCIAL REPORT
FOR THE YEAR ENDING 31 DECEMBER 2019**

This statement of categories of expenditure is provided in compliance with subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009*.

Categories of expenditure	2019 \$	2018 \$
Remuneration and other employment related expenses - employees	171,454 (78.50%)	173,394 (78.69%)
Advertising	nil	nil
Operating costs	44,121 (20.18%)	46,948 (21.30%)
Donations to political parties	nil	nil
Legal costs	nil	nil

A handwritten signature in black ink, appearing to read 'Gordon Thomson', is positioned above the printed name.

Gordon Thomson
General Secretary
8 June 2020



Union Of Christmas Island Workers

P.O. Box 84, CHRISTMAS ISLAND, INDIAN OCEAN, 6798

Operating Report for the year ended 31 December 2019

The Committee of Management presents its operating report on the Reporting Unit for the year ended 31 December 2019.

Principal Activities

s.254(2)(a)

The principal activities of the Union during the reporting period were to provide Industrial and organising services to the members consistent with the objects of the Union and particularly the object of protecting and improving the interests of the members.

The Union's principal activities resulted in maintaining and improving the wages and conditions of employment of the membership, particularly for those members in collective enterprise agreements negotiated by the Union.

Significant Changes in Financial Affairs

s.254(2)(b)

No significant changes in the Union's state of affairs occurred during the financial year.

Manner of Resignation

s.254(2)(c)

Members may resign from the Union in accordance with rule 13, which reads as follows:

- (a) A member of the Union may resign from membership of the Union by written notice addressed and delivered to the General Secretary.
- (b) A notice of resignation from membership of the Union takes effect:
 - (i) where the member ceases to be eligible to become a member of the Union:
 - (A) on the day on which the notice is received by the Union; or
 - (B) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;
 - whichever is later; or
 - (ii) in any other case:
 - (A) at the end of 2 weeks after the notice is received by the Union; or
 - (B) on the day specified in the notice;
 - whichever is later.
- (c) Any dues payable but not paid by a former member in relation to a period before the member's resignation took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.
- (d) A notice delivered to the General Secretary shall be taken to have been received by the Union when it was delivered.

- (e) A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with sub-rule (a) herein.
- (f) A resignation from membership is valid even if it is not effected in accordance with this rule if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

Trustee of Director of Trustee Company of Superannuation Entity or Exempt Public Sector Superannuation Scheme

s.254(2)(d)

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of Members

s.254(2)(f)

The number of persons who, at the end of the reporting period, were recorded on the Register of Members of the Union was 268.

The number of un-financial members as at 31/12/2019 was 41.

Number of Employees

s.254(2)(f)

The number of persons who were, at the end of the reporting period, employees of the Union was 2.

Members of Committee of Management

regulation 159(c)

The persons who held office as members of the Committee of Management of the Association during the reporting period are:

FOO, Kee Heng (President 01/01/2019-31/12/2019)
LEE, Kelvin Kok Bin (Vice President 01/01/2019-31/12/2019)
KOH, Nora (Vice President 01/01/2019-31/12/2019)
THOMSON, Gordon (General Secretary 01/01/2019-31/12/2019)
LOW, Jeffrey (Trustee 01/01/2019-31/12/2019)
DE CRUZ, Ronald Edward (Trustee 01/01/2019-31/12/2019)
NG, Hooi Hock (Committee Member 01/01/2019-31/12/2019)
SAW, Cheng Siew (Committee Member 01/01/2019 - 31/12/2019)
SU, Zhong Xiong (Committee Member 01/01/2019-31/12/2019)
MASLI, Hafiz (Committee Member 01/01/2019-31/12/2019)
YON, Azmi (Committee Member 04/09/19-31/12/19)
SHARIF, Zuraine Md (Committee Member 04/09/19-31/12/19)



Gordon Thomson
General Secretary

DATED: 4 June 2020



Union Of Christmas Island Workers

P.O. Box 84, CHRISTMAS ISLAND, INDIAN OCEAN, 6798

Committee of Management Statement for the year ended 31 December 2019

On 8 June 2020 the Executive Committee of the Union of Christmas Island Workers passed the following resolution in relation to the General Purpose Financial Report (GPFR) for the financial year ended on 31 December 2019.

The Executive Committee of the Union of Christmas Island Workers declares in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the 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 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.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

This declaration is made in accordance with a resolution of the Executive Committee of the Union of Christmas Island Workers (the Committee of Management).

A handwritten signature in black ink, reading "Gordon Thomson".

Gordon Thomson
General Secretary
8 June 2020

Union of Christmas Island Workers

Statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Revenue			
Membership subscription*		178,139	155,664
Capitation fees and other revenue from reporting unit*	3A	-	-
Levies*	3B	-	-
Investment income	3C	554	717
Rental revenue	3D	20,400	21,000
Total revenue		199,093	177,381
Other Income			
Grants and/or donations*	3E	8,100	11,400
Revenue from recovery of wages activity*	3F	-	-
Other income		831	4,151
Total other income		8,931	15,551
Total income		208,024	192,932
Expenses			
Employee expenses	4A	171,454	173,394
Capitation fees and other expense to another reporting unit*	4B	-	-
Affiliation fees	4C	4,808	4,643
Administration expenses	4D	14,026	16,666
Grants or donations*	4E	-	-
Depreciation and amortisation	4F	3,002	3,279
Legal Fees*	4G	-	-
Audit fees	14	6,500	7,700
Other expenses*	4H	18,787	17,939
Total expenses		218,577	223,621
Surplus (deficit) for the year		(10,553)	(30,689)
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss		-	-
Total comprehensive income for the year		(10,553)	(30,689)

The above statement should be read in conjunction with the notes.

*As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

Union of Christmas Island Workers

Statement of financial position

as at 31 December 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	38,757	64,535
Trade and other receivables*	5B	28,950	17,572
Total current assets		67,707	82,107
Non-current Assets			
Land and buildings	6A	74,686	75,813
Plant and equipment	6B	14,989	16,864
Total non-current assets		89,675	92,677
Total assets		157,382	174,784
LIABILITIES			
Current Liabilities			
Trade payables*	7A	-	-
Other payables*	7B	19,521	13,649
Employee provisions	8A	55,384	68,105
Total current liabilities		74,905	81,754
Total non-current liabilities		-	-
Total liabilities		74,905	81,754
Net assets		82,477	93,030
EQUITY			
Retained earnings (accumulated deficit)		82,477	93,030
Total equity		82,477	93,030

The above statement should be read in conjunction with the notes.

*As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

Union of Christmas Island Workers

Statement of changes in equity

for the year ended 31 December 2019

	General funds /reserves	Retained earnings	Total equity
	\$	\$	\$
Balance as at 1 January 2018	-	123,719	123,719
Surplus / (deficit)	-	(30,689)	(30,689)
Other comprehensive income	-	-	-
Closing balance as at 31 December 2018	-	93,030	93,030
Surplus / (deficit)	-	(10,553)	(10,553)
Other comprehensive income	-	-	-
Closing balance as at 31 December 2019	-	82,477	82,477

The above statement should be read in conjunction with the notes.

Union of Christmas Island Workers

Statement of cash flows

for the year ended 31 December 2019

		2019 \$	2018 \$
	Notes		
OPERATING ACTIVITIES			
Cash received			
Receipts from Union of Christmas Island Workers	10B	166,761	170,239
Interest		554	717
Other		29,331	21,976
Cash used			
Employees		(184,272)	(180,182)
Suppliers		(38,152)	(32,459)
Payments to Union of Christmas Island Workers	10B	-	-
Net cash from (used by) operating activities	10A	(25,778)	(19,709)
INVESTING ACTIVITIES			
Net cash from (used by) investing activities		-	-
FINANCING ACTIVITIES			
Net cash from (used by) financing activities		-	-
Net increase (decrease) in cash held		(25,778)	(19,709)
Cash & cash equivalents at the beginning of the reporting period		64,535	84,244
Cash & cash equivalents at the end of the reporting period	5A	38,757	64,535

The above statement should be read in conjunction with the notes.

Index to the notes of the financial statements

Note 1	Summary of significant accounting policies
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Note 1 Summary of significant accounting policies

1.1 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 *Union of Christmas Island Workers* is a not-for-profit/or for profit entity.

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

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

There is no *significant accounting judgements and estimates*.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

AASB 16 Leases (AASB 16)

AASB 16 was issued in January 2016 and it replaces AASB 117 *Leases*

The standard commenced effective 1 January 2019. Either a full retrospective application or a modified retrospective application is required for AASB 16. The Union of Christmas Island Workers adopted AASB 16 on the 1 January 2019 of using modified retrospective method. Therefore, the prior year financial report was not restated.

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 31 December 2019, the Union of Christmas Island Workers did not have any leases arrangements as a lessee therefore AASB 16 did not have a material impact on the Union of Christmas Island Workers financial report.

AASB 1058 Income of Not-for-Profit Entities (AASB 1058) and AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (**NFP**) entities in conjunction with AASB 15. AASB 1058 and AASB 15 supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 *Contributions*.

For NFP entities, both AASB 1058 and 15 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 15. The Union of Christmas Island Workers has as adopted AASB 15 on 1 January 2019 of using the modified retrospective method.

- **Donation Income:** The donations received are recognised on receipt.
- **Membership Income:** Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.
- **Rental Income –** Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Hence AASB 15 did not have a material impact on the reporting unit's financial report in the current or in the prior year.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

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

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.6 Gains

Sale of assets

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

1.7 Capitation fees and levies

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

1.8 Employee benefits

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

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of 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.

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 Union of Christmas Island Workers in respect of services provided by employees up to reporting date. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The *Union of Christmas Island Workers* recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.9 Leases

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The reporting unit is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Consequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability and classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.10 Cash

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 statement of financial position.

1.11 Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the reporting unit becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the reporting unit commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to the Statement of Profit or Loss and Other Comprehensive Income immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15 paragraph 63.

Classification and Subsequent Measurement

Financial Liabilities:

Financial liabilities are subsequently measured at:

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

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

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

The reporting unit does not measure any financial liabilities at fair value through profit or loss. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the Statement of Profit or Loss and Other Comprehensive Income over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount of initial recognition. A financial liability cannot be reclassified.

Financial Assets:

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (debt instruments);
- fair value through other comprehensive income (equity – no recycling); or
- fair value through profit or loss,

based on the two primary criteria, being:

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

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

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

The reporting unit only has financial assets that are measured at amortised cost including trade and other receivables and cash at bank (including term deposits).

De-recognition

Financial Liabilities:

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial Assets:

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

All the following criteria need to be satisfied for de-recognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- The reporting unit no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

Impairment

The reporting unit recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument. The reporting unit uses the simplified approach to impairment for trade debtors, as applicable under AASB 9.

1.12 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.13 Land, buildings, plant and equipment

Recognition and Measurement.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment that has been contributed at no cost or for nominal cost is valued at the fair value of the asset at the date it is acquired. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included net in Other Revenue in the Statement of Profit or Loss and Other Comprehensive Income. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The costs of day to day servicing and maintenance of property, plant and equipment is recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Land & buildings	25 years	25 years
Plant and equipment	2 to 20 years	2 to 20 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.14 Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from

the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the *Union of Christmas Island Workers* were deprived of the asset, its value in use is taken to be its replacement cost.

1.15 Taxation

The *Union of Christmas Island Workers* 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; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.16 Going concern

The financial report discloses the going concern basis of preparation. The Union of Christmas Island Workers (UCIW) incurred a net loss of \$10,553 during the year ended 31 December 2019 and, as of that date, the UCIW's current liabilities exceeded its total assets by \$7,198. Furthermore, there has been a reduction in membership numbers from 268 at 31 December 2019 to 218 on 6 June 2020. As a result, management and the executive committee have implemented methods of cost reduction which include a potential temporary suspension of payment of wages for key management personnel, part time employment of key staff and reduction of other discretionary costs to be identified in the Executive Committee's operational review. Based on the above facts, management considers the going concern basis of preparation to be appropriate. However, in the event that there is a further decline in membership numbers, and/or there is a delay in payment of membership fees and the UCIW is unable to reduce its operating costs and/or source additional sources of funding, there would be a material uncertainty that may cast significant doubt whether the UCIW can continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2019, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of *Union of Christmas Island Workers*.

	2019	2018
	\$	\$

Note 3 Income

Note 3A: Capitation fees and other revenue from another reporting unit

Capitation fees	-	-
Subtotal capitation fees	-	-
Other revenue from another reporting unit	-	-
Subtotal other revenue from another reporting unit	-	-
Total capitation fees and another revenue from another reporting unit	-	-

Note 3B: Levies*

Total levies	-	-
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Note 3C: Investment income

Interest	554	717
Total investment income	554	717

Note 3D: Rental revenue

Properties	20,400	21,000
Total rental revenue	20,400	21,000

Note 3E: Grants and/or donations*

Grants	-	-
Donations	8,100	11,400
Total grants and/or donations	8,100	11,400

* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

Note 3F: Revenue from recovery of wages activity

Amounts recovered from employers in respect of wages

Interest received on recovered money

Total revenue from recovery of wages activity

-

-

-

-

Note 4 Expenses

Note 4A: Employee expenses*

Holders of office:

Wages and salaries

Superannuation

Leave and other entitlements

Separation and redundancies

Other employee expenses

Subtotal employee expenses holders of office

130,556

24,050

(11,823)

-

-

142,783

122,497

19,170

(7,819)

-

4,729

138,577

Employees other than office holders:

Wages and salaries

Superannuation

Leave and other entitlements

Separation and redundancies

Other employee expenses

Subtotal employee expenses employees other than office holders

Total employee expenses

25,805

3,764

(898)

-

-

28,671

31,143

4,855

(1,181)

-

-

34,817

171,454

173,394

Note 4B: Capitation fees and other expense to another reporting unit*

Capitation fees

Subtotal capitation fees

-

-

-

Other expense to another reporting unit

Subtotal other expense to another reporting unit

Total capitation fees and other expense to another reporting unit

-

-

-

-

-

* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

	2019 \$	2018 \$
Note 4C: Affiliation fees*		
Unions WA	2,309	2,265
A.C.T.U	2,376	2,328
FairWork Commission	73	-
Society Study Labour	50	50
Total affiliation fees/subscriptions	4,808	4,643

Note 4D: Administration expenses

Total paid to employers for payroll deductions of membership subscriptions*	-	-
Compulsory levies*	-	-
Fees/allowances - meeting and conferences*	-	-
Conference and meeting expenses*	-	-
Property expenses	6,022	4,663
Office expenses	5,566	9,691
Information communications technology	2,438	2,312
Total administration expenses	14,026	16,666

Note 4E: Grants or donations*

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	-	-
Total grants or donations	-	-

Note 4F: Depreciation and amortisation

Depreciation		
Land and buildings	1,127	1,127
Plant and equipment	1,875	2,152
Total depreciation	3,002	3,279
Total depreciation and amortisation	3,002	3,279

* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

	2019	2018
	\$	\$
Note 4G Legal costs*		
Litigation	-	-
Total legal costs	-	-

Note 4H Other expenses

Penalties - via RO Act or the <i>Fair Work Act 2009</i> *	-	-
Union day expenses	11,762	11,333
Other expenses	7,025	6,606
Total other expenses	18,787	17,939

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	38,757	35,015
Short term deposits	-	29,520
Total cash and cash equivalents	38,757	64,535

Note 5B: Trade and other receivables

Receivables from other reporting units*

Union of Christmas Island Workers	28,950	17,572
Total receivables from other reporting units	28,950	17,572

Less allowance for expected credit losses*

Total allowance for expected credit losses	-	-
Receivable from other reporting units (net)	28,950	17,572

Total other receivables

Total trade and other receivables (net)	28,950	17,572
------------------------------------------------	---------------	---------------

The movement in the allowance for expected credit losses of trade and other receivables is as follows:

At 1 January	-	-
Provision for expected credit losses	-	-
Write-off	-	-
At 31 December	-	-

* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

Note 6 Non-current Assets

Note 6A: Land and buildings

Land and buildings:

at cost	78,615	78,615
accumulated depreciation	(3,929)	(2,802)
Total land and buildings	74,686	75,813

Reconciliation of opening and closing balances of land and buildings

As at 1 January		
Gross book value	78,615	78,615
Accumulated depreciation and impairment	(2,802)	(1,675)
Net book value 1 January	75,813	76,940
Additions	-	-
Impairments	-	-
Depreciation expense	(1,127)	(1,127)
Disposals	-	-
Net book value 31 December	74,686	75,813
Net book value as of 31 December represented by:		
Gross book value	78,615	78,615
Accumulated depreciation and impairment	(3,929)	(2,802)
Net book value 31 December	74,686	75,813

Note 6B: Plant and equipment

Plant and equipment:

at cost	43,299	43,299
accumulated depreciation	(28,310)	(26,435)
Total plant and equipment	14,989	16,864

Reconciliation of opening and closing balances of plant and equipment

As at 1 January		
Gross book value	43,299	43,299
Accumulated depreciation and impairment	(26,435)	(24,283)
Net book value 1 January	16,864	19,016
Additions	-	-
Impairments	-	-
Depreciation expense	(1,875)	(2,152)
Disposals	-	-
Net book value 31 December	14,989	16,864
Net book value as of 31 December represented by:		
Gross book value	43,299	43,299
Accumulated depreciation and impairment	(28,310)	(26,435)
Net book value 31 December	14,989	16,864

2019	2018
\$	\$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	-	-
Operating lease rentals	-	-
Subtotal trade creditors	-	-
Payables to other reporting units		
Subtotal payables to other reporting units	-	-
Total trade payables	-	-

Note 7B: Other payables

PAYG Payable	9,662	7,958
Superannuation	9,859	5,691
Payable to employers for making payroll deductions of membership subscriptions*	-	-
Legal costs*		
Litigation	-	-
Other legal costs	-	-
Total other payables	19,521	13,649
Total other payables are expected to be settled in:		
No more than 12 months	19,521	13,649
More than 12 months	-	-
Total other payables	19,521	13,649

* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

Note 8 Provisions

Note 8A: Employee provisions*

Office holders:

Annual leave	31,977	32,510
Long service leave	19,815	31,105

Subtotal employee provisions—office holders	51,792	63,615
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Employees other than office holders:

Annual leave	3,592	4,356
Long service leave	-	134

Subtotal employee provisions—employees other than office holders	3,592	4,490
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Total employee provisions	55,384	68,105
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Current	55,384	68,105
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Non-current	-	-
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Total employee provisions	55,384	68,105
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Note 9 Equity

Note 9B: Other specific disclosures - funds*

Compulsory levy/voluntary contribution fund – if invested in assets

-	-
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Other fund(s) required by rules

Balance as at start of year	-	-
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Transferred to reserve	-	-
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Transferred out of reserve	-	-
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Balance as at end of year	-	-
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* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

2019	2018
\$	\$

Note 10 Cash Flow

Note 10A: Cash flow reconciliation

Reconciliation of cash and cash equivalents as per balance sheet to cash flow statement:

Cash and cash equivalents as per:

Cash flow statement	38,757	64,535
Balance sheet	38,757	64,535
Difference	-	-

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	(10,553)	(30,689)
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Adjustments for non-cash items

Depreciation/amortisation	3,002	3,279
Net write-down of non-financial assets	-	-
Fair value movements in investment property	-	-
Gain on disposal of assets	-	-

Changes in assets/liabilities

(Increase)/decrease in net receivables	(11,378)	14,569
(Increase)/decrease in prepayments	-	-
Increase/(decrease) in supplier payables	-	-
Increase/(decrease) in other payables	5,872	2,131
Increase/(decrease) in employee provisions	(12,721)	(8,999)
Increase/(decrease) in other provisions	-	-
Net cash from (used by) operating activities	(25,778)	(19,709)

Note 10B: Cash flow information*

Cash inflows

Union of Christmas Island Workers	166,761	170,239
Total cash inflows	166,761	170,239

Cash outflows

Union of Christmas Island Workers	-	-
Total cash outflows	-	-

* As required by the reporting guidelines. Item to remain even if 'nil' unless the Union of Christmas Island Workers opts to disclose it in the officer declaration statement.

Note 11 Related Party Disclosures

Note 11A: Related party transactions for the reporting period

Mr Gordon Thompson was elected as General Secretary from 31 December 2012 to current.

The following table below (Key Management Personnel Remuneration) provides the total amount of transactions that have been entered into with related parties for the relevant year.

There were no other transactions with related parties during the reporting period.

Note 11B: Key management personnel remuneration for the reporting period

	2019	2018
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	130,023	120,899
Total short-term employee benefits	130,023	120,899
Post-employment benefits:		
Superannuation	24,050	19,170
Total post-employment benefits	24,500	19,170
Other short-term benefits:		
Other employee benefits	-	4,728
Total other short -term benefits	-	4,728
Other long-term benefits:		
Long-service leave	(11,290)	(6,220)
Total other long-term benefits	(11,290)	(6,220)
Termination benefits	-	-
Total	142,783	138,577

Mr Gordon Thomson had \$31,977 of annual leave and \$19,815 of long service leaving owing to him at 31 December 2019.

Note 12 Remuneration of Auditors

	2019	2018
	\$	\$
Value of the services provided		
Financial statement audit services	6,500	7,700
Other services	560	300
Total remuneration of auditors	7,060	8,000

Other services provided by the auditors of the financial statements included the review of the Company's Annual Statement and preparation of the appropriate Directors' Solvency Resolution.

Note 13 Financial Instruments

The Committee of Management of Union of Christmas Island Workers is responsible for monitoring financial risk exposures of the Union. The Committee of Management monitors transactions and review the effectiveness of internal controls relating to credit risk, liquidity risk and market risk. The Committee of Management's overall risk management strategy seeks to ensure that the Union meets its financial targets, while minimising potential adverse effects of cash flow shortfalls. The Union of Christmas Island workers financial instruments consists of term deposits, trade debtors, and accounts payable.

Note 13A: Categories of Financial Instruments

	2019	2018
	\$	\$
<i>Financial assets</i>		
At amortised cost:		
Cash at Bank	38,757	64,535
Trade Debtors	28,950	17,572
Total	67,707	82,107
<i>Carrying amount of financial assets</i>	67,707	82,107
<i>Financial liabilities</i>		
Other financial liabilities	-	-
Total	-	-
<i>Carrying amount of financial liabilities</i>	-	-

Note 13B: Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to financial loss to the Union. The Union does not have any financial assets that would be exposed to this risk. The union ensures that surplus funds are invested in major financial institutions that maintain a high credit rating.

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2019	2018
	\$	\$
Financial assets		
Trade Debtors	28,950	17,572
Total	28,950	17,572

Note 13C: Liquidity risk

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Union manages risk by preparing cash flow analysis in relation to its operational activities and only investing surplus cash with major financial institutions. The financial liabilities recorded will be settled within 1 year.

Note 14 Fair Value Measurement

The Union of Christmas Island Workers' financial instruments being (trade debtors, trade payables and cash at bank) are recorded at amortised cost. The Committee has assessed that the fair value of financial instruments is equal to their carrying amounts largely due to the short term nature of these financial instruments.

Note 15 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 Commissioner:

- 1) A member of a Union of Christmas Island Workers, or the Commissioner, may apply to the Union of Christmas Island Workers for specified prescribed information in relation to the Union of Christmas Island Workers 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 Union of Christmas Island Workers.
- 3) The Union of Christmas Island Workers must comply with an application made under subsection (1).