

TRANSPORT WORKERS' UNION OF AUSTRALIA

WESTERN AUSTRALIAN BRANCH

AUDITED GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2018

**TRANSPORT WORKERS' UNION OF AUSTRALIA
WESTERN AUSTRALIAN BRANCH**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSPORT WORKERS' UNION OF AUSTRALIA – WESTERN AUSTRALIAN BRANCH

Auditor's Opinion on the Financial Report

We have audited the accompanying financial report of Transport Workers' Union of Australia – Western Australian Branch (the Reporting Unit), which comprises the statement of financial position as at 31 December 2018 and the statement of other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, the Committee of Management's 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 – Western Australian 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) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act).

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

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

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

The Committee of Management of the Reporting Unit 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 Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation and fair presentation 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 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 Committee of Management either intends to liquidate the Reporting Unit or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility 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 the 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 Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess 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 Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

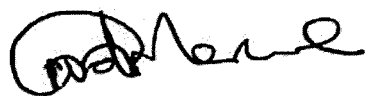
I declare that I am an auditor registered under the RO Act, a member of Chartered Accountants Australia & New Zealand and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

We have nothing to report in this regard.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth
7 March 2019

Registration number : AA2017/19

**TRANSPORT WORKERS' UNION OF AUSTRALIA
WESTERN AUSTRALIAN BRANCH**

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2018**

I Timothy Dawson being The Branch secretary of the Transport Workers' Union of Australia – Western Australian Branch (“Branch”) certify:

- that the documents lodged herewith are copies of the full report for The Branch for the year ended 31 December 2018 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of The Branch on 11 March 2019; and
- that the full report was presented to a meeting of the committee of management of The Branch on 15 April 2019 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Timothy Dawson

Branch Secretary

Dated:

**TRANSPORT WORKERS' UNION OF AUSTRALIA
WESTERN AUSTRALIAN 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 Branch for the year ended 31 December 2018.

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	2,275,831	2,064,665
Advertising	330	7,285
Operating costs	1,254,606	1,152,412
Donations to political parties	18,650	28,530
Legal costs	86,520	69,253



Timothy Dawson

Branch Secretary

Dated: 7 March 2019

**TRANSPORT WORKERS' UNION OF AUSTRALIA
WESTERN AUSTRALIAN BRANCH**

**OPERATING REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The committee presents its report on The Branch for the financial year ended 31 December 2018.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year

The Principal activities of the Transport Workers' Union – Western Australian Branch ("Branch") during the reporting period were to provide industrial and organising services to the members consistent with the objects of The Branch and particularly the object of protecting and improving the interest of the members.

The Branch'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 Branch.

There were no significant changes in the nature of The Branch's principal activities during the reporting period.

Significant changes in financial affairs

There were no significant changes to The Branch's financial affairs during the reporting period.

Right of members to resign

Clause 11 of The Branch rules details the right of a member to resign from The Branch:

11. Resignation from membership

- (1) A member may resign from membership by notice in writing addressed and delivered to The Branch Secretary of The Branch in which the member is enrolled.
- (2) A notice of resignation from membership takes effect:
 - (a) if the member has ceased to be eligible:
 - i. on the day on which the notice is received by the Union;
 - ii. on the day specified in the notice;whichever is later; or
 - (b) in any other case:
 - i. at the end of 2 weeks after the notice is received by The Branch Secretary; or
 - ii. on the day specified in the notice; whichever is later.

TRANSPORT WORKERS' UNION OF AUSTRALIA
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- (3) Any dues payable but not paid by a former member, in relation to a period before the member's resignation from The Branch took effect, may be sued for and recovered in accordance with rule 81 as a debt to The Branch.
- (4) A notice delivered in accordance with sub-rule (1) is deemed to have been received by The Branch when it was delivered.
- (5) A notice of resignation that has been received by The Branch is not invalid only because it was not addressed and delivered in accordance with sub-rule (1).
- (6) A resignation from membership is valid, even if it was not effected in accordance with this rule, if the member is informed in writing by The Branch that the resignation has been accepted.

Officers & employees who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

Timothy Dawson is a Director of the TWU Superannuation Fund.

Number of members

The number of persons that were, as at 31 December 2018, recorded in the register as members was 8,010.

Number of employees

The number of persons who were, as at 31 December 2018, employees of The Branch, including both full-time employees and part-time employees was 19.

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

The name of each person who was a member of the Committee of Management of The Branch during the financial year ended 31 December 2018, and the period for which he or she held such a position during that year is detailed as follows:

**TRANSPORT WORKERS' UNION OF AUSTRALIA
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Committee Member Period Position Held

Ray McMillan	01/01/18 – 31/12/18
John Davis	01/01/18 – 31/12/18
Timothy Dawson	01/01/18 – 31/12/18
Michael Cook	01/01/18 – 15/03/18
Michael Lawson	01/01/18 – 31/12/18
Deborah Dunbar	01/01/18 – 31/12/18
Bruce Spaul	01/01/18 – 31/12/18
Peter Elliott	01/01/18 – 31/12/18
Ralph Roth	01/01/18 – 31/12/18
William Nuttal	01/01/18 – 31/12/18
Andrew Payne	01/01/18 – 31/12/18
Charlie Nichols	01/01/18 – 31/12/18
Jo Woodford	01/01/18 – 31/12/18



Timothy Dawson

Branch Secretary

Dated: 7 March 2019

**TRANSPORT WORKERS' UNION OF AUSTRALIA
WESTERN AUSTRALIAN BRANCH**

**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

On the 7 March 2019, the committee of management of the Transport Workers' Union of Australia – Western Australian Branch ("Branch") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 December 2018:

The committee of management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of The Branch for the financial year to which they relate;
- (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 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 Branch 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 Branch have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more The Branch's, the financial records of The Branch have been kept, as far as practicable, in a consistent manner with each of the other The Branch's of the organisation; and
 - (v) where information has been sought in any request by a member of The Branch 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.

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



Timothy Dawson

Branch Secretary

Dated: 7 March 2019

TRANSPORT WORKERS' UNION OF AUSTRALIA
WESTERN AUSTRALIAN BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
Revenue			
Membership subscriptions		4,064,627	4,154,803
Capitation fees and other revenue from another reporting unit	3A	-	-
Levies	3B	-	-
Interest received	3C	65,363	54,375
Other revenue	3D	227,732	296,709
Total revenue		<u>4,357,722</u>	<u>4,505,887</u>
Other Income			
Grants and/or donations	3E	-	-
Net gains from sale of assets	3F	-	33,224
Revenue from recovery of wages activity	3G	-	-
Total other income		<u>-</u>	<u>33,224</u>
Total income		<u>4,357,722</u>	<u>4,539,111</u>
Expenses			
Employee expenses	4A	2,275,831	2,064,665
Capitation fees and other expense to another reporting unit	4B	717,000	732,907
Affiliation fees	4C	139,433	191,678
Administration expenses	4D	128,225	142,517
Grants and donations	4E	18,650	28,530
Depreciation and amortisation	4F	192,162	212,697
Legal costs	4G	86,520	69,253
Audit and accountancy fees	15	31,428	31,334
Fair value adjustment assets	4H	-	50,000
Net loss from sale of assets	4I	27,415	-
Other expenses	4J	1,254,936	1,159,697
Total expenses		<u>4,871,600</u>	<u>4,683,278</u>
Surplus (deficit) for the year		<u>(513,878)</u>	<u>(144,167)</u>
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss		-	-
Net gain on available for sale investments		-	-
Items that will not be subsequently reclassified to profit or loss		-	-
Gain on revaluation of land & buildings		-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>

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

TRANSPORT WORKERS' UNION OF AUSTRALIA
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	5A	2,785,001	2,748,082
Trade and other receivables	5B	82,906	18,442
Other current assets	5C	23,435	35,997
Non-current asset held for sale	6B	-	285,000
Total current assets		2,891,342	3,087,521
Non-current assets			
Land and buildings	6A	2,107,677	2,163,143
Plant and equipment	6A	343,919	473,565
Office refurbishment	6A	36,861	43,780
Total non-current assets		2,488,457	2,680,488
Total assets		5,379,799	5,768,009
LIABILITIES			
Current liabilities			
Trade payables	7A	313,242	277,459
Other payables	7B	5,682	-
Employee provisions	8A	480,386	396,183
Total current liabilities		799,310	673,642
Non-current liabilities			
Employee provisions	8A	-	-
Total non-current liabilities		-	-
Total liabilities		799,310	673,642
Net assets		4,580,489	5,094,367
EQUITY			
General funds	9A	951,365	951,365
Retained earnings		3,629,124	4,143,002
Total equity		4,580,489	5,094,367

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

**TRANSPORT WORKERS' UNION OF AUSTRALIA
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2017		951,365	4,287,169	5,238,534
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus/(deficit)		-	(144,167)	(144,167)
Other comprehensive income		-	-	-
Transfer to/from general fund	9A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 31 December 2017		951,365	4,143,002	5,094,367
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus/(deficit)		-	(513,878)	(513,878)
Other comprehensive income for the year		-	-	-
Transfer to/from general fund	9A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 31 December 2018		951,365	3,629,124	4,580,489

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

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

	Notes	2018 \$	2017 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	10B	13,636	20,575
Membership receipts		4,000,166	4,151,835
Interest received		65,363	54,375
Other receipts		214,096	276,134
Cash used			
Payment to other reporting units	10B	(672,569)	(927,968)
Payment to suppliers and employees		(3,841,224)	(3,478,134)
Net cash from/ (used in) operating activities	10A	<u>(220,532)</u>	<u>96,817</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		53,788	89,090
Proceeds from sale of land and buildings		285,000	-
Cash used			
Purchase of plant and equipment		(81,337)	(149,245)
Net cash used in/(from) investing activities		<u>257,451</u>	<u>(60,155)</u>
Net increase in cash held		<u>36,919</u>	<u>36,662</u>
Cash & cash equivalents at the beginning of the reporting period		2,748,082	2,711,420
Cash & cash equivalents at the end of the reporting period	5A	<u>2,785,001</u>	<u>2,748,082</u>

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

**TRANSPORT WORKERS' UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

Note 1 Summary of Significant Accounting Policies

1.1 Basis of Preparation of the Financial Statements

Transport Workers' Union of Australia – Western Australian Branch (“Branch”) is a trade union with a principal place of business located at 3rd Floor, 82 Beaufort Street, Perth WA.

Transport Workers' Union of Australia (“the Federal Organisation”) are the registered proprietors and owners of The Branch’s office.

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 Organisations) Act 2009*. For the purpose of preparing the general purpose financial statements, The Branch is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities at measured at fair value, as explained in the accounting policies below. Fair value 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 preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

There are no accounting assumptions or estimates that have been identified that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next reporting period.

**TRANSPORT WORKERS' UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of Significant Accounting Policies

1.4 New Australian Accounting Standards

1.4a Adoption of New Australian Accounting Standards

The Branch has applied a number of new and revised standards which have become effective for the first time in their annual reporting period commencing 1 January 2018. Information on the more significant standard(s) is presented below:

AASB 9 – Financial Instruments – Recognition and Measurement

AASB Interpretation 22 – Foreign Currency Transactions and Advance Consideration

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

1.4b New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which The Branch has decided not to early adopt. A discussion of those future requirements and their impact on The Branch follows:

Reference	Title	Summary
AASB 15	Revenue from Contracts with Customers	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue

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

Note 1 Summary of Significant Accounting Policies (continued)

1.4b New Accounting Standards for application in future periods (continued)

Reference	Title	Summary
AASB 15	Revenue from Contracts with Customers (continued)	<p>Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.</p> <p>An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> ▶ Step 1: Identify the contract(s) with a customer. ▶ Step 2: Identify the performance obligations in the contract. ▶ Step 3: Determine the transaction price. ▶ Step 4: Allocate the transaction price to the performance obligations in the contract. ▶ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. <p>Effective for periods commencing 1 January 2019.</p> <p>This amendment is not anticipated to significantly impact The Branch.</p>
AASB 16	Leases	<p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. 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).</p> <p>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).</p>

**TRANSPORT WORKERS' UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of Significant Accounting Policies (continued)

1.4b New Accounting Standards for application in future periods (continued)

Reference	Title	Summary
AASB 16	Leases (continued)	<p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be 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 remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting 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.</p> <p>Effective for periods commencing 1 January 2019.</p> <p>Based on the current number of operating leases held by The Branch, the impact is not expected to be significant.</p>
AASB 1058 AASB 2016-8	Income of Not-for-Profit Entities Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities	<p>AASB 1058 and AASB 2016-8 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately.</p> <p>The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p>

**TRANSPORT WORKERS' UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 1 Summary of Significant Accounting Policies (continued)

1.4b New Accounting Standards for application in future periods (continued)

Reference	Title	Summary
AASB 1058 AASB 2016-8	Income of Not-for-Profit Entities Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-For-Profit Entities (continued)	Consequently AASB 1004 Contributions is also amended, with its scope effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context. Effective for periods commencing 1 January 2019. This amendment is not anticipated to significantly impact The Branch.
AASB 2018-1	Annual Improvements to IFRS Standards 2015 - 2017 Cycle	The amendments clarify certain requirements in: ▶ IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - previously held interest in a joint operation ▶ IAS 12 Income Taxes - income tax consequences of payments on financial instruments classified as equity ▶ IAS 23 Borrowing Costs - borrowing costs eligible for capitalisation. Effective for periods commencing 1 January 2019. This amendment is not anticipated to significantly impact The Branch.
AASB Interpretation 23 and relevant amending standards	Uncertainty over Income Tax Treatments	The Interpretation clarifies the application of the recognition and measurement criteria in AASB 112 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ▶ Whether an entity considers uncertain tax treatments separately ▶ The assumptions an entity makes about the examination of tax treatments by taxation authorities ▶ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

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

Note 1 Summary of Significant Accounting Policies (continued)

1.4b New Accounting Standards for application in future periods (continued)

Reference	Title	Summary
AASB Interpretation 23 and relevant amending standards	Uncertainty over Income Tax Treatments (continued)	<p>► How an entity considers changes in facts and circumstances.</p> <p>Effective for periods commencing 1 January 2019.</p> <p>This amendment is not anticipated to significantly impact The Branch.</p>

The Branch does not anticipate early adoption of any of the above Australian Accounting Standards.

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.

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

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 impairment allowance account.

Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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.

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

Note 1 Summary of Significant Accounting Policies (continued)

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 Branch 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 Branch 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

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Note 1 Summary of Significant Accounting Policies (continued)

1.9 Leases (continued)

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

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 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.11 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.

1.12 Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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Note 1 Summary of Significant Accounting Policies (continued)

1.13 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1.13.a Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that The Branch manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with The Branch's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income.

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Note 1 Summary of Significant Accounting Policies (continued)

1.13.b Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that The Branch has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

1.13.c Available-for-sale

Listed shares and listed redeemable notes held by The Branch that are traded in an active market are classified as available-for-sale and are stated at fair value. Should The Branch also have investments in unlisted shares that are not traded in an active market but are also classified as available-for-sale financial assets they are stated at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when The Branch's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

1.13.d Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Membership receivables have not been accounted for as there is significant uncertainty as to the recoverability thereof and we therefore do not have reasonable information to measure the future economic benefit of the asset.

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Note 1 Summary of Significant Accounting Policies (continued)

1.13.e Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

1.13.f Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period.

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include The Branch's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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1 Summary of Significant Accounting Policies (continued)

1.13.f Impairment of financial assets (continued)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss.

Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.13.g Derecognition of financial assets

The Branch derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The difference between the assets carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

1.14.a Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

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Note 1 Summary of Significant Accounting Policies (continued)

1.14.a Fair value through profit or loss (continued)

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that The Branch manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with The Branch's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income.

1.14.b Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

1.14.c Derecognition of financial liabilities

The Branch derecognises financial liabilities when, and only when, The Branch's obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.15 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 1 Summary of Significant Accounting Policies (continued)

1.15 Contingent Liabilities and Contingent Assets (continued)

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.

1.16 Buildings, Plant and Equipment

1.16.a Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

1.16.b Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit.

Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

1.16.c Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using the straight line or reducing balance 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.

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Note 1 Summary of Significant Accounting Policies (continued)

1.16.c Depreciation (continued)

Depreciation rates applying to each class of depreciable asset are as follows:

Property	2.5% straight line
Plant & equipment	7.5% - 40% reducing balance
Office refurbishments	10% - 37.5% reducing balance
Motor vehicles	18.75% reducing balance

1.16.d 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.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

1.16.e Non-current assets held for sale

This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

1.17 Taxation

The Branch 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.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 1 Summary of Significant Accounting Policies (continued)

1.18 Fair value measurement

The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by The Branch.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Branch uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, The Branch determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 1 Summary of Significant Accounting Policies (continued)

1.18 Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, The Branch has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.19 Going concern

The Branch is not reliant on the agreed financial support of another Branch to continue on a going concern basis.

The Branch has not agreed to provide financial support to another Branch to ensure they can continue on a going concern basis.

Note 2 Events after the Reporting Period

There were no events that occurred after 31 December 2018, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of The Branch.

	2018	2017
	\$	\$

Note 3 Income

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

Capitation fees:

Transport Workers Union – National Office	-	-
Subtotal capitation fees	-	-

Other revenue from another reporting unit:

Transport Workers Union – National Office	-	-
Subtotal other revenue from another reporting unit	-	-
Total capitation fees and another revenue from other reporting unit	-	-

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	2018	2017
	\$	\$
Note 3 Income (continued)		
Note 3B: Levies		
Levies	-	-
Total levies	<u>-</u>	<u>-</u>
Note 3C: Interest		
Deposits	65,363	54,375
Total interest	<u>65,363</u>	<u>54,375</u>
Note 3D: Other Revenue		
Federal committee expenses reimbursement	13,636	20,575
Super fund director reimbursement	186,852	197,687
Advertising and sponsorship	10,990	33,636
Sundry income	16,254	44,811
Total other revenue	<u>227,732</u>	<u>296,709</u>
Note 3E: Grants or donations		
Grants	-	-
Donations	-	-
Total grants or donations	<u>-</u>	<u>-</u>
Note 3F: Net gains from sale of assets		
Plant and equipment	-	33,224
Total net gain from sale of assets	<u>-</u>	<u>33,224</u>
Note 3G: 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	<u>-</u>	<u>-</u>

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2018	2017
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of Office:		
Wages & Salaries	174,068	157,810
Superannuation	32,663	32,168
Leave and other entitlements	(4,085)	10,362
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	202,646	200,340
Employees other than office holders:		
Wages & Salaries	1,735,875	1,343,790
Superannuation	249,023	246,655
Leave and other entitlements	88,287	199,407
Separation and redundancies	-	-
Other employee expenses	-	74,473
Subtotal employee expenses employees other than office holders	2,073,185	1,864,325
Total employee expenses	2,275,831	2,064,665
Note 4B: Capitation fees and other expense to another reporting unit		
Sustentation fees		
Transport Workers Union – National Office	717,000	732,907
Subtotal sustentation fees	717,000	732,907
Other expense to another reporting unit:		
Transport Workers Union – National Office	-	-
Subtotal other expense to another reporting unit	-	-
Total capitation fees and other expense to another reporting unit	717,000	732,907
Note 4C: Affiliation fees		
Australian Labour Party	71,253	88,105
Trades and Labour Council	68,180	103,573
Total affiliation fees/subscriptions	139,433	191,678

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	2018	2017
	\$	\$
Note 4 Expenses (continued)		
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levies to Federal Office levies	20,053	22,648
Fees/allowances - meeting and conferences	30,900	30,400
Conference and meeting expenses	77,272	89,649
Total meeting expenses	128,225	142,517
Note 4E: Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	1,150	1,030
Total paid that exceeded \$1,000	17,500	27,500
Total grants or donations	18,650	28,530
Note 4F: Depreciation and amortisation		
Depreciation		
Buildings	55,465	55,465
Plant and equipment	129,757	148,816
Office refurbishment	6,940	8,416
Total depreciation and amortisation	191,162	212,697
Note 4G: Legal costs		
Litigation	60,579	52,371
Other legal matters	25,941	16,882
Total legal costs	86,520	69,253
4H: Fair value adjustment assets		
Land and Buildings held for sale	-	50,000
Total fair value adjustment assets	-	50,000

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	2018	2017
	\$	\$
Note 4 Expenses (continued)		
4I: Net loss from sale of assets		
Plant and equipment	27,415	-
Total net loss from sale of assets	27,415	-
Note 4J: Other expenses		
Advertising	330	7,285
Bank charges	42,229	41,925
Cleaning expenses	1,386	1,105
Computer operating expenses	97,815	43,359
Computer programming maintenance	38,082	67,525
Consultancy fees	-	4,125
Debt collection expenses	210	3,958
Fringe benefits tax	10,490	12,848
Funeral benefit	65,000	66,500
General expenses	12,566	66,080
Insurance	99,622	103,959
Motor vehicle expenses	151,216	144,590
Office refurbishment costs	31,324	-
Organisers' expenses - country	26,103	15,937
Payroll tax	85,720	68,888
Penalties - via the Fair Work Act 2009	20,000	-
Presidential honorarium fees	11,700	10,700
Printing, stationery and stamps	173,325	215,035
Promotional products purchases	85,146	30,121
Rent, rates and electricity	68,653	65,035
Repairs and maintenance	4,732	3,196
Staff amenities	1,664	1,664
Staff/Delegates training	15,129	8,503
Subscriptions	14,875	14,137
Telephone	50,268	38,770
Travelling and accommodation	145,698	123,221
Uniforms	1,653	1,231
Total other expenses	1,254,936	1,159,697

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FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
Note 5 Current assets		
Note 5A: Cash and cash equivalents		
Cash at bank	665,335	681,923
Cash on hand	3,479	2,570
Short term deposits	2,116,187	2,063,589
Total cash and cash equivalents	2,785,001	2,748,082
 Note 5B: Trade and other receivables		
Receivables from other Branch(s)		
Receivables	-	-
Total receivables from other Branch(s)	-	-
 Less provision for doubtful debts		
Doubtful debts	-	-
Total provision for doubtful debts	-	-
Receivable from other Branch(s) (net)	-	-
 Other receivables:		
Other trade receivables	51,698	-
Accrued interest	31,208	18,442
Total other receivables	82,906	18,442
Total trade and other receivables (net)	82,906	18,442
 Note 5C: Other Current Assets		
Prepaid expenses	23,432	35,997
Total other current assets	23,432	35,997

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

2018 2017
 \$ \$

Note 6 Non-current assets

Note 6A: Property, plant and equipment

Land and buildings at valuation	2,218,608	2,218,608
Less: Accumulated depreciation	(110,931)	(55,465)
	2,107,677	2,163,143
Plant and equipment at cost	906,669	1,396,244
Less: Accumulated depreciation	(562,750)	(922,679)
	343,919	473,565
Office refurbishment at cost	199,286	199,286
Less: Accumulated depreciation	(162,425)	(155,506)
	36,861	43,780
Total property, plant and equipment	2,488,457	2,680,488

The Transport Workers' Union of Australia ("the Federal Organisation") are the registered proprietors and owners of The Branch's offices. The office property was acquired by the expenditure of the WA Branch funds and forms part of the assets of The Branch.

The basis of valuation of The Branch's office premises and industrial unit is fair market value based upon market appraisal valuations carried out by independent firms of real estate agents and valuers effective at 31 December 2016.

Land and buildings are valued by independent valuation, at fair value hierarchy level 2. Input used is the sales comparison approach (market data).

	Land & buildings \$	Plant & equipment \$	Office refurbishment \$	Total \$
Balance at 1 Jan 2017	2,218,608	529,002	52,196	2,799,806
Additions	-	149,246	-	149,246
Disposals	-	(55,867)	-	(5,867)
Revaluation	-	-	-	-
Depreciation	(55,465)	(148,816)	(8,416)	(212,697)
Non-current asset held for sale	-	-	-	-
Balance at 31 Dec 2017	2,163,143	473,565	43,780	2,680,488
Additions	-	81,336	-	81,336
Disposals	-	(81,225)	20	(81,205)
Revaluation	-	-	-	-
Depreciation	(55,466)	(129,757)	(6,939)	(192,162)
Balance at 31 Dec 2018	2,107,677	343,919	36,861	2,488,457

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

	2018	2017
	\$	\$
Note 6 Non-current assets (continued)		
Note 6B: Non Current Assets Held for Sale		
Land and Buildings	-	285,000
Total assets held for sale	-	285,000
Note 7 Current liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	127,515	123,281
GST payable (net)	49,348	62,244
Payroll liabilities	2,380	2,375
Subtotal trade payables	179,243	187,900
Payables to other Branch(s)		
Transport Workers Union – National Office	133,999	89,559
Subtotal payables to other Branch(s)	133,999	89,559
Total trade payables	313,242	277,459
Settlement is usually made within 30 days.		
Note 7B: Other payables		
Payable to employers for making payroll deductions of membership subscriptions	-	-
Legal costs	-	-
Litigation	-	-
Other legal matters	5,682	-
Total other payables	5,682	-
Total other payables are expected to be settled in:		
No more than 12 months	5,682	-
More than 12 months	-	-
Total other payables	5,682	-

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

	2018	2017
	\$	\$
Note 8 Provisions		
<p>The amounts expected to be paid to fund employees for their pro rata entitlements to annual leave and long service leave are accrued fortnightly at current salary rates. Sick leave has not been accrued, as any sick leave entitlements are considered contingent and non-vesting.</p>		
Note 8A: Employee provisions		
Office Holders:		
Annual leave	12,266	30,541
Long service leave	107,052	98,265
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—office holders	119,318	128,806
Employees other than office holders:		
Annual leave	138,516	105,384
Long service leave	222,552	161,993
Separations and redundancies	-	-
Other	-	-
Subtotal employee provisions—employees other than office holders	361,068	267,377
Total employee provisions	480,386	396,183
Current	480,386	396,183
Non-current	-	-
Total employee provisions	480,386	396,183

Note 9 Equity

Note 9A: Funds

Revaluation Reserve		
Balance as at start of year	951,365	951,365
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	951,365	951,365
Total Reserves	951,365	951,365

The revaluation reserve is a reserve that accumulates increments of fair value adjustments to assets being carried at fair value. Its purpose is to quantify movements in fair value to be able to establish unrealised gains on assets held.

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	2018	2017
	\$	\$
Note 9 Equity (continued)		
Note 9B: Other Specific disclosures – Funds		
Compulsory levy/voluntary contribution fund – if invested in assets		
Fund	-	-
Other fund(s) required by rules		
Fund		
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	-	-

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FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Note 10 Notes to the Statement of Cash Flows		
Note 10A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Statement of Cash Flows:		
Cash and cash equivalents as per:		
Cash flow statement	2,785,001	2,748,082
Balance sheet	2,785,001	2,748,082
Difference	-	-
Reconciliation of (deficit) to net cash from operating activities:		
Deficit for the year	(513,878)	(144,167)
Adjustments for non-cash items		
Depreciation/amortisation	192,162	212,697
Loss on disposal of assets	27,415	-
Profit on disposal of assets	-	(33,224)
Fair value adjustment of assets	-	50,000
Changes in assets/liabilities		
(Increase)/Decrease in trade and other receivables	(64,464)	(2,968)
Decrease/(Increase) in prepayments	12,565	(14,293)
Increase/(Decrease) in trade payables	41,465	33,441
Increase/(Decrease) in employee provisions	84,203	(4,669)
Net from/(used in) operating activities	(220,532)	96,817
Note 10B: Cash Flow Information		
Cash inflows		
Transport Workers Union – National Office	13,636	20,575
Total cash inflows	13,636	20,575
Cash outflows		
Transport Workers Union – National Office	(672,569)	(927,968)
Total cash outflows	(672,569)	(927,968)

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

Note 11 Contingent liabilities and assets

The Branch is currently involved in disputes relating to adverse actions from former employees.

This could result in a possible liability, which can be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within control of the Branch.

Due to the nature of the dispute, no further disclosure is made as this could prejudice the position of the Branch.

No other material contingent liabilities and assets exist as at 31 December 2018.

Note 12 Political and Sponsorship Fund

The Branch maintains a separate account known as the "Political Fund and Sponsorship Account". Funds received from advertising and sponsorship revenue are deposited to this account. The account is then used to pay out political donations, sponsorships and affiliation fees.

The balance of the fund as at 31 December 2018 was \$97,925 (2017: \$109,586) with the funds being held in a separate Commonwealth Bank account, which is an interest bearing account. This forms part of the balance of the Branch cash and cash equivalents.

Note 13 Commitments

There are no capital commitments, lease commitments or contractual obligations as at 31 December 2018.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2018	2017
	\$	\$

Note 14 Related Party Disclosures

Note 14A: Related party transactions for the reporting period

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

Revenue received from Transport Workers Union – Superannuation Fund includes the following:

Expense reimbursement	186,852	197,687
	186,582	197,687

Expenses paid to Australian Labour Party includes the following:

Donation	10,000	25,500
Affiliation	71,254	88,105
	81,254	113,605

Expenses paid to Unions WA includes the following:

Affiliation	68,180	103,574
	68,180	103,574

Expenses paid to Transport Workers Union – National Office includes the following:

Sustentation	717,000	732,907
	717,000	732,907

Expenses paid to Transport Workers Union – Superannuation Fund includes the following:

Expense reimbursement	-	-
	-	-

Amounts owed to Transport Workers Union – National Office include the following:

Sustentation	133,999	89,559
	133,999	89,559

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

2018 2017
 \$ \$

Note 14 Related Party Disclosures (continued)

Note 14A: Related party transactions for the reporting period (continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, The Branch has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 14B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits

Salary (including annual leave taken)	174,068	168,172
Annual leave accrued	(34,182)	(30,541)
Total short-term employee benefits	139,886	137,631

Post-employment benefits:

Superannuation	-	-
Total post-employment benefits	-	-

Other long-term benefits:

Long-service leave	-	-
Total other long-term benefits	-	-

Termination benefits

	-	-
Total	139,886	137,631

Note 14C: Transactions with key management personnel and their close family members

There were no transactions with key management personnel and their close family members.

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

	2018	2017
	\$	\$
Note 15 Remuneration of Auditors		
Financial statement audit services	20,073	17,584
Other services	-	-
Non-audit services:		
Accountancy work by related practice	11,355	13,750
Total audit and accountancy fees	31,428	31,334

Note 16 Financial Instruments

The Branch's policy is to review bank products and ensure the maximum rate of interest is earned on at call deposits.

Note 16A: Categories of Financial Instruments

Financial Assets

Loans and receivables:		
Cash and cash equivalents	2,785,001	2,748,082
Trade and other receivables	82,906	18,442
Total	2,867,907	2,766,524
<i>Carrying amount of financial assets</i>	2,867,907	2,766,524

Financial Liabilities

Fair value through profit or loss:		
Trade and other payables	318,241	277,459
Total	318,241	277,459
<i>Carrying amount of financial liabilities</i>	318,241	277,459

Note 16B: Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk of financial assets of the Branch which have been recognised on the Statement of Financial Position is the carrying amount, net of any provision for doubtful debts. The Branch has limited exposure to credit risk due to its association with recognisable banking and financial institutions.

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

Note 16 Financial Instruments (continued)

Note 16C: Liquidity Risk

Liquidity risk is the risk that the Branch will not be able to meet its financial obligations as they fall due. The Branch has limited exposure to liquidity risk as there are few payables (as per Note 7A) and ample cash available to settle all payables as they fall due.

Note 16D: Market Risk

Market risk is the risk of changes in market prices, such as foreign exchange rate interest rates. The Branch has no exposure to foreign currency risk as activities are wholly performed within Australia. The Branch's exposure to interest rate risk is limited to the money held in the bank accounts. Interest benefiting assets are managed in such a way as to maximise results for external market forces.

Interest rate risk

All financial assets recognised in the Statement of Financial Position are carried at cost and are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes. The Branch's exposure to market interest rates relates primarily to the Branch's cash and cash equivalents.

Sensitivity analysis of the risk that the entity is exposed to for financial year ended 31 December 2018

	Risk variable	Change in risk variable %	Effect on Profit and loss	
			\$	\$
Interest rate risk	2,785,001	1.00	27,850	27,850

Sensitivity analysis of the risk that the entity is exposed to for financial year ended 31 December 2017

	Risk variable	Change in risk variable %	Effect on Profit and loss	
			\$	\$
Interest rate risk	2,748,082	1.00	27,481	27,481

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Note 17 Fair Value Measurement

Note 17A: Fair Value Measurement – Land and buildings

Land and buildings are valued by independent valuation, at fair value hierarchy level 2. Input used is the sales comparison approach (market data).

The following table contains the carrying amounts and related fair values for the Transport Workers Union of Australia's land and buildings:

Note 17B: Fair Value Hierarchy

Fair value hierarchy – 31 December 2018

	Effective Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Land and buildings	31/12/2018		2,107,677	
Total		-	2,107,677	-

Fair value hierarchy – 31 December 2017

	Effective Date of valuation	Level 1	Level 2	Level 3
Assets measured at fair value		\$	\$	\$
Land and buildings	31/12/2017		2,163,143	
Total		-	2,163,143	

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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Note 18 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 the General Manager of Fair Work Australia:

- (1) A member of The Branch, or the General Manager of Fair Work Australia, may apply to The Branch for specified prescribed information in relation to The Branch 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 Branch.
- (3) The Branch must comply with an application made under subsection (1).

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OFFICER DECLARATION STATEMENT

I, Timothy Dawson, being the Branch Secretary of The Branch, declare that the following activities did not occur during the reporting period ending 31 December 2018.

The reporting unit did not:

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



Signed by the officer:

Dated: 7 March 2019