

The Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch

Financial Report

For the year ended 31 December 2019

**The Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND BUS
INDUSTRY UNION OF EMPLOYEES, WEST AUSTRALIAN
BRANCH

Report on the Financial Report

Opinion

We have audited the financial report of Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch (the union), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the committee's declaration.

In our opinion:

- (1) The financial report of Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch is in accordance with the Industrial Relations Act 1979 and the Industrial relations Commission Regulations 2005, including:
 - (i) presenting fairly, in all material respects, the Union's financial position as at 31 December 2019 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations).
- (2) No person has contravened or failed to comply with section 74 of the Industrial Relations Act 1979.

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 union in accordance with the auditor independence requirements of 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 confirm that we meet the independence requirements of our Code of Professional Conduct.

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

Auditor's Declaration

- (1) In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.
- (2) I, Timothy Turner declare I am an approved auditor, member of CPA Australia and I hold a current Public Practice Certificate.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND BUS
INDUSTRY UNION OF EMPLOYEES, WEST AUSTRALIAN
BRANCH (continued)

Responsibilities of the Branch Committee for the Financial Report

The committee of management of the union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Industrial Relations Act 1979 and for such internal control as the committee 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 are responsible for assessing the union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND BUS
INDUSTRY UNION OF EMPLOYEES, WEST AUSTRALIAN
BRANCH (continued)

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

We communicate with the committee 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 also provide the committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HTG PARTNERS



TIMOTHY TURNER

PARTNER

AUDITOR REGISTRATION NUMBER: AA2017/123

Signed at Perth on the 8th day of April 2020

STATUTORY DECLARATION

I, Joshua Dekuyer, Union Official of Unit 2/10 Nash Street, Perth WA 6000, in the State of Western Australia do solemnly and sincerely declare that:

1. I am the duly elected General Secretary of The Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch (the Union); and
2. I placed at the disposal of the auditor all relevant books and documents in relation to the financial affairs of the Union in respect of the financial year ended 31 December 2019.

This declaration is true and I know that it is an offence to make a declaration knowing that it is false in a material particular.

This declaration is made under the *Oaths, Affidavits and Statutory Declarations Act 2005*.

Declared at Perth

This 16th day of APRIL 2020



Ordinary Signature of declarant

Before me 

Authorised witness



Name of authorised witness and qualification

Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch

Committee of Management Statement

For the year ended 31 December 2019

On the 7 April 2020 the Committee of Management of the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch passed the following resolution in relation to the general purpose financial report for the year ended 31 December 2019:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards (including Australian Interpretations) and the Industrial Relations Act 1979;
- (b) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Union for the financial period to which they relate;
- (c) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (d) The Union has complied at all times during the financial year with the Industrial Relations Act 1979 and the Industrial Relations Commission Regulations 2005 and the Rules of the Union.

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

Signature of designated officer:



Name and title of designated officer: Joshua Dekuyer, Secretary

Dated:

7/4/2020

Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
Revenue			
Membership subscription		-	832
Capitation fees		-	-
Levies		-	35
Interest		-	-
Rental revenue		236,224	251,758
Other revenue	2	-	816
Total revenue		<u>236,224</u>	<u>253,441</u>
Other Income			
Grants and donations		-	-
Rebates and refunds		-	826
Share of net profit from associate		-	-
Net gains from sale of assets		-	-
Net gain on fair value movement on financial assets held for trading		-	-
Total other income		<u>-</u>	<u>826</u>
Total revenue and other income		<u>236,224</u>	<u>254,267</u>
Expenses			
Employee expenses	3	-	-
Capitation fees	3	-	(121)
Affiliation fees	3	-	-
Administration expenses	3	-	-
Grants or donations	3	-	-
Depreciation and amortisation	3	(17,791)	(14,660)
Finance costs		(126)	(2)
Legal costs	3	-	(1,251)
Occupancy costs		(31,099)	(19,279)
Rental costs on investment properties		(92,101)	(102,212)
Audit fees	22	(6,750)	(7,691)
Share of net result from properties distributed to Federal Branches	19	-	-
Write-down and impairment of assets		-	-
Net losses from sale of assets		-	-
Loss on devaluation of investment properties	9	-	-
Other expenses	3	(26,292)	(22,374)
Total expenses		<u>(174,159)</u>	<u>(167,590)</u>
Profit/(loss) for the period		<u>62,065</u>	<u>86,677</u>
Other comprehensive income			
Items that will not be recycled through profit or loss			
- Movement in revaluation reserve	17	-	-
Total comprehensive income for the period		<u>62,065</u>	<u>86,677</u>

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

Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch

Statement of Financial Position

As at 31 December 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	69,674	38,584
Trade and other receivables	5	67,725	69,339
Other current assets	6	4,976	5,258
Other financial assets	11	-	-
Total current assets		142,375	113,181
Non-Current Assets			
Land and buildings	7	562,197	570,375
Plant and equipment	8	-	-
Investment property	9	3,084,620	3,056,241
Intangibles	10	-	-
Other financial assets	11	-	-
Other non-current assets	12	-	-
Total non-Current assets		3,646,817	3,626,616
Total assets		3,789,192	3,739,797
LIABILITIES			
Current Liabilities			
Trade payables and accruals	13	146,202	159,915
Other payables	14	4,813	3,770
Employee entitlements	15	-	-
Total current liabilities		151,015	163,685
Non-Current Liabilities			
Employee entitlements	15	-	-
Other non-current liabilities	16	-	-
Total non-current liabilities		-	-
Total liabilities		151,015	163,685
Net assets		3,638,177	3,576,112
EQUITY			
General funds	17	-	-
Retained earnings		3,235,675	3,173,610
Asset revaluation reserve	17	402,502	402,502
Total equity		3,638,177	3,576,112

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

Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch

Statement of Changes in Equity

For the year ended 31 December 2019

	General reserve	Asset revaluation reserve	Retained earnings	Total equity
	\$	\$	\$	\$
Balance as at 1 January 2018	-	402,502	3,086,933	3,489,435
Profit/(loss) for the period	-	-	86,677	86,677
Other comprehensive income for the period				
- Revaluation of property	-	-	-	-
Closing balance as at 31 December 2018	-	402,502	3,173,610	3,576,112
Balance as at 1 January 2019	-	402,502	3,173,610	3,576,112
Profit/(loss) for the period	-	-	62,065	62,065
Other comprehensive income for the period	-	-	-	-
Closing balance as at 31 December 2019	-	402,502	3,235,675	3,638,177

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

Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch

Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Members		-	832
Interest		-	-
Rental receipts		254,338	238,025
Receipts from other reporting units		-	7,118
Other receipts		-	12,851
Cash used			
Employees		-	-
Suppliers		(142,867)	(183,050)
Payments to other reporting units		(33,389)	(104,096)
Net cash from (used by) operating activities	18	<u>69,082</u>	<u>(28,320)</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of land and buildings		-	-
Other		-	-
Cash used			
Purchase of investment property improvements		(31,842)	-
Purchase of building improvements		(6,150)	(6,276)
Net cash from (used by) investing activities		<u>(37,992)</u>	<u>(6,276)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		-	-
Net cash from (used by) investing activities		<u>-</u>	<u>-</u>
Net increase (decrease) in cash held		31,090	(34,596)
Cash & cash equivalents at the beginning of the financial period		38,584	73,180
Cash & cash equivalents at the end of the financial period	4	<u>69,674</u>	<u>38,584</u>

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

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Notes to the Financial Statements

For the year ended 31 December 2019

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**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies

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, the Industrial Relations Act 1979 and the Industrial Relations Commission Regulations 2005. For the purpose of preparing the general purpose financial statements, the Union is a not-for-profit entity.

The financial statements, except the cash flow information, 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. 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 and have been rounded to the nearest dollar.

The primary activities of the entity during the financial year were that of holding and managing investment properties. All member activities relating to the Union have been transferred to the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by members of the Committee of Management on the date of signing the Committee of Management Statement.

a) Comparative amounts

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

b) Significant accounting judgements and estimates

The Committee of Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

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.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies

b) Significant accounting judgements and estimates (continued)

Estimation of useful lives of assets

The Union determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The depreciation will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

c) New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments which have been adopted for the first time this year:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not-for-Profit Entities

Impact of adoption of AASB 9

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The reporting unit has not restated comparative information which continues to be reported under AASB 139. The classification and measurement requirements of AASB 9 did not have a significant impact to the reporting unit. There are no changes in classification and measurement for the reporting unit's non-current financial assets or financial liabilities.

The adoption of AASB 9 has fundamentally changes the reporting unit's accounting for impairment losses for financial assets by replacing AASB 139s incurred loss approach with a forward-looking Expected Credit Losses (ECL) approach. AASB 9 requires the reporting unit to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. Upon adoption of AASB 9 the reporting into did not result in an increase or decrease in impairment or retained earnings.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies

c) New Australian Accounting Standards

Impact of adoption of AASB 15 and AASB 1058

The reporting unit has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities for the first time in the current year with a date of initial application of 1 January 2019. The adoption of AASB 15 and AASB 1058 has resulted in no change to the timing or recognition of prior year revenue items. Additional disclosure items have been made where relevant.

Impact of adoption of AASB 16

The reporting unit has elected to adopt AASB 16 using the modified retrospective (cumulative catch-up) method from 1 January from 2019 and therefore the comparative information has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Nature of change in accounting policy from adoption of AASB 16

Under AASB 17, the reporting unit assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the lessee or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except where an exemption election is used).

As of 1 January 2019 and during the year ended 31 December 2019, the reporting unit has no lease contracts, as lessee. As a result, no right-of-use assets or lease liabilities have been brought to account.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies

c) New Australian Accounting Standards (continued)

Future Australian Accounting Standards Requirements

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt.

The following amended standards and interpretations are not expected to have a significant impact on the reporting unit's financial statements:

- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its associate or joint venture
- AASB 2018-6 amend AASB 3 Definition of a Business
- AASB 2018-7 Definition of Material
- AASB 17 Insurance Contracts
- AASB 2019-1 Amendments to conceptual framework in IFRS Standards
- AASB 2019-2 amends AASB 16 Leases and AASB 1059 Service Concession arrangements for Grantors
- AASB 2019-3 amends AASB 7, 9 and 139 to modify some specific accounting requirements
- AASB 2019-4 amends AASB 1054 Australian Additional Disclosures
- AASB 2019-5 amends AASB 1054 by adding a disclosure requirement for an entity intending to comply with IFRS standards.

d) Revenue

Revenue recognition policy for 2019, under AASB 15 and AASB 1058

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the member.

Revenue is recognised by applying a five-step model as follows:

- 1 Identify the contract with the customer
- 2 Identify the performance obligations
- 3 Determine the transaction price
- 4 Allocate the transaction price
- 5 Recognise revenue

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies

d) Revenue (continued)

Generally, the timing of the payment of rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability. None of the revenue streams have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Membership subscription revenue

Membership subscription revenue is recognised over time which best reflects the transfer of control and the period in which the performance obligations is met.

Revenue from Sale of goods

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred. None of the items sold have any warranty attached to them.

Donations

Donations collected are recognised as revenue when the reporting unit gains control of the asset. No amounts are included in the financial report for services donated by volunteers.

Revenue recognition policy for 2018, under AASB 118 Revenue and AASB 1004 Contributions

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.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies

e) Government grants

Policy for 2019

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash. Once the asset has been recognised, the reporting unit recognises any related liability amounts (eg provisions, financial liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Capital grants received under an enforceable agreement to enable the reporting unit to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the reporting unit (once complete) are recognised as revenue and when the obligation to construct or purchase is complete.

Policy for 2018

Non- reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount can be measured reliably. If conditions are attached to the grant which must be satisfied the recognition of the grant is deferred until these conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor.

f) Gains and losses

Sale of assets

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

g) Capitation fees and levies

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

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

h) 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 reporting unit 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 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.

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

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

i) Leases

Policy for 2019

At inception of a contract, the company assesses whether a lease exists – ie does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:

The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset. The reporting unit has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use. The reporting unit has the right to direct the use of the asset. The reporting unit has elected not to separate non-lease components from lease components and to account for all leases as a single component. At the lease commencement, the reporting unit recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the reporting unit believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where the cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the reporting unit's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (eg CPI) or a change in the assessment of the lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The reporting unit has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the reporting unit recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

i) Leases (continued)

Policy for 2018

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 lease 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 liability is recognised at the same time and for the same amount.

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.

j) Borrowing costs

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

k) Cash and cash equivalents

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

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

I) Financial assets – Initial recognition and measurement

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

- Financial assets at amortised cost
- Investments in equity instruments designated at fair value through other comprehensive income
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through profit or loss

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

l) Financial assets – Initial recognition and measurement (continued)

Financial assets at amortised cost

The entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The entity's financial assets at amortised cost includes trade receivables and loans to related parties.

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

Upon initial recognition, the reporting unit can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The entity elected to classify irrevocably its listed and non-listed equity investments under this category.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

I) Financial assets – Initial recognition and measurement (continued)

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

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

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

Derecognition

A financial asset is derecognised when:

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

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

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

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

I) Financial assets – Initial recognition and measurement (continued)

Offsetting

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

Impairment

(i) Trade receivables

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

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

(ii) Debt instruments other than trade receivables

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

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

I) Financial assets – Initial recognition and measurement (continued)

Debt instruments other than trade receivables (continued)

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

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

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

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

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

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

m) 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.

n) Land, buildings, plant and equipment

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.

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 profit/loss. 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.

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 diminishing value 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 rates:

	2019	2018
Buildings	2.5%	2.5%
Plant and equipment	10%	10%
Motor Vehicles	25%	25%

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

n) Land, buildings, plant and equipment (continued)

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.

Gains – Sale of Assets

The gains and losses from disposal of all fixed assets, is determined as the difference between the carrying amount of the assets when control of the asset has passed to the buyer, and the proceeds of disposal and is included in operating profit of the Union in the year of disposal. An asset's carrying amount is greater than its estimated recoverable amount.

o) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

p) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their useful life. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

q) Impairment for 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 Unions were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

r) Taxation

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

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; 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 cash flow statement 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.

s) Fair value measurement

The Union 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 balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 23.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

s) Fair value measurement (continued)

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 Union. 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 Union 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 Union 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.

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 Union have 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.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

t) Allocation of revenue and expenses between the Australian Rail, Tram and Bus Industry Union West Australian Branch (WA Branch) and the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch (PTA Branch)

On 21 May 2015, a deed of agreement was signed between the WA Branch and the PTA Branch of the Australian Rail, Tram and Bus Industry Union (Federal Body) (RTBU) and the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch (State Organisation) (ARTBIU) whereby, amongst other matters, it was agreed between the parties that:

- (a) RTBU will provide services to the ARTBIU; and
- (b) The RTBU PTA and WA Branch undertake that they are jointly responsible for the payment of general resources, employee costs and other associated administration expenses. All general and joint costs expended by the RTBU shall be distributed between the WA Branch and the PTA Branch in proportion to the number of members.

The apportionment used for the 2019 financial year based on the number of members declared on 31 December 2018 is 50%(WA Branch) /50% (PTA Branch) (2018: 53.58% /46.42%).

The RTBU and ARTBIU agree that preservation of assets must be safeguarded in the interests of the entire RTBU membership and that no assets (including real property) shall be disposed of or otherwise dealt with without the consent of the RTBU National Executive and ARTBIU Executive.

This agreement was approved by the Full Bench of the Western Australian Industrial Relations Commission on 27 March 2017 under s71(7) of the Industrial Relations Act 1979 (Western Australia).

u) Going concern

The reporting unit is not reliant on the agreed financial support of another reporting unit to continue as a going concern.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 1 Summary of significant accounting policies (continued)

v) Goods and Service Tax

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

The net amount of GST receivables from, or payable to the ATO is included as part of receivables or payables. Cash flows arising from GST are included in the cashflow statement on a gross basis within operating cash flows.

Note 2 Revenue

	2019	2018
	\$	\$
Other revenue		
Journey cover recoupment	-	32
Sundry revenue	-	784
	-	816
Revenue from Recovery of wages activity	-	-
Timing of revenue recognition		
At a point in time	-	-
Overtime	236,224	245,267
Total Revenue	236,224	254,267

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 3 Expenses

Employee expenses

	2019 \$	2018 \$
Holders of office:	-	
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	<u>-</u>	<u>-</u>
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	<u>-</u>	<u>-</u>
Total employee expenses	<u>-</u>	<u>-</u>
Capitation fees		
ARTBIU West Australian PTA Branch National Office	-	121
Total capitation fees	<u>-</u>	<u>121</u>

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 3 Expenses (continued)

	2019	2018
	\$	\$
Affiliation fees		
Australian Labour Party	-	-
Australian Council of Trade Unions	-	-
Unions WA	-	-
Total affiliation fees	<u>-</u>	<u>-</u>
Administration expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	-	-
Contractors/consultants	-	-
Office expenses	-	-
Information communications technology	-	-
Shared resources	-	-
Other	-	-
Total administration expense	<u>-</u>	<u>-</u>
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	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	<u>-</u>	<u>-</u>

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 3 Expenses (continued)

	2019 \$	2018 \$
Depreciation and amortisation		
Depreciation		
Buildings	14,328	14,625
Plant and equipment	-	-
Investment property	3,463	35
Total depreciation	<u>17,791</u>	<u>14,660</u>
Amortisation		
Intangibles	-	-
Total amortisation	<u>-</u>	<u>-</u>
Total depreciation and amortisation	<u>17,791</u>	<u>14,660</u>
 Legal costs		
Litigation	-	-
Other legal matters	-	1,251
Total legal costs	<u>-</u>	<u>1,251</u>
 Other expenses		
Penalties	-	-
Insurance	11,763	11,729
Vehicle expenses	-	-
Fringe benefits tax	-	-
Other expenses	14,529	10,645
Total other expenses	<u>26,292</u>	<u>22,374</u>

Note 4 Cash and cash equivalents

Cash at bank	69,674	38,584
Cash on hand	-	-
Short term deposits	-	-
Other	-	-
Total cash and cash equivalents	<u>69,674</u>	<u>38,584</u>

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 5 Trade and other receivables

	2019 \$	2018 \$
Trade receivables	-	8,733
Receivables from other reporting units		
Receivables from Australian Rail, Tram and Bus Industry Union West Australian Branch	63,106	55,606
Receivables from Australian Rail, Tram and Bus Industry Union – National Office	-	-
Total receivables from other reporting units	63,106	55,606
Less allowance for expected credit losses		
Provision for doubtful debts	-	-
Total allowance for expected credit losses	-	-
Net receivable from other reporting units	-	-
Other receivables		
Other receivables	4,619	5,000
Total other receivables	4,619	5,000
Total net trade and other receivables	67,725	69,339

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

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

Note 6 Other current assets

Prepaid expenses	4,976	5,258
Total other current assets	4,976	5,258

Note 7 Land and buildings

Cost	258,638	252,488
Accumulated depreciation	(113,817)	(99,489)
Fair value increment to asset revaluation reserve	417,376	417,376
Total land and buildings held at fair value	562,197	570,375
Net book value at beginning of year	570,375	585,000
Additions	6,150	-
Fair value increase	-	-
Depreciation charge	(14,328)	(14,625)
Net book value at end of year	562,197	570,375

Refer to note 24 for details of the valuation.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 8 Plant and equipment

	2019	2018
	\$	\$
Motor vehicles:		
At cost	-	-
Accumulated depreciation	-	-
	-	-
Plant and equipment:		
At cost	-	-
Accumulated depreciation	-	-
	-	-
Total plant and equipment	-	-

Reconciliation of movement in carrying value.

2019	Motor vehicles \$	Plant and equipment \$	Total \$
As at 1 January 2019			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 1 January 2019	-	-	-
Additions:			
By purchase	-	-	-
Impairments	-	-	-
Depreciation expense	-	-	-
Other movement	-	-	-
Disposals	-	-	-
Other	-	-	-
Net book value 31 December 2019	-	-	-
Net book value as of 31 December 2019 represented by:			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 31 December 2019	-	-	-

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 8 Plant and equipment (continued)

2018	Motor vehicles \$	Plant and equipment \$	Total \$
As at 1 January 2018			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 1 January 2018	-	-	-
Additions:			
By purchase	-	-	-
Impairments	-	-	-
Depreciation expense	-	-	-
Other movement	-	-	-
Disposals	-	-	-
Other (i)	-	-	-
Net book value 31 December 2018	-	-	-
Net book value as of 31 December 2018 represented by:			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 31 December 2018	-	-	-

- (i) Plant and equipment was written off upon revaluation of the underlying property as the plant and equipment formed part of the revalued property.

Note 9 Investment property

	2019 \$	2018 \$
Fair value	3,050,000	3,050,000
Additions subsequent to valuation	38,118	6,276
Less accumulated depreciation	(3,498)	(35)
	3,084,620	3,056,241

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 9 Investment property (continued)

	2019	2018
	\$	\$
Opening balance as at 1 January	3,056,241	3,050,000
Additions	31,842	6,276
Depreciation	(3,463)	(35)
Net gain/loss on fair value adjustment	-	-
Closing balance as at 31 December	3,084,620	3,056,241

Refer to note 24 for details of the valuation.

Note 10 Intangibles

At cost	-	-
Accumulated amortisation	-	-
Total intangibles	-	-

Note 11 Other investments

Deposits	-	-
Other	-	-
Total other investments	-	-

Note 12 Other non-current assets

Prepayments	-	-
Other	-	-
Total other non-current assets	-	-

Note 13 Trade payables and accruals

Trade creditors and accruals	12,176	-
Subtotal trade creditors	12,176	-

Payables to other reporting units

Payables to the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch	134,026	159,915
Payable to National Office	-	-
Subtotal payables to other reporting units	134,026	159,915

Total trade payables	146,202	159,915
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Settlement to trade creditors is usually made within 30 days.

Payable to other reporting units are made upon mutual agreement. There is no interest accruing on these payables.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 14 Other payables

	2019 \$	2018 \$
Wages and salaries	-	-
Superannuation	-	-
Deductions	-	-
Legal costs	-	-
Unearned revenue	-	-
GST payable	4,813	3,770
PAYG payable	-	-
Transit office legal funds	-	-
Other payables	-	-
Total other payables	4,813	3,770

Settlement is usually made within 30 days.

Total other payables are expected to be settled in:

No more than 12 months	4,813	3,770
More than 12 months	-	-
Total other payables	4,813	3,770

Note 15 Employee entitlements

Office holders:

Annual leave	-	-
Long service leave	-	-
Separations and redundancies	-	-
Other	-	-

Subtotal employee entitlements—office holders

	-	-
--	---	---

Employees other than office holders:

Annual leave	-	-
Long service leave	-	-
Separation and redundancies	-	-
Other	-	-

Subtotal employee entitlements—employees other than office holders

	-	-
--	---	---

Total employee entitlements

	-	-
--	---	---

Current	-	-
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Non-current	-	-
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Total employee entitlements

	-	-
--	---	---

Note 16 Other non-current liabilities

Other	-	-
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Total non-current liabilities

	-	-
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**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 17 Reserves

Nature and purpose of reserves:

General reserves

This reserve is used to meet potential future unknown liabilities.

Asset Revaluation Reserves

This reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset the balance in the reserve is transferred to retained earnings.

Note 18 Cash flow reconciliation

	2019	2018
	\$	\$
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	69,674	38,584
Statement of Financial Position	69,674	38,584
Difference	<u>-</u>	<u>-</u>
Reconciliation of profit/(loss) to net cash from operating activities:		
Profit/(loss) for the year	62,065	86,677
Adjustments for non-cash items		
Depreciation/amortisation	17,791	14,660
Loss on devaluation of investment properties	-	-
Net write-down of non-financial assets	-	-
Fair value movement in investments	-	-
Gain/loss on disposal of assets	-	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	1,614	(65,026)
(Increase)/decrease in prepayments	282	9,640
Increase/(decrease) in payables	(12,670)	(74,271)
Increase/(decrease) in employee entitlements	-	-
Net cash from (used by) operating activities	<u>69,082</u>	<u>(28,320)</u>

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 18 Cash flow reconciliation (continued)

Cash flow information

	2019 \$	2018 \$
Cash inflows from other reporting unit		
- Australian Rail, Tram and Bus Industry Union West Australian Branch	-	3,456
- Australian Rail, Tram and Bus Industry Union West Australian PTA Branch	-	3,662
Total cash inflows	-	7,118
Cash outflows to other reporting unit:		
- Australian Rail, Tram and Bus Industry Union – West Australian PTA Branch	(7,500)	(48,320)
- Australian Rail, Tram and Bus Industry Union – West Australian Branch	(25,889)	(55,776)
Total cash outflows	(33,389)	(104,096)

Note 19 Contingent liabilities, assets and commitments

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	2019 \$	2018 \$
Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
	-	-

Operating lease commitments – as lessor

The Union has no operating lease commitments for the period ending 31 December 2019.

Finance lease commitments

The Union has no finance lease commitments for the period ending 31 December 2019.

Other contingent assets and liabilities

The Union has a contingent liability in relation to properties held in its own name. Two of the three properties are investment properties, 630 Murray Street and 224 Stirling Street, and the other is owner occupied, 10 Nash Street. These assets belong collectively with the members of the Australian Rail, Tram and Bus Industry Union, West Australian Branch and the Australian Rail, Tram and Bus Industry Union West Australian PTA Branch.

It has been agreed, the revenue derived from and expenses incurred in relation to these properties are shared between West Australian and PTA Branches of the Federal Australian Rail, Tram and Bus Industry Union in proportion to the number of members of each branch at the date of distribution. Refer further to Note 1(t).

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 19 Contingent liabilities, assets and commitments (continued)

Other contingent assets and liabilities (continued)

The combined value of the properties in the records of the Union as at 31 December 2019 is \$3,646,817 (2018: \$3,626,616).

The net result distributed by the Union to the Australian Rail, Tram and Bus Industry Union, West Australian Branch and the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch for 2019 is \$0 (2018: \$0) recognised on the Statement of Profit or Loss and Other Comprehensive Income.

The reporting unit has agreed to provide financial support to both the Australian Rail, Tram and Bus Industry Union, West Australian Branch and Australian Rail, Tram and Bus Industry Union West Australian PTA Branch.

Note 20 Related party transactions for the reporting period

Related parties and nature of their relationship

The Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch (PTA Branch)

- This is the associated federal union with the same members and officers as the state union.

The Australian Rail, Tram and Bus Industry PTA Union – National Office (National Office)

- This is the National Office of the West Australian PTA Branch noted above.

The Australian Rail, Tram and Bus Industry Union, West Australian Branch (WA Branch)

- This is another West Australian branch of a federally regulated Union and is a related party due to the history between the two Unions and the continued shared services between them.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 20 Related party transactions for the reporting period

Related parties and nature of their relationship (continued)

	2019 \$	2018 \$
The following table provides the total amount of transactions that have been entered into with related parties for the relevant year:		
<u>National Office</u>		
Revenue from National Office		
National Office reimbursements	-	-
Expenses to National Office		
Capitation fees	-	121
Amounts owed by National Office		
Reimbursements owed by National Office	-	-
Amounts owed to National Office		
Capitation fees owed to National Office	-	-
Loans from/to National Office	-	-
Assets transferred from/to National Office	-	-
 <u>WA Branch</u>		
Revenue from WA Branch	-	-
Expenses to WA Branch		
Distribution of net results from Investment properties (i)	-	-
Amounts owed by WA Branch		
Trade and other receivables owed by WA Branch	63,106	55,606
 <u>PTA Branch</u>		
Amounts owed to PTA Branch		
Trade and other payables owed to PTA Branch	(134,026)	(159,915)
Expenses to WA Branch		
Distribution of net results from Investment properties (i)	-	-

(i) Terms and conditions of transactions with related parties

It has been agreed, the revenue derived from and expenses incurred in relation to properties are shared between West Australian and PTA Branches of the Federal Australian Rail, Tram and Bus Industry Union in proportion to the number of members of each branch at 31 December of the previous year. Refer further to Note 1(t).

The net result agreed to be distributed by the Union to the Australian Rail, Tram and Bus Industry Union, West Australian Branch and the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch for 2019 is NIL (2018: \$0) recognised on the Statement of Profit or Loss and Other Comprehensive Income.

**Australian Rail, Tram and Bus Industry Union of Employees,
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Note 21 Key management personnel

(a) Remuneration for the reporting period

The only key management personnel is the Officer on the Union, Joshua Dekuyer (formerly Paul Robinson). Their employment benefits are paid by the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch.

	2019 \$	2018 \$
Short-term employee benefits		
Salary (including annual leave taken)	-	-
Annual leave accrued	-	-
Performance bonus	-	-
Total short-term employee benefits	-	-
Post-employment benefits:		
Superannuation	-	-
Total post-employment benefits	-	-
Other long-term benefits:		
Long-service leave accrued	-	-
Total other long-term benefits	-	-
Termination benefits	-	-
Total	-	-

(b) Transactions with key management personnel and their close family members

Loans to/from key management personnel	-	-
Other transactions with key management personnel	-	-

Note 22 Remuneration of auditors

	2019 \$	2018 \$
Value of the services provided		
HTG Partners		
Financial statement - Audit Services	5,300	6,491
Financial statement – preparation of general purpose financial statements	1,450	1,200
Total remuneration of auditors	6,750	7,691

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments

Financial risk management objectives

The Union's activities do not expose it to many financial risks and therefore are not actively managing these risks.

Categories of financial instruments

Financial Assets

	2019	2018
	\$	\$
Cash and cash equivalents	69,674	35,584
Fair value through profit or loss	-	-
Held-to-maturity investments	-	-
Available-for-sale assets	-	-
Loans and receivables:		
Trade and other receivables	67,725	69,339
Total	67,725	69,339
Carrying amount of financial assets	137,399	107,923

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

	2019 \$	2018 \$
Financial Liabilities		
Fair value through profit or loss:	-	-
Total	-	-
Other financial liabilities		
Trade payables and accruals	146,202	159,915
Other payables	4,813	3,770
Total	151,015	163,685
Carrying amount of financial liabilities	151,015	163,685
Net income and expense from financial assets		
Held-to-maturity		
Interest revenue	-	-
Exchange gains / (losses)	-	-
Impairment	-	-
Gain / (loss) on disposal	-	-
Net gain / (loss) from held-to-maturity	-	-
Loans and receivables		
Interest revenue	-	-
Exchange gains / (losses)	-	-
Impairment	-	-
Gain / (loss) on disposal	-	-
Net gain / (loss) from loans and receivables	-	-
Available for sale		
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains / (losses)	-	-
Gain / (loss) recognised in equity	-	-
Impairment	-	-
Fair value changes reversed on disposal	-	-
Gain / (loss) on disposal	-	-
Net gain / (loss) from available for sale	-	-

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

	2019 \$	2018 \$
Cash and cash equivalents		
Interest revenue	-	-
Net gain / (loss) from cash and cash equivalents	-	-
Fair value through profit or loss		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains / (losses)	-	-
Net gain / (loss) from fair value through profit or loss	-	-
Net gain / (loss) from financial assets	-	-

The net income/expense from financial assets not at fair value through profit or loss is Nil (2018: Nil)

The net income/expense from financial assets not at fair value through profit or loss is Nil (2018: Nil).

Net income and expenses from financial liabilities

Fair value through profit or loss		
Interest expense	-	-
Exchange gains / (losses)	-	-
Gain / (loss) on disposal	-	-
Net gain / (loss) from fair value through profit or loss	-	-
Other financial liabilities		
Change in fair value	-	-
Interest expense	-	-
Exchange gains / (losses)	-	-
Net gain / (loss) from other financial liabilities	-	-
Net gain / (loss) from financial liabilities	-	-

The net income/expense from financial liabilities not at fair value through profit or loss is Nil.

Credit risk

The Union is not exposed to any significant credit risk and is therefore not actively managing its credit risk.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

31 December 2019		Trade and other receivables				
		Days past due				Total
		Current	<30 days	30-60 days	61-90 days	
		\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimate total gross carrying amount at default	67,725	-	-	-	-	67,725
Expected credit loss	-	-	-	-	-	-

31 December 2018		Trade and other receivables				
		Days past due				Total
		Current	<30 days	30-60 days	61-90 days	
		\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimate total gross carrying amount at default	69,339	-	-	-	-	69,339
Expected credit loss	-	-	-	-	-	-

The reporting unit's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 23.

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

Liquidity risk

The Union is not exposed to any significant liquidity risk and is therefore not actively managing it liquidity risk.

Contractual maturities for financial liabilities 2019

	On demand \$	< 1 year \$	1 – 2 years \$	2 – 5 years \$	> 5 years \$	Total \$
Trade creditors and accruals	134,026	-	-	-	-	134,026
Other payables	-	16,989	-	-	-	16,989
Total	134,026	16,989	-	-	-	151,015

Contractual maturities for financial liabilities 2018

	On demand \$	< 1 year \$	1 – 2 years \$	2 – 5 years \$	> 5 years \$	Total \$
Trade creditors and accruals	159,915	-	-	-	-	159,915
Other payables	-	3,770	-	-	-	3,770
Total	159,915	3,770	-	-	-	163,685

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

Market risk

The Union is exposed to market risk in relation to the fair value of land and buildings. The Union monitors this risk through regular valuations.

Changes in liabilities arising from financing activities

	1 January 2019	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leas es	Other	31 December 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Non-current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Dividends Payable	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

Changes in liabilities arising from financing activities

	1 January 2018	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New Leas es	Other	31 December 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Non-current obligations under finance leases and hire purchase contracts	-	-	-	-	-	-	-	-
Dividends Payable	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 23 Financial instruments (continued)

Changes in liabilities arising from financing activities

Note 24 Fair value measurement

Management of the Union assessed that cash and cash equivalents, trade receivables, trade payables, accruals and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the Union's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 December 2019 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Union based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2019 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amount and related fair values for the Union's financial assets and liabilities:

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
Financial assets				
Cash and cash equivalents	69,674	69,674	38,584	38,584
Trade and other receivables	67,725	67,725	69,339	69,339
Total	137,399	137,399	107,923	107,923
Financial liabilities				
Trade and other payables	146,202	146,202	159,915	159,915
Other payables	4,813	4,813	3,770	3,770
Total	151,015	151,015	163,685	163,685

**Australian Rail, Tram and Bus Industry Union of Employees,
West Australian Branch**

Note 24 Fair value measurement (continued)

Fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 31 December 2019 & 31 December 2018

	Date of valuation	Level 1	Level 2	Level 3
	\$	\$	\$	\$
Assets measured at fair value				
Investment property	12/06/2017	-	3,050,000	-
Owner occupied land and buildings	9/06/2017	-	600,000	-
Total		-	3,650,000	-
Liabilities measured at fair value				
None	N/A	-	-	-
Total		-	-	-

The valuations on all three properties were performed during June 2017 by C.B O'Reilly AAPI of Valuations WA, an independent, certified practising valuer - Australian Property Institute Member Licensed Valuer No. 44369 W.A. Fair value of the properties was determined by using a market comparable method. Valuations are based on active market prices, adjusted for the difference in the nature, location or condition of the specific property.

A loss on devaluation of \$600,000 was recognised in the 224 Stirling Street, Perth property, a profit on revaluation of \$250,000 was recognised in the 630 Murray Street, West Perth property and a profit on revaluation of \$417,376 was recognised in the owner occupied property, Unit 2, 10 Nash Street Perth. These revaluations were applied retrospectively to 31 December 2016.

Note 25 Events after the reporting period

The COVID-19 Pandemic announced by the World Health Organisation subsequent to 31 December 2019 is having a negative impact on world-wide business activities. The Union has initiated procedures to address the health and wellbeing of its employees, members, contractors and the Committee of Management. The extent of the impact and recovery from COVID-19 is not yet known. The extent of the impact on future revenues, operating costs, carrying values of assets and liabilities is also currently unknown. No financial effects from the economic impact of the virus have been included in the financial results for the year ended 31 December 2019. The outbreak of COVID-19 is considered a non-adjusting post balance sheet event.

There were no other 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 the Union.

Note 26 Principal Place of Business

The principal place of business of the Units:
Unit 2, 10 Nash Street
PERTH WA 6000

