

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

Financial Report

For the year ended 31 December 2019

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

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

Certificate by Prescribed Designated Officer

For the year ended 31 December 2019

I, Craig McKinley, being the officer responsible of the Australian Rail, Tram and Bus Industry Union, West Australian Branch, certify:

- That the documents lodged herewith are copies of the full report for the Australian Rail, Tram and Bus Industry Union, West Australian Branch for the period ended 31 December 2019 referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- That the full report was provided to members of the reporting unit on and
- That the full report was presented to a meeting of the committee of management of the reporting unit on _____ in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer

Name of prescribed designated officer Craig McKinley

Title of prescribed designated officer Branch Secretary

Date

OPERATING REPORT

The committee of management of the Australian Rail, Tram and Bus Industry Union, West Australian Branch (**the WA Branch**) have prepared this operating report in order to satisfy the requirements of section 254 of the *Fair Work (Registered Organisations) Act 2009* and regulation 159 of the *Fair Work (Registered Organisations) Regulations 2009*. This operating report is for the financial year ending 31 December 2019.

Review of the WA Branch's principal activities

The WA Branch is an association of employees. The WA Branch covers employees who are employed in or in connection with the railway and tramway industries throughout Western Australia, but not those who are employed in the Public Transport Authority of Western Australia.

The committee of management has reviewed the principal activities of the WA Branch. The principal activities of the WA Branch in the financial year ended 31 December 2019 were:

- exercising right of entry to hold discussions with current members of the WA Branch and to recruit new members to join the WA Branch;
- negotiating enterprise agreements;
- providing members with advice and representation in relation to individual and collective employment issues;
- advancing the interests of the WA Branch at meetings of the National Council and National Executive of the Australian Rail, Tram and Bus Industry Union; and
- advocating for more rail jobs and better working conditions, especially through participation in WA Labor and UnionsWA.

Results of right of entry to hold discussions

The WA Branch exercised right of entry a number of times throughout the financial year ended 31 December 2019. This has resulted in the WA Branch:

- holding general discussions with members;
- signing up new members;
- providing members with information about industrial disputes;
- advising members about their rights and entitlements at work.

OPERATING REPORT (continued)

Results of providing employees with industrial advice and representation

- The WA Branch has assisted several members with unfair dismissal claims in the Fair Work Commission. Those claims were settled without the need to go to trial.
- The WA Branch has regularly provided advocacy to its members for matters such as disciplinaries, payment of wages disputes, allowances and overtime payment disputes as well as helping members clarify clauses of their agreements. In most cases, members have achieved a more satisfactory outcome by bringing the WA Branch in to assist them with resolving their industrial issues.
- Through arrangements that the WA Branch negotiated with several law firms:
 - injured members of the WA Branch were provided with legal advice and representation in relation to workers' compensation matters; and
 - members with family law issues have been referred off for legal advice.

Results of participation at the National Council and National Executive

The WA Branch has actively participated in meetings of the National Council and the National Executive. The process of amalgamating the WA Branch with the PTA Branch of the Australian Rail, Tram and Bus Industry Union continues. This is expected to be achieved by 2022.

Results of advocacy for more rail jobs and better working conditions

- The WA Branch is affiliated with WA Labor and UnionsWA. As it has for many years, the WA Branch plays an active role in both organisations.
- The WA Branch has been working with Government and industry to advocate for more rail jobs in Western Australia. A lot of the focus in those negotiations has been around reopening some tier-3 rail lines. This is a matter that is still ongoing, but is looking promising.

No significant changes in the activities of the WA Branch

There were no significant changes in the nature of the WA Branch's principal activities during the financial year.

Significant changes in the WA Branch's financial affairs

During 2019, the WA Branch discovered that there were software synchronisation issues between the WA Branch's membership database and its banking systems. There were around 70 ex-members that had been removed from the WA Branch's banking systems but had not been removed from the WA Branch's membership database. Once this error was discovered, the membership database was corrected to fix it. This error was a carry over from the previous management in the WA Branch.

The Branch Executive continued with its plan to increase its membership subscriptions through better recruiting and communication activities and to further reduce operating expenditure. This year's financial reports show that there has been a significant reduction in the WA Branch's expenditure compared to previous years. The membership subscriptions have remained similar to those of the previous financial year.

OPERATING REPORT (continued)

Members' rights to resign

Members may resign from the WA Branch in accordance with section 174 of the *Fair Work Act 2009*, which reads as follows:

- (1) A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.
- (2) A notice of resignation from membership of an organisation takes effect:
 - (a) where the member ceases to be eligible to become a member of the organisation:
 - (i) on the day on which the notice is received by the organisation; or
 - (ii) on the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member; whichever is later; or
 - (b) in any other case:
 - (i) at the end of 2 weeks, or such shorter period as is specified in the rules of the organisation, after the notice is received by the organisation; or
 - (ii) on the day specified in the notice;whichever is later.
- (3) Any dues payable but not paid by a former member of an organisation, in relation to a period before the member's resignation from the organisation took effect, may be sued for and recovered in the name of the organisation, in a court of competent jurisdiction, as a debt due to the organisation.
- (4) A notice delivered to the person mentioned in subsection (1) is taken to have been received by the organisation when it was delivered.
- (5) A notice of resignation that has been received by the organisation is not invalid because it was not addressed and delivered in accordance with subsection (1).
- (6) A resignation from membership of an organisation is valid even if it is not affected in accordance with this section if the member is informed in writing by or on behalf of the organisation that the resignation has been accepted.

Officers as trustees of superannuation schemes

No officer of the WA Branch was a trustee, or the director of a trustee, of a superannuation scheme because of their membership or position within the WA Branch.

Information prescribed by regulation 159

As at 31 December 2019:

- (a) There were 662 people recorded in the register of members. Each of those persons were financial members of the WA Branch.

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

OPERATING REPORT (continued)

- (b) The WA Branch had 3.5 FTEs employed at the end of the 31 December 2019 financial period. Three of which were employed on a full-time basis, and one was a casual employee.
- (c) The following people were members of the committee of management during the financial year ended 31 December 2019:

NAME	POSITION HELD	PERIOD
Craig McKinley	Secretary	Full year
Graeme Filcock	President	Full year
Steve Young	Vice President	1 January 2019-18 November 2019
Allycia Old	Affirmative Action Councillor	Full year
Laura Mickiewicz	Vice President	18 December 2019-31 December 2019

For and on behalf of the Committee of Management:

Dated at Perth, Western Australia this 30th day of April 2020

Craig McKinley
Branch Secretary

Graeme Filcock
President

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Rail, Tram and Bus Industry Union, West Australian Branch (the Reporting unit), 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, the committee of management statement and the s255(2A) report.

In our opinion:

- (1) The accompanying financial report presents fairly, in all material respects, the financial position of Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch as at 31 December 2019 and its financial performance and its cash flows for the year ended on that date in accordance with the Fair Work (Registered Organisations) Act 2009, including:
 - (i) Australian Accounting Standards (including Australian Accounting Interpretations); and
 - (iii) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.
- (2) The management's use of the going concern basis of accounting in the preparation of the Reporting unit's financial statements is appropriate.

Emphasis of Matter

We draw attention to note 1(u) in the financial report which highlights that the Reporting unit incurred a trading loss of \$15,977 (2018: \$64,052) during the year and had an increase in net liabilities to \$24,708 (from \$8,407 net liabilities) as at 31 December 2019. These conditions, along with mitigating factors indicate the existence of significant uncertainty in relation to the ability of the entity to continue as a going concern and realise its assets and discharge its liabilities in the normal course of business.

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100
Telephone: (08) 9362 5855

htg@htgpartners.com.au
www.htgpartners.com.au

ABN: 78 607 011 001

PO Box 199
Victoria Park
Western Australia 6979



PARTNERS

Timothy Turner
BBus (Acc), FCPA, CTA
Registered Company Auditor

Vick Gelevitis
BBus (Acc), FCPA, CTA

Darryl Rodrigues
BSc, BBus (Acc), CPA

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND
BUS INDUSTRY UNION, WEST AUSTRALIAN BRANCH
(CONTINUED)**

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Reporting unit 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 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 is responsible for the other information. The other information obtained at the date of this auditor's report is in the operating 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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.

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 registered under the RO Act, a member of CPA Australia and I hold a current Public Practice Certificate.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND
BUS INDUSTRY UNION, WEST AUSTRALIAN BRANCH
(CONTINUED)**

Responsibilities of the Branch Committee for the Financial Report

The committee of management of the Reporting unit are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee 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 Reporting unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intend to liquidate the Reporting unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's 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 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.

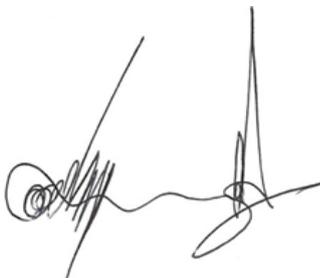
**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN RAIL TRAM AND
BUS INDUSTRY UNION, WEST AUSTRALIAN BRANCH
(CONTINUED)**

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

- Conclude on the appropriateness of the committee'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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the reporting unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the reporting unit audit. I remain solely responsible for my audit opinion.

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.

HTG PARTNERS



TIMOTHY TURNER
PARTNER
AUDITOR REGISTRATION NUMBER AA2017/123

Signed at Perth on this 30th day of April 2020

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

**Committee of Management Statement
For the year ended 31 December 2019**

On the 30th April 2020 at a Committee of Management meeting of the Australian Rail, Tram and Bus Industry Union, West Australian Branch (the WA Branch) the following resolution was passed 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.
- (b) The financial statements and notes comply with the reporting guidelines of the Commissioner.
- (c) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the WA Branch for the financial year ending 31 December 2019.
- (d) There are reasonable grounds to believe that the WA Branch will be able to pay its debts as and when they become due and payable.
- (e) During the financial year ending 31 December 2019 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 the WA Branch;
 - (ii) the financial affairs of the WA Branch have been managed in accordance with the rules of the organisation including the rules of the WA Branch;
 - (iii) the financial records of the WA Branch have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
 - (iv) the WA Branch does not know whether its financial records have been kept, as far as practicable, in a manner consistent with each of the other reporting units of the organisation;

**Australian Rail, Tram and Bus Industry Union,
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- (v) where the information has been sought in any request by a member of the WA Branch or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member of Commissioner; and
- (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

Committee of Management Statement (continued)

For the year ended 31 December 2019

This declaration is made in accordance with a resolution of the Committee of Management of the WA Branch on April 30 2020.

A handwritten signature in black ink, appearing to read 'Craig McKinley', written over a horizontal line.

Signature of designated officer:

Name and title of designated officer: Craig McKinley, Branch Secretary

Dated: April 30 ,2020

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

Subsection 255 (2A) Report

For the year ended 31 December 2019

The Committee of Management presents its expenditure report as required under subsection 255 (2A) of the Fair Work (Registered Organisation) Act 2009 on the Reporting Unit for the year ended 31 December 2019.

Categories of Expenditure	2019 \$	2018 \$
Remuneration of employees and other employment – related costs and expenses	339,355	370,629
Advertising	-	-
Operating costs	170,642	196,232
Donations to political parties	-	-
Legal costs	13,101	2,898



Signature of prescribed designated officer

Name of prescribed designated officer Craig McKinley

Title of prescribed designated officer Branch Secretary

Date30/4/2020.....

**Australian Rail, Tram and Bus Industry Union,
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	2	363,953	368,167
Capitation fees		-	-
Levies	2	14,938	15,679
Interest	2	603	57
Rental revenue		-	-
Other revenue	2	127,627	121,804
Total revenue		<u>507,121</u>	<u>505,707</u>
Other Income			
Grants and donations		-	-
Share of net profit from associate		-	-
Net gains from sale of assets		-	-
Net gain on fair value movement on financial assets held for trading		-	-
Net result from investment properties		-	-
Revenue from recovery of wages activity		-	-
Total other income		<u>-</u>	<u>-</u>
Total revenue and other income		<u>507,121</u>	<u>505,707</u>
Expenses			
Employee expenses	3	(339,355)	(370,629)
Capitation fees	3	(51,913)	(73,779)
Affiliation fees	3	(13,914)	(20,623)
Administration expenses	3	(20,708)	(33,383)
Grants or donations	3	(244)	(244)
Depreciation and amortisation	3	(7,237)	(2,905)
Finance costs		(2,945)	(1,490)
Legal costs	3	(13,101)	(2,898)
Audit fees	19	(11,100)	(9,750)
Share of net loss from associate		-	-
Write-down and impairment of assets	8	-	-
Net losses from sale of assets		-	-
Other expenses	3	(62,581)	(54,058)
Total expenses		<u>(523,098)</u>	<u>(569,759)</u>
Loss for the year		<u>(15,977)</u>	<u>(64,052)</u>
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss		-	-
Total comprehensive loss for the year		<u>(15,977)</u>	<u>(64,052)</u>

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

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

Statement of Financial Position

As at 31 December 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	56,481	53,660
Trade and other receivables	5	280,474	279,983
Other current assets	6	7,854	4,077
Other financial assets	7	5,180	5,180
Total current assets		349,989	342,900
Non-Current Assets			
Plant and equipment	8a	9,689	13,606
Right-of-use assets	8b	16,416	-
Total non-Current assets		26,105	13,606
Total assets		376,094	356,506
LIABILITIES			
Current Liabilities			
Trade payables and accruals	9	304,940	233,281
Other payables	10	28,214	54,094
Lease liabilities	8b	6,463	-
Borrowings	11	2,857	-
Employee entitlements	12	24,106	51,534
Provisions	13	23,497	26,004
Total current liabilities		390,077	364,913
Non-Current Liabilities			
Employee entitlements	12	-	-
Lease liabilities	8b	10,725	-
Other non-current liabilities		-	-
Total non-current liabilities		10,725	-
Total liabilities		400,802	364,913
Net (liabilities) / assets		(24,708)	(8,407)
EQUITY			
General funds	14	-	-
Retained earnings		(24,708)	(8,407)
Total equity		(24,708)	(8,407)

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

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

Statement of Changes in Equity

For the year ended 31 December 2019

	Retained earnings \$	Total Equity \$
Balance as at 1 January 2018	55,645	55,645
Loss for the year	(64,052)	(64,052)
Other comprehensive income for the year	-	-
Closing balance as at 31 December 2018	<u>(8,407)</u>	<u>(8,407)</u>
Balance as at 1 January 2019	(8,407)	(8,407)
Adjustment arising from adoption of AASB 16	(324)	(324)
Loss for the year	(15,977)	(15,977)
Other comprehensive income for the year	-	-
Closing balance as at 31 December 2019	<u>(24,708)</u>	<u>(24,708)</u>

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

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

Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Members		392,191	374,096
Interest		603	57
Other		1,874	50,895
Receipts from other controlled entities/reporting units		147,391	175,095
Cash used			
Employees		(366,783)	(481,135)
Suppliers		(168,672)	(124,419)
Payments to other controlled entities/ reporting units		-	(13,788)
Net cash used by operating activities	15	<u>6,604</u>	<u>(19,199)</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of land and buildings		-	-
Proceeds from investments properties		-	-
Cash used			
Purchase of plant and equipment		(158)	(3,180)
Purchase of land and buildings		-	-
Repayment of rental bond		-	-
Net cash used by investing activities		<u>(158)</u>	<u>(3,180)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Advance of borrowings		27,020	-
Cash used			
Repayment of borrowings		(24,163)	-
Repayment of leasing liabilities		(6,482)	-
Net cash from financing activities		<u>(3,625)</u>	<u>-</u>
Net increase (decrease) in cash held		2,821	(22,379)
Cash & cash equivalents at the beginning of the financial year		53,660	76,039
Cash & cash equivalents at the end of the financial year	4	<u>56,481</u>	<u>53,660</u>

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

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

Notes to the Financial Statements

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies

Basis of preparation of the financial statements

The financial statements cover the Australian Rail, Tram and Bus Industry Union, West Australian Branch as an individual entity (the Reporting Unit).

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the Reporting unit 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.

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 stated otherwise.

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 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.

Employee entitlements

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

b) Significant accounting judgements and estimates

Estimation of useful lives of assets

The Reporting unit determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The depreciation and amortisation charge 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.

Death benefit provision

The death benefit provision is calculated using a three year average of known claims present valued over a number of years and discounted at 10%.

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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 disclosures 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).

The leases identified by the reporting unit (including certain office equipment) have been recognised as a right-of-use asset with a corresponding lease liability on the balance sheet.

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

c) New Australian Accounting Standards (continued)

Nature of change in accounting policy from adoption of AASB 16 (continued)

Practical Expedients used on transition

AASB 16 includes several practical expedients which can be used on transition, the reporting unit has used the following expedients:

- Contracts which had not previously been assessed as not containing leases under AASB 117 and associated Accounting Interpretations were not re-assessed on transition to AASB 16.
- Lease liabilities have been discounted using the reporting unit's incremental borrowing rate at 1 January 2019.
- Right-of-Use assets at 1 January 2019 have been measured at an amount equal to the lease liability adjustment by any prepaid or accrued lease payments.
- Leases with an expiry date prior to 31 December 2019 were excluded from the statements of financial position and the lease expenses for these leases have been recorded on a straight-line basis over the remaining term.
- Hindsight was used when determining the lease term where the contract contains options to extend or terminate the lease.

Financial report impact of adoption of AASB 16

The reporting unit has recognised right-of-use assets of \$22,770 and lease liabilities of \$23,420 at 1 January 2019 for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 January 2019 as 3.64%

	\$
Operating lease commitments at 31 December 2018	28,780
Discounted using the incremental borrowing rate at 1 January 2019	(2,803)
Add:	
Finance lease liabilities	-
Extension options reasonably certain to be exercised not included in the commitments note	-
Variable lease payments linked to an index	-
Less:	
Short-term leases included in commitments note	-
Leases for low value assets included in commitments note	(4,557)
Lease liabilities recognised at 1 January 2019	23,420

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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

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.

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

d) Revenue

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.

Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest is included as other income.

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

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

e) Government grants

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 those 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

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

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

h) Employee benefits (continued)

Provision is made for separation and redundancy benefit payments. The Reporting unit 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.

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

i) Leases (continued)

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.

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 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 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.

l) 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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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

Initial recognition and measurement (continued)

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

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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

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.

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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

Impairment (continued)

(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).

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 and borrowings.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

l) Financial Liabilities (continued)

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.

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.

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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.

Measurement after recognition

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 does not differ materially from these 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
Motor Vehicles	22.5%	22.5%
Plant and equipment	5-40%	5-40%

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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

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 amount of the asset) is included in profit or loss in the period in which the property is derecognised.

p) 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 Reporting unit were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

q) Taxation

The Reporting unit 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.

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

r) Fair value measurement

The Reporting unit 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 21.

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 Reporting unit. 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 Reporting unit 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 Reporting unit 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.

**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

s) 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 Reporting unit 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.

t) Allocation of revenue and expenses between the Australian Rail, Tram and Bus Industry Union of West Australian PTA Branch (PTA Branch) and the Australian Rail, Tram and Bus Industry Union West Australian Branch (WA 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 declared in the annual returns submitted in accordance with the obligations under the Fair Work (Registered Organisations) Act 2009.

The apportionment to be 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).

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

u) Going concern

The Reporting unit has net liabilities of \$24,708 as at 31 December 2019 (31 December 2018 net liabilities of \$8,407) and incurred a trading loss of \$15,977 (2018 \$64,052) for the year ended on that date.

The Reporting unit's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on:

1. Returning to a positive trading position and positive cash flow by increasing revenues through increased membership numbers and subscriptions and reducing overhead expenditure.
2. The sale of investment properties with a carrying value of \$3,084,620 owned by the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch on behalf its members and the members of the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch and the Australian Rail, Tram and Bus Industry Union, West Australian Branch, subject to necessary consents.

The financial report has been prepared on a going concern basis as the committee of management believe the matters set out above are achievable. Refer further to Note 1(t) which outlines the assets (including the investment properties outlined in point 2 above) must be safe guarded in the interests of the entire RTBU membership.

Should the Reporting unit be unable to achieve the matters set out above, there is significant uncertainty as to whether it will be able to continue as a going concern and pay its debts as and when they fall due and extinguish its liabilities in the normal course of business.

The financial statements do not include any adjustments to the recoverability or classification of recorded assets or to the amounts or classification of liabilities that might be necessary if the Reporting unit does not continue as a going concern.

The reporting unit has received an agreed financial support from the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch to continue on a going concern basis.

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

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 1 Summary of significant accounting policies (continued)

v) Restructuring

The Reporting unit did not acquire assets or liabilities from another reporting unit as a result of an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organisation, a determination or revocation of alternative reporting structure under subsections 245(i) or 249(i) of the RO Act.

w) Provisions

Provisions are recognised when the entity has a legal or constructive obligations, as a result of past events, for which is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amount required to settle the obligation at the end of the reporting period.

x) Financial Support

The Union does not provide financial support to another Union.

y) Business Combinations

There have been no assets and liabilities acquired during the financial year as part of a business combination (2018: Nil)

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 2 Revenue

	2019 \$	2018 \$
Revenue from contracts with customers – AASB 15		
Membership subscription	363,953	368,167
	363,953	368,167
Other revenue		
Shared services revenue from related reporting unit	109,788	86,588
Journey cover	15,679	21,954
Dividend revenue	286	286
Settlement of legal costs	-	9,000
Sundry revenue	1,874	3,976
Revenue from recovery of wages activity	-	-
	127,627	121,804
Capitation fees		
Capitation fees received	-	-
	-	-
Interest on deposits		
	603	57
	603	57
Levies		
Organiser's levy	14,938	15,679
	14,938	15,679
Revenue recognised under AASB 1058		
Grants or donations		
Grants or donations received	-	-
	-	-
Timing of revenue recognition		
• At a point in time	111,948	90,850
• Over a period of time	395,173	414,857
TOTAL REVENUE	507,121	505,707

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 3 Expenses

Employee expenses

	2019	2018
	\$	\$
 Holders of office:		
Wages and salaries	125,175	148,793
Superannuation	11,891	18,138
Leave and other entitlements	8,191	(33,554)
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses holders of office	<u>145,257</u>	<u>133,377</u>
 Employees other than office holders:		
Wages and salaries	204,261	277,929
Superannuation	25,456	36,225
Leave and other entitlements	(35,619)	(76,902)
Separation and redundancies	-	-
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	<u>194,098</u>	<u>237,252</u>
Total employee expenses	<u>339,355</u>	<u>370,629</u>
Capitation fees		
ARTBIU National Office	51,913	73,779
Total capitation fees	<u>51,913</u>	<u>73,779</u>
Affiliation fees		
Australian Labour Party	5,931	7,874
Australian Council of Trade Unions	3,685	4,400
Unions WA	4,298	8,349
Total affiliation fees	<u>13,914</u>	<u>20,623</u>

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

Notes to the Financial Statements

For the year ended 31 December 2019

	2019 \$	2018 \$
Note 3 Expenses (continued)		
Administration expenses		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meeting and conferences	-	-
Conference and meeting expenses	1,314	11,229
Contractors/consultants	-	-
Property operating expenses	1,437	3,677
Office expenses	17,166	16,623
Information communications technology	791	1,854
Other	-	-
Total administration expense	<u>20,708</u>	<u>33,383</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	244	244
Total paid that exceeded \$1,000	-	-
Total grants or donations	<u>244</u>	<u>244</u>
Depreciation		
Depreciation		
Plant and equipment	2,803	1,283
Motor Vehicle	1,257	1,622
Right-of-use office equipment	3,177	-
Total depreciation	<u>7,237</u>	<u>2,905</u>
Legal costs		
Litigation	-	-
Other legal matters	13,101	2,898
Total legal costs	<u>13,101</u>	<u>2,898</u>
Other expenses		
Accounting fees	17,604	11,317
Bank fees	10,239	9,966
Penalties - via RO Act or RO Regulations	-	-
Insurance	16,451	13,293
Vehicle expenses	5,648	5,589
Fringe benefits tax	2,693	559
Death Benefit	-	-
Other expenses	9,946	13,334
Total other expenses	<u>62,581</u>	<u>54,058</u>

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

Notes to the Financial Statements

For the year ended 31 December 2019

	2019 \$	2018 \$
Note 4 Cash and cash equivalents		
Cash at bank – Operating Account	54,181	51,260
Cash at bank – Merchandise Account (2018 Drivers' Fund)	2,300	2,400
Cash on hand	-	-
Short term deposits	-	-
Other	-	-
Total cash and cash equivalents	<u>56,481</u>	<u>53,660</u>

Note 5 Trade and other receivables

Receivables from other reporting units

Loan to the Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch	-	-
The Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch	278,095	279,983
ARTBIU National Office	-	-
Total receivables from other reporting units	<u>278,095</u>	<u>279,983</u>

Less allowance for expected credit losses

The Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch	-	-
ARTBIU National Office	-	-
Total allowance for expected credit losses	<u>-</u>	<u>-</u>
Net receivable from other reporting units	<u>278,095</u>	<u>279,983</u>

Other receivables

Other receivables	2,379	-
Total other receivables	<u>2,379</u>	<u>-</u>
Total net trade and other receivables	<u>280,474</u>	<u>279,983</u>

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	<u>-</u>	<u>-</u>

Note 6 Other current assets

Prepaid expenses	7,854	4,077
Total other current assets	<u>7,854</u>	<u>4,077</u>

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

Notes to the Financial Statements

For the year ended 31 December 2019

	2019 \$	2018 \$
Note 7 Other financial assets		
Financial assets at fair value through profit or loss		
Shares in listed corporations – held	5,180	5,180
Deposits	-	-
Other	-	-
Total other investments	<u>5,180</u>	<u>5,180</u>

Note 8(a) Plant and equipment

Motor vehicles:

At cost	37,727	37,727
Accumulated depreciation	(33,399)	(32,141)
	<u>4,328</u>	<u>5,586</u>

Plant and equipment:

At cost	56,069	55,911
Accumulated depreciation	(50,708)	(47,891)
	<u>5,361</u>	<u>8,020</u>
Total plant and equipment	<u>9,689</u>	<u>13,606</u>

Reconciliation of the opening and closing balances of plant and equipment

2019	Motor vehicles \$	Plant and equipment \$	Total \$
As at 1 January 2019			
Gross book value	37,727	55,911	93,638
Accumulated depreciation and impairment	(32,141)	(47,891)	(80,032)
Net book value 1 January 2019	<u>5,586</u>	<u>8,020</u>	<u>13,606</u>
Additions:			
By purchase	-	158	158
From acquisition of entities (including restructuring)	-	-	-
Impairment	-	-	-
Depreciation expense	(1,258)	(2,817)	(4,075)
Disposals	-	-	-
Other	-	-	-
Net book value 31 December 2019	<u>4,328</u>	<u>5,361</u>	<u>9,689</u>
Net book value as of 31 December 2019 represented by:			
Gross book value	37,727	56,069	93,796
Accumulated depreciation and impairment	(33,399)	(50,708)	(84,107)
Net book value 31 December 2019	<u>4,328</u>	<u>5,361</u>	<u>9,689</u>

**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

2018	Motor vehicles \$	Plant and equipment \$	Total \$
As at 1 January 2018			
Gross book value	37,727	52,731	90,458
Accumulated depreciation and impairment	(30,519)	(46,608)	(77,127)
Net book value 1 January 2018	<u>7,208</u>	<u>6,123</u>	<u>13,331</u>
Additions:			
By purchase	-	3,180	3,180
From acquisition of entities (including restructuring)	-	-	-
Impairment	-	-	-
Depreciation expense	(1,622)	(1,283)	(2,905)
Disposals	-	-	-
Other	-	-	-
Net book value 31 December 2018	<u>5,586</u>	<u>8,020</u>	<u>13,606</u>
Net book value as of 31 December 2018 represented by:			
Gross book value	37,727	55,911	93,638
Accumulated depreciation and impairment	(32,141)	(47,891)	(80,032)
Net book value 31 December 2018	<u>5,586</u>	<u>8,020</u>	<u>13,606</u>

Note 8(b) Leases

This note provides information for leases where the reporting unit is a lessee.

(i) Amounts recognised in the balance sheet.

	31/12/2019	1/1/2019 *
Right-of-Use Assets		
Equipment		
- at cost	31,773	31,773
- less accumulated depreciation	(15,357)	(12,180)
	<u>16,416</u>	<u>19,593</u>
Lease liabilities		
Current	6,463	6,232
Non-current	10,725	17,188
	<u>17,188</u>	<u>23,420</u>

* In the previous year, the reporting unit only recognised lease assets and lease liabilities in relation to Leases that were classified as "Finance Leases" under AASB 117 Leases which there were none. For adjustments recognised an adoption of AASB 16 in January 2019 refer to Note 1(c).

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 8(b) Leases (continued)

(ii) Amounts recognised in the statement of profit or loss.

The statement of profit or loss shows the following amounts relating to leases:

	2019
	\$
Depreciation charge of right-of-use assets	3,177
Equipment	
Interest expense (included in finance cost)	364
Expense relating to short-term Leases	Nil
Expense relating to Leases of low value assets that are not shown above as short-term leases	Nil
Expenses relating to variable lease payments not included in Lease liabilities	Nil

Total cash out flow for Leases in 2019 was \$6,960. 50% of these costs are recovered from related reporting unit – RTBU PTA under the shared services arrangement.

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

Notes to the Financial Statements

For the year ended 31 December 2019

	2019 \$	2018 \$
Note 9 Trade payables and accruals		
Trade creditors and accruals	12,111	17,549
Subtotal trade creditors	<u>12,111</u>	<u>17,549</u>
Payables to other reporting units		
The Australian Rail, Tram and Bus Industry Union, West Australian PTA Branch	-	-
The Australian Rail, Tram and Bus Industry Union of Employees, West Australia Branch	63,107	55,606
ARTBIU National Office	229,722	160,126
Subtotal payables to other reporting units	<u>292,829</u>	<u>215,732</u>
Total trade payables	<u>304,940</u>	<u>233,281</u>

Settlement of payables to unrelated third parties is usually made within 30 days.

Settlement of payables to related reporting units is made upon mutual agreement.

Note 10 Other payables

Wages and salaries	1,767	1,767
Superannuation	11,537	3,297
Legal costs - litigation	-	-
Legal costs - other	-	-
Unearned revenue	15,317	5,929
GST payable/ (receivables)	(9,283)	33,972
Payables to employers for payroll deductions of membership subscriptions	-	-
PAYG	8,876	9,129
Other payables	-	-
Total other payables	<u>28,214</u>	<u>54,094</u>

Settlement generally is within 30 days.

Total other payables are expected to be settled in:

No more than 12 months	28,214	54,094
More than 12 months	-	-
Total other payables	<u>28,214</u>	<u>54,094</u>

Note 11 Borrowings

Current	2,857	-
Non-Current	-	-
	<u>2,857</u>	<u>-</u>

Borrowings are unsecured and from a non-related entity.

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

Notes to the Financial Statements

For the year ended 31 December 2019

	2019	2018
	\$	\$
Note 12 Employee entitlements		
Office holders:		
Annual leave	10,225	1,817
Long service leave	-	472
Separations and redundancies	-	-
Other	-	-
Subtotal employee entitlements—office holders	<u>10,225</u>	<u>2,289</u>
Employees other than office holders:		
Annual leave	13,881	13,589
Long service leave	-	35,656
Separation and redundancies	-	-
Other	-	-
Subtotal employee entitlements—employees other than office holders	<u>13,881</u>	<u>49,245</u>
Total employee entitlements	<u>24,106</u>	<u>51,534</u>
Current	24,106	51,534
Non-current	-	-
Total employee entitlements	<u>24,106</u>	<u>51,534</u>
Note 13 Provisions		
Death benefit provision (i)	23,497	23,497
Onerous lease provision (ii)	-	2,507
	<u>23,497</u>	<u>26,004</u>

(i) Death benefit provision

The entity agrees to pay \$1,500 to the spouse of a deceased member on the production of a death certificate. The provision is calculated as the net present value of the estimated payouts based upon past payouts. The discount rate is 10%.

(ii) Onerous Lease provision

During previous years the entity discontinued using a photocopier which was still under contract. The provision was calculated as the reporting unit's share of the net present value of the remaining lease payments under contract.

The Lease has now been fully paid.

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 14 Equity

Note 14A General funds

	2019	2018
	\$	\$
Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	<u>-</u>	<u>-</u>

Note 14B Other Specific disclosures – Funds

Other funds - | - |

Compulsory levy/voluntary contribution fund – if invested in assets

Other funds - | - |

Other fund(s) required by rules

Balance as at start of year - | - |

Transferred to reserve - | - |

Transferred out of reserve - | - |

Balance as at end of year - | - |

**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

	2019	2018
	\$	\$
Note 15 Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:		
(i) Cash and cash equivalents as per:		
Cash flow statement	56,481	53,660
Statement of Financial Position	56,481	53,660
Difference	<u>-</u>	<u>-</u>
(ii) Reconciliation of profit/(loss) to net cash from operating activities:		
Profit/(loss) for the year	(15,977)	(64,052)
Adjustments for non-cash items		
Depreciation/amortisation	7,252	2,905
Write-down of non-financial assets	-	-
Fair value movement in investments	-	-
Gain/loss on disposal of assets	-	-
Changes in assets/liabilities		
(Increase)/decrease in receivables	(2,379)	-
(Increase)/decrease in net receivables from other reporting unit	78,985	12,687
(Increase)/decrease in prepayments	(3,777)	6,387
Increase/(decrease) in payables	(27,565)	138,276
Increase/(decrease) in employee entitlements	(27,428)	(110,506)
Increase/(decrease) in provisions	(2,507)	(4,896)
Net cash from (used by) operating activities	<u>6,604</u>	<u>(19,199)</u>
(iii) Cash flow information		
Cash inflows from reporting unit:		
- The Australian Rail, Tram & Bus Industry Union of Employees, Western Australian Branch	7,500	55,776
- Australian Rail, Tram & Bus Industry Union, Western Australian PTA Branch	139,891	119,319
Total cash inflows	<u>147,391</u>	<u>175,095</u>
Cash outflows to reporting unit:		
The Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch	-	(3,455)
ARTBIU – National Office	-	(10,333)
Total cash outflows	<u>-</u>	<u>(13,788)</u>

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

Notes to the Financial Statements

For the year ended 31 December 2019

Note 16 Contingent liabilities, assets and commitments

Lease commitments – as lessee

The operating lease is for photocopiers that are leased by the Reporting Unit. The Reporting Unit pays the lease through fixed monthly instalments.

Future minimum rentals payable under non-cancellable leases as at 31 December which have not been brought to account as a liability are as follows:

	2019	2018
	\$	\$
Within one year	-	10,800
After one year but no more than five years	-	17,980
More than five years	-	-
	<u>-</u>	<u>28,780</u>
Less: Amounts recorded as provision for onerous lease	-	(2,507)
Less: Amounts recorded as provision for onerous lease by related reporting unit	-	(2,050)
	<u>-</u>	<u>24,223</u>

From 1st January 2019 the reporting unit has recognised right-of-use assets for Leases, except for short-term and low value leases. Refer to Note 8(b).

Contingent assets

The Reporting unit has a contingent asset in relation to properties held in title by the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch (ARTBIU). Two of the three properties are investment properties, 630 Murray Street and 224 Stirling Street, and the other is owner occupied, 10 Nash Street.

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

Based on the above information the members of the Reporting unit may have a claim on the value of the properties.

The combined value of the properties in the records of the Australian Rail, Tram and Bus Industry Union of Employees, West Australian Branch as at 31 December 2019 is \$3,646,817 (2018: \$3,626,616).

**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

Note 17 Related party transactions for the reporting period

Related parties and nature of their relationship

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

- This is the National Office which this reporting unit is a West Australian Branch.

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

- This is another West Australian regulated Reporting unit and is a related party due to the history between the two Reporting units and the continued shared services between them.

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

- This is a West Australian regulated Reporting unit and is a related party that holds the title of all 3 properties jointly held by WA branch and the Reporting unit.

No payments were made to former related parties (2018: \$Nil).

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

	2019	2018
	\$	\$
<u>National Office</u>		
Expenses to National Office		
Capitation fees	(51,913)	(73,779)
Amounts owed to National Office		
Capitation fees owed to National Office	(229,722)	(160,126)
<u>State Branch</u>		
Revenue from State Branch		
Net results from Investment properties	-	-
Net payable to State Branch	(63,107)	(55,606)
<u>PTA Branch</u>		
Revenue from PTA Branch		
Shared services	109,788	86,588
Amounts receivable from PTA Branch		
Shared services receivable from PTA Branch	203,706	203,706
Other receivable from PTA	74,389	76,277
	<u>278,095</u>	<u>279,983</u>

**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to these that prevail in arms' length transactions. Outstanding balances 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 2019, the reporting unit has not recorded any impairment of receivables relating to amounts owned by related parties (2018: \$Nil) This assessment is undertaken each financial year through examining the financial position of related party and the contingent assets which are likely to be available to settle the receivables.

The shared resources expenses are described on policy note 1(t).

Note 18 Key management personnel

(a) Remuneration for the reporting period

Key management personnel are the Officer of the Reporting unit, Mr Craig McKinley (appointed 27 September 2018) and Philip Woodcock (removed 27 September 2018).

	2019	2018
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	125,175	148,793
Annual leave accrued / (reversed upon resignation)	8,191	(16,213)
Performance bonus	-	-
Other	-	-
Total short-term employee benefits	<u>133,366</u>	<u>132,580</u>
Post-employment benefits:		
Superannuation	11,891	18,138
Total post-employment benefits	<u>11,891</u>	<u>18,138</u>
Other long-term benefits:		
Long-service leave accrued / (reversed upon resignation)	-	(17,341)
Total other long-term benefits	<u>-</u>	<u>(17,341)</u>
Termination benefits	<u>-</u>	<u>-</u>
Total	<u>145,257</u>	<u>133,377</u>

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

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

(c) Transactions with former Key Management Personnel

Payment to former key management personnel for outstanding wages	15,313	-
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**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

Note 19 Remuneration of auditors

	2019	2018
	\$	\$
Value of the services provided		
HTG Partners		
Financial statement audit services	9,300	7,950
Other services	1,800	1,800
Total remuneration of auditors	<u>11,100</u>	<u>9,750</u>

Other services refer to preparation of financial statements.

Note 20 Financial instruments

Financial risk management objectives

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

Categories of financial instruments

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	56,481	53,660
Fair Value through profit and loss:		
Shares in listed companies – held for trading	5,180	5,180
Loans and receivables:		
Trade and other receivables	280,474	279,983
Carrying amount of financial assets	<u>342,135</u>	<u>338,823</u>
Financial Liabilities		
Other financial liabilities:		
Trade payables and accruals	304,940	233,281
Lease liabilities	17,188	-
Borrowings	2,857	-
Other payables	28,214	54,094
Carrying amount of financial liabilities	<u>353,199</u>	<u>287,375</u>

**Australian Rail, Tram and Bus Industry Union,
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Notes to the Financial Statements

For the year ended 31 December 2019

Note 20 Financial instruments

Financial risk management objectives (continued)

	2019	2018
	\$	\$
Net income and expenses from financial assets		
Cash & cash equivalents		
Interest revenue	603	57
Net gain / (loss) from cash & cash equivalents	603	57
Fair Value through Profit or Loss Change in fair value		
Change in fair value	-	-
Net gain / (loss) from Fair Value Through Profit or Loss	-	-
Net gain / (loss) from financial asset	603	57

Credit risk

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

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					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimate total gross carrying amount at default	13,468	1,690	-	325	264,991	280,474
Expected credit loss	-	-	-	-	-	-
31 December 2018	Trade and other receivables					
	Days past due					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	\$	\$	\$	\$	\$	\$
Expected credit loss rate	0%	0%	0%	0%	0%	
Estimate total gross carrying amount at default	8,771	-	-	-	271,212	279,983
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 20.

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Notes to the Financial Statements

For the year ended 31 December 2019

Note 20 Financial instruments (continued)

Liquidity risk

The Reporting unit is not exposed to any significant liquidity risk and is therefore not actively managing its 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	304,940	-	-	-	-	304,940
Lease liabilities	-	6,463	6,028	4,697	-	17,188
Borrowings	-	2,857	-	-	-	2,857
Other payables	28,214	-	-	-	-	28,214
Total	333,154	9,320	6,028	4,697	-	353,199

Contractual maturities for financial liabilities 2018

	On demand \$	< 1 year \$	1 – 2 years \$	2 – 5 years \$	> 5 years \$	Total \$
Trade creditors and accruals	233,281	-	-	-	-	233,281
Other payables	54,094	-	-	-	-	54,094
Lease liabilities	-	-	-	-	-	-
Total	287,375	-	-	-	-	287,375

Market risk

The Reporting unit is not exposed to any significant market risks, including interest rate risk, price risk and currency risk, and is therefore not actively managing these risks. Given the insignificance of the risk no further information is provided as per the Fair Work (Registered Organisations) Act 2009 reporting requirements.

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Note 20 Financial instruments (continued)

Changes in liabilities arising from financing activities

	1 January 2019	Cash flows	Adoption of AASB 16	Foreign exchange movement	Changes in fair values	New Borrowings / Leases	Other	31 December 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Current interest-bearing loans and borrowings (excluding items listed below)	-	(24,163)	-	-	-	27,020	-	2,857
Current obligations under leases and hire purchase contracts	-	(6,482)	6,482	-	-	-	6,463	6,463
Non-current interest-bearing loans and borrowings (excluding items listed below)	-	-	-	-	-	-	-	-
Non-current obligations under leases and hire purchase contracts	-	-	17,188	-	-	-	(6,463)	10,725
Total liabilities from financing activities	-	(30,645)	23,670	-	-	27,020	-	20,045

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Notes to the Financial Statements

For the year ended 31 December 2019

Note 20 Financial instruments (continued)

Changes in liabilities arising from financing activities

	1 January 2018	Cash flows	Adoption of new standards	Foreign exchange movement	Changes in fair values	New Leases	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	-	-	-	-	-	-	-	-
Total liabilities from financing activities	-	-	-	-	-	-	-	-

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For the year ended 31 December 2019

Note 21 Fair value measurement

Management of the Reporting unit assessed that cash and cash equivalents, trade receivables, trade payables, accruals and other payables 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 Reporting unit'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 Reporting unit 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 Reporting unit's financial assets and liabilities:

	Carrying amount 2019 \$	Fair value 2019 \$	Carrying amount 2018 \$	Fair value 2018 \$
Financial assets				
Cash and cash equivalents	56,481	56,481	53,660	53,660
Other investments	5,180	5,180	5,180	5,180
Trade and other receivables	280,474	280,474	279,983	279,983
Total	342,135	342,135	338,823	338,823
Financial liabilities				
Trade and other payables	304,940	304,940	233,281	233,281
Lease liabilities	17,188	17,188	-	-
Borrowings	2,857	2,857	-	-
Other payables	28,214	28,214	54,094	54,094
Total	353,199	353,199	287,375	287,375

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Notes to the Financial Statements

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Note 21 Fair value measurement (continued)

Fair value hierarchy

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

	Date of valuation \$	Level 1 \$	Level 2 \$	Level 3 \$
31 December 2019				
Assets measured at fair value				
Shares in listed companies	31/12/19	5,180	-	-
Total		<u>5,180</u>	<u>-</u>	<u>-</u>

31 December 2018

Assets measured at fair value				
Shares in listed companies	31/12/18	5,180	-	-
Total		<u>5,180</u>	<u>-</u>	<u>-</u>

Note 22 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 Reporting Unit 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 Reporting unit.

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For the year ended 31 December 2019

Note 23 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 Commissioner:

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

Note 24 Principal Place of Business

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