

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

FINANCIAL REPORT

YEAR ENDED 31 DECEMBER 2019

ESTABLISHED 24 JULY 1888

PROUDLY Carrying Australia for 130+ years

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

ANALYSIS OF FINANCIAL STATEMENTS

The Transport Workers' Union of Australia New South Wales Branch (Federal) presents its reports for the financial year ended 31 December 2019.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

Revenue earned from Member Contributions and Entrance Fees for the year was \$818,866 which when compared to the prior year has increased by \$56,343 and 7.39% (FY 2018: \$762,523).

Service Fees for the financial year was \$1,273,639 an increase of \$23,654 (1.89%) when compared to the prior year. (FY 2018: \$1,249,985)

The total income generated by the branch was \$2,109,707 an increase of \$76,066 (3.74%) when compared to the prior year (FY 2018: \$2,033,641)

EXPENDITURE

- (i) **Employee Related Payments (ERP)** for the year was \$299,214 which includes salary on-costs, superannuation payments, FBT, and a 2.5% remuneration increase consisting of a 2.50% salary increase and no superannuation increase. (FY 2018: \$321,526)
- (ii) **Operating Expenditure** for the year was \$1,772,325 (FY 2018: \$1,673,400). The increase in expenditure by \$98,925 relates to a mix of over and under spend in various operating cost line item expenditure over the year.
- (iii) **Cumulative Operating Expenditure** which includes Employee Related payments for the year was \$2,071,539 (FY2018: \$1,994,926).

NET POSITION

The surplus of \$38,168 for year ended 2019 (FY 2018: \$38,715) is a direct flow-on effect of a modest 3% increase/review to the membership subscription in 2019, adjustment of \$649 relating to member debtors FY 2019 as compared to FY 2018 and other expenses.

STATEMENT OF CASHFLOWS

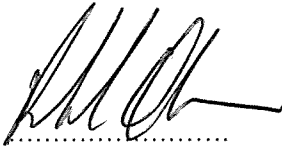
The cash flow of the Branch has been managed to ensure liabilities are paid as and when they fall due for payment. Cash at the end of the year amounted to \$318,315 and reflects consistency in the cash flow experienced during the year. (FY 2018: \$270,320). The Branch continues to perform to expectations.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

STATEMENT OF FINANCIAL POSITION

The net assets are \$137,428 (FY 2018: \$98,848). The decision to recognize member debtors as implemented from FY 2013 has been continued in 2019. As at 31 December 2019 the outstanding debt owed, for 30 and 60 days, from members is \$1,029 (GST Inclusive). Further details are set out in Note 1.

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



RICHARD OLSEN
BRANCH SECRETARY

Friday, 6 March 2020

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

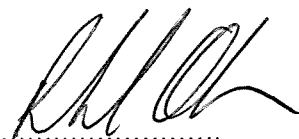
REPORT REQUIRED UNDER SUBSECTION 255(2A)

For the year ended 31 December 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2019.

Descriptive form

Categories of expenditures	2019 \$	2018 \$
Remuneration and other employment-related costs and expenses - employees	299,214	321,526
Advertising	14,433	-
Operating costs	1,771,030	1,673,400
Donations to political parties	91	364
Legal costs	1,288	2,179



RICHARD OLSEN
BRANCH SECRETARY

Friday, 6 March 2020

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

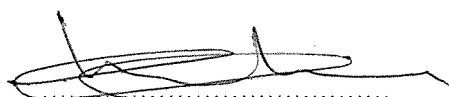
OPERATING REPORT

The Branch Committee of Management presents its operating report of the Transport Workers' Union of Australia, New South Wales Branch for the financial year ended 31 December 2019.

1. The principal activities of the Union are aimed at bettered wages, improved working conditions of members, job security and safe work place. During the year, the Union ran various campaigns for the benefit of our members, to make them aware about their rights at work and their responsibilities. This helped the employer companies and our members to work efficiently together to achieve the desired results.
2. There were no significant changes to the Branch's financial affairs during the year. The profit for the year has helped the Branch net assets to improve.
3. The Branch's financials reported a surplus of \$38,168 for the year. (FY 2018: \$38,715).
4. All members have a right to resign in accordance with rule 16.1 of the Union's Registered Rules and section 174 (1) of the Fair Work (Registered Organisations) Act 2009. In accordance with section 174 (1) of the Fair Work (Registered Organisations) Act 2009 a member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a Branch of the organisation. There was no change to this rule during the year.
5. Richard Olsen is a director of TWU Superannuation Fund.
6. At the end of the financial year the number of registered members of the New South Wales Branch was 22,086. (NSW 20,516 and ACT 1,570)
7. The number of persons who were employees of the reporting unit on 31 December 2019 was 3, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis;
8. The names of each person who were members of the Branch Committee of Management at any time during the financial year are as follows:

		Period Position Held
1	Richard Olsen	1 January 2019 to 31 December 2019
2	Anthony Matthews	1 January 2019 to 31 December 2019
3	Stephen Newton	1 January 2019 to 31 December 2019
4	Grahame Devenish	1 January 2019 to 31 December 2019
5	Scot Leighton	1 January 2019 to 31 December 2019
6	Michael Pieri	1 January 2019 to 31 December 2019
7	Robert Pirc	1 January 2019 to 31 December 2019
8	Michael Forbes	1 January 2019 to 31 December 2019
9	Klaus Pinkas	1 January 2019 to 31 December 2019
10	Jim Mitropoulos	1 January 2019 to 31 December 2019
11	Stephen Pettiford	1 January 2019 to 31 December 2019
12	Richard Cockburn	1 January 2019 to 31 December 2019
13	Douglas Fox	1 January 2019 to 31 December 2019
14	Mark Trevillian	1 January 2019 to 31 December 2019
15	Raymond Childs	1 January 2019 to 31 December 2019
16	Margaret Harvey	1 January 2019 to 31 December 2019
17	Jason Larfield	1 January 2019 to 31 December 2019
18	Christopher Nolan	1 January 2019 to 31 December 2019

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



ANTHONY MATTHEWS

Friday 06 March 2020



RICHARD OLSEN

Friday 06 March 2020

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

BRANCH COMMITTEE OF MANAGEMENT'S STATEMENT

On 06 March 2020, the Branch Committee of Management of the Transport Workers' Union of Australia, New South Wales Branch, passed the following resolution in relation to the general purpose financial report (GPFR) of the Branch for the year ended 31 December 2019.

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

- (a) The Financial Statements and notes comply with the Australian Accounting Standards;
- (b) The Financial Statements and notes comply with the reporting guidelines of the Commissioner;
- (c) The Financial Statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Branch for the financial year ended 31 December 2019;
- (d) There are reasonable grounds to believe that the Branch will be able to pay its debts as and when they become due and payable; and
- (e) During the financial year ended 31 December 2019 and since the end of the financial year:
 - (i) meetings of the Branch Committee of Management were held in accordance with the rules of the organisation and the rules of the Branch; and
 - (ii) the financial affairs of the Branch have been managed in accordance with the rules of the organisation and the rules of the Branch; and
 - (iii) the financial records of the Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009; and
 - (iv) the Financial Statements of the Branch have been kept, as far as practicable, in a consistent manner to each of the other Branches and national office of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, the Branch has complied.

For the Branch Committee of Management:



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RICHARD OLSEN
BRANCH SECRETARY

Friday 06 March 2020

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 \$	2018 \$
INCOME			
Contributions and entrance fees		818,866	762,523
Interest		298	175
Property rentals		16,374	16,190
Service Fees - Transport Workers Union of New South Wales		1,273,639	1,249,985
Sundry Income		530	4,768
TOTAL INCOME		2,109,707	2,033,641
Amortisation expense		39,774	-
Officers benefits expense (holders of office)			
Wages and Salaries		115,741	121,547
Superannuation		17,144	16,732
Leave and other entitlements		13,036	12,105
Separation and redundancies		-	-
Other employee expenses (fringe benefits)		-	-
		145,921	150,384
Employees benefits expense			
Wages and Salaries		122,092	123,445
Superannuation		17,909	17,360
Leave and other entitlements		13,112	30,020
Separation and redundancies		-	-
Other employee expenses (fringe benefits)		180	317
		153,293	171,142
Other expenses			
Administration Fees - Transport Workers' Union of New South Wales		47,472	46,598
Affiliation Fees		17,998	16,410
Audit and Accountancy Fees		9,350	6,150
Advertising/Media Campaign		14,433	-
Badges		1,240	1,240
Bank Charges		2,180	2,226
Commission		418	449
Computer Costs		21,786	10,184
Country Organising		-	-
Donations	5	91	364
Doubtful Debt Expense		-	-
Deficit on Disposal of Assets		-	-
Electricity		4,305	3,983
Freight		-	-
General Expenses		38,635	34,389
Interest Expenses		3,010	-
Insurance		11,954	2,793
IR Levy		2,872	2,892

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2019
(CONT'D)**

	NOTE	2019 \$	2018 \$
Legal and Professional Fees		1,288	2,179
Meeting and Conference Expenses		24,242	21,751
Motor Car Expenses		46,134	36,956
Officials expenses		9,009	15,633
Payroll Tax		21,194	20,630
Postage		4,439	2,933
Printing and Stationery		6,440	4,444
Property Expenses		15,357	49,226
Staff Training		2,404	-
Telephones		7,495	6,753
Sustentation Fees – NSW – to TWU of NSW (National Office)		1,273,639	1,249,985
Sustentation Fees – ACT – to TWU of NSW (National Office)		144,448	134,509
Training Levy		718	723
Financial Support from Transport Workers' Union of New South Wales		-	-
		<u>1,732,551</u>	<u>1,673,400</u>
TOTAL EXPENDITURE		<u>2,071,539</u>	<u>1,994,926</u>
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR		<u>38,168</u>	<u>38,715</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>38,168</u>	<u>38,715</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>38,168</u>	<u>38,715</u>

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	NOTE	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	13	318,315	270,320
Investments	14	7,878	7,466
Trade and other receivables	15	92,509	88,805
Prepayments and deposits		45,880	11,253
Total Current Assets		<u>464,582</u>	<u>377,844</u>
Non Current Assets			
Property, plant and equipment	16	-	-
Right-of-use assets	25	53,033	-
Total Non Current Assets		<u>53,033</u>	<u>-</u>
TOTAL ASSETS		<u>517,615</u>	<u>377,844</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	17	204,463	151,516
Provision for accrued annual leave		29,395	34,472
Provision for long service leave	18	92,001	93,008
Lease liabilities	25	37,092	-
Total Current Liabilities		<u>362,951</u>	<u>278,996</u>
Non Current Liabilities			
Lease liabilities	25	17,236	-
Total Non Current Liabilities		<u>17,236</u>	<u>-</u>
TOTAL LIABILITIES		<u>380,187</u>	<u>278,996</u>
NET ASSETS		<u>137,428</u>	<u>98,848</u>
EQUITY			
Equity reserve		5,324	4,912
Accumulated funds		132,104	93,936
TOTAL EQUITY		<u>137,428</u>	<u>98,848</u>

(The attached notes form part of these financial statements)

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Equity reserves \$	Accumulated funds \$	Total equity \$
Balance at 1 January 2018	5,830	55,221	61,051
Total Comprehensive Income for the Year	-	38,715	38,715
Revaluation of financial instruments	(918)	-	(918)
Balance at 31 December 2018	4,912	93,936	98,848
Total Comprehensive Income for the Year	-	38,168	38,168
Revaluation of financial instruments	412	-	412
Balance at 31 December 2019	5,324	132,104	137,428

(The attached notes form part of these financial statements)

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Members			
- Contributions and Entrance Fees		900,039	843,990
Service fees from Transport Workers' Union of New South Wales		1,395,856	1,384,290
Payments to Transport Workers' Union of New South Wales – Administration Fees		17,833	(95,209)
Payments to Suppliers and Employees		(872,433)	(730,680)
Payments to Transport Workers' Union of Australia – Sustentation Fees & Levies		(1,412,195)	(1,391,929)
Interest received		298	175
Other receipts		18,597	23,053
		<hr/>	<hr/>
NET CASH (USED IN) FROM OPERATING ACTIVITIES	20(b)	47,995	33,690
CASH FLOW FROM INVESTING ACTIVITIES			
NET CASH USED IN INVESTING ACTIVITIES		<hr/>	<hr/>
		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
NET CASH USED IN FINANCING ACTIVITIES		<hr/>	<hr/>
		-	-
NET INCREASE IN CASH HELD		47,995	33,690
Cash at beginning of year		270,320	236,630
		<hr/>	<hr/>
CASH AT END OF YEAR	20(a)	318,315	270,320

(The attached notes form part of these financial statements)

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. CHANGE IN ACCOUNTING POLICY

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

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

Transport Workers' Union of Australia New South Wales Branch has adopted the both AASB 1058 and AASB 15 effective from 1 January 2019 using the modified retrospective method. No impact was noted on the timing and quantum of revenue previously reported from the adoption of AASB 1068 and AASB 15. Accordingly, the information presented for the year ended 31 December 2018 has not been restated.

AASB 15 is applicable to the revenues derived from contributions and entrance fees, service fees from Transport Workers Union of New South Wales and Sundry Income. Contributions, entrance and service fees largely constitute stand ready performance obligations towards members and are recognised over time on an accruals basis in the year to which the revenue relates to. Sundry income is recognised on an accruals basis when derived, at the point at which performance obligations are satisfied.

Interest and property rental income are recognised in accordance with AASB 9 and AASB 16 respectively.

AASB 16 Leases (AASB 16)

AASB 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

Transport Workers' Union of Australia New South Wales Branch has adopted AASB 16 effective from 1 January 2019 using the modified retrospective method. In doing so, the Branch utilised options available for operating leases to recognise a right of use asset equal to the lease liability as at date of implementation. Accordingly, no adjustment was required to accumulated funds upon adoption of AASB 16.

The Branch is party to one office lease which falls in scope for AASB 16, and upon transition to AASB 16 the Branch recognised a right of use asset and lease liability of \$92,807. When measuring its lease liabilities the Branch used its incremental borrowing rate as of 1 January 2019 of 4.00%.

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

2. STATEMENT OF ACCOUNTING POLICIES

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

SIGNIFICANT ACCOUNTING POLICIES

The financial report of Transport Workers Union of Australia New South Wales Branch for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Committee of Management on 6 March 2020.

(a) Basis of Preparation

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

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

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

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

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

(b) Revenue

- (i) Revenue received for services and management fee/s is recognised over time as the performance obligations are satisfied.
- (ii) In prior years, revenue (contributions and entrance fees) was accounted on cash basis that is using the contributions-in-transit method.
- (iii) A decision was made in FY 2011 (*1(b) Financial Report FY 2011*) to move away from the cash basis contributions-in-transit method and recognise prior year revenue being received in the current year by an accrual journal at year end. That is membership income/revenue should be recognised in the subscription year in which the service was provided.
- (iv) For the financial year FY 2019 the membership-debtors accrual journal for \$1,029 (FY 2018: \$380) (GST inclusive) has been accounted at year end recognising prior year revenue being received in the current year which complies with *AASB101-Presentation of Financial Statements*.
- (v) Service Fees received from the Transport Workers' Union of New South Wales, interest received and rental income is accounted for on an accrual basis in the period to which they relate.

(c) Income tax

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

(d) Employee Entitlements

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

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

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

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

(e) Investments

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

1. Share portfolio – Subsequently measured at fair value through other comprehensive income. Gains and losses are taken through other comprehensive income as the Branch has elected to designate this as a fair value through other comprehensive income.

(f) Goods and Services Tax

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

(g) Property Plant and Equipment

Depreciation

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

The depreciation rates used for each class of assets are:

Mobile Phones	50.00%
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The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each period end date.

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

(h) New AASB standards and interpretations issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019 and earlier application is permitted; however the Branch has not early adopted the new or amended standards in preparing these financial statements.

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

- Amendments to references to conceptual framework in IFRS Standards.
- Definition of a business (amendments to AASB 3)
- Definition of a material (amendments to AASB 101 and AASB 108)
- AASB 17 Insurance contracts.

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

(j) Financial Instruments

(i) Non-derivative financial assets

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

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

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

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

Trade and other receivables

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

Cash and cash equivalents

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

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

(ii) Non-derivative financial liabilities

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

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

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

Other financial liabilities comprise trade and other payables.

(iii) Share Capital

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

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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

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

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

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

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

Trade and Other Receivables

After the introduction of the new 'Membership Connect' system in September 2013 and considering debts overdue by 30 and 60 days - The amount of \$1,029 (FY 2018 \$380) (including GST) has been considered as receivable, which represents:

	2019 \$	2018 \$
Financial Members in arrears	1,029	380
Less financial members for future periods	-	-
Add: Un-financial members in arrears	-	-
Less provision for doubtful debts (including GST)	-	-
	1,029	380

The estimated amount of 1,029 (FY 2018: 380) unpaid contributions, will be pursued in the coming year and are accordingly recognized as a receivable.

The member debtors for FY 2019 have been determined based on the expected recovery of debts after making allowance for the age of the debts and the values outstanding in each case. The aging of the debts has been determined in accordance with the revenue recognition policy.

4. INFORMATION TO BE PROVIDED TO MEMBERS OR THE COMMISSIONER

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

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

5. DONATIONS

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

Details to whom payment made	Purpose	2019 \$	2018 \$
Trades and Labour Council of the ACT Inc	2 Conference Delegate tickets at \$45.45 each	91	-
Australian Labor Party ACT Branch	8 Conference Delegate tickets at \$45.45 each	-	364
Total		91	364

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

Details to whom payment made	Purpose	2019 \$	2018 \$
NA	NA	-	-
NA	NA	-	-
NA	NA	-	-
Total		Nil	Nil

6. RECOVERY OF WAGES ACTIVITY

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

Reportable amounts are NIL for

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

7. SPECIFIED ITEMS THAT HAVE NOT OCCURRED

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

1. Statement of Comprehensive Income - revenue
 - a. Compulsory levies.
 - b. Donations or grants received.
 - c. There were no capitation fees received.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

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

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

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

8. ADMINISTRATION

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

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

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

9. DISCLOSURES IN RESPECT OF STATEMENT OF COMPREHENSIVE INCOME

9 (a) DISAGGREGATED REVENUE DISCLOSURES

	2019	2018
	\$	\$
Overtime revenue from contributions and entrance fees	818,866	762,523
Overtime revenue from service fees	1,273,639	1,249,985
Point in time revenue from sundry income	530	4,768
Total revenue from contracts with customers	2,093,035	2,017,276
Property rentals	16,374	16,190
Interest income	298	175
Total income	2,109,707	2,033,641

All revenue is derived in Australia.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

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

9 (b) LEGAL AND PROFESSIONAL FEES	2019	2018
	\$	\$
Legal costs - litigation	-	-
Legal costs – other matters	1,288	2,179
Total	1,288	2,179

Audit Fees

Audit of financial statements	9,350	6,150
Audit fees - other	-	-
Total	9,350	6,150

9 (c) OTHER EXPENSES

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

Affiliation Fees

ALP NSW Branch	-	-
ALP ACT Branch	5,998	4,785
Unions ACT	12,000	11,625
Total Affiliation Fees	17,998	16,410

Capitation Fees

Capitation Fees - Paid	1,327,616	1,299,379
Capitation Fees - Accrued	90,471	85,115
Total Capitation Fees	1,418,087	1,384,494

National Council Fund

Contributions paid	-	-
Total National Council Fund	-	-

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

Branch Committee of Management (BCOM) Attendance

Fees paid to independent Committee members as per bullet point 8 page 3	11,367	8,018
	-	-
	11,367	8,018

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

Branch Committee of Management (BCOM) Meeting Expenses	1,865	3,241
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TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

1,865

3,241

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

10. DISCLOSURES IN RESPECT OF STATEMENT OF FINANCIAL POSITION

10 (a) Employee provisions related to holders of office

	2019	2018
	\$	\$
Officers provisions		
Annual leave	11,443	16,663
Long service leave	53,985	56,970
Separation and redundancies	-	-
Other employee provisions	-	-
	<u>65,428</u>	<u>73,633</u>

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

	2019	2018
	\$	\$
Employees provisions		
Annual leave	17,952	17,809
Long service leave	38,016	36,038
Separation and redundancies	-	-
Other employee provisions	-	-
	<u>55,968</u>	<u>53,847</u>

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

	2019	2018
	\$	\$
Litigation	-	-
Other Legal matters	-	-
	<u>-</u>	<u>-</u>

11. DISCLOSURES IN RESPECT OF STATEMENT OF CHANGES IN EQUITY

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

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

12. DISCLOSURES IN RESPECT OF STATEMENT OF CASH FLOWS

Amounts received/paid to/from other reporting units of the Union

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

13. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash on hand	-	1,125
Cash at Bank - National Australia Bank	318,315	269,195
	<u>318,315</u>	<u>270,320</u>

14. INVESTMENTS

	2019	2018
	\$	\$
Financial assets held at fair value through other comprehensive income		
Boral Limited	811	894
Lindsay Australia Limited	656	713
Insurance Australia Group Ltd	6,411	5,859
Total	<u>7,878</u>	<u>7,466</u>

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

Movement Schedule	2019	2018
	\$	\$
<u>Boral Limited</u>		
Opening January	894	1,410
Additions	-	-
Revaluations	(83)	(516)
Closing December	<u>811</u>	<u>894</u>
<u>Lindsay Australia Limited</u>		
Opening January	713	769
Additions	-	-
Revaluations	(57)	(56)
Closing December	<u>656</u>	<u>713</u>
<u>Insurance Australia Group Ltd</u>		
Opening January	5,859	6,205
Additions	-	-
Revaluations	552	(346)
Closing December	<u>6,411</u>	<u>5,859</u>

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

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

- Financial assets held at fair value through other comprehensive income.

(a) Fair value hierarchy

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

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

(i) Recognised fair value measurements

The following table presents the Union's assets and liabilities measured and recognised at fair value at 31 December 2019 and 2018

At 31 December 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Boral Limited – Fair Value	811	-	-	811
Lindsay Australia Limited – Fair Value	656	-	-	656
Insurance Australia Group Ltd – Fair Value	6,411	-	-	6,411
Total Financial Assets	7,878	-	-	7,878
At 31 December 2018				
Financial Assets				
Boral Limited – Fair Value	894	-	-	894
Lindsay Australia Limited – Fair Value	713	-	-	713
Insurance Australia Group Ltd – Fair Value	5,859	-	-	5,859
Total Financial Assets	7,466	-	-	7,466

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

(ii) Disclosed fair values

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

15. TRADE AND OTHER RECEIVABLES

	2019	2018
	\$	\$
Debtor – revenue accruals	1,029	380
Less Provision for doubtful debts	-	-
Debtor - Transport Workers' Union of New South Wales	91,480	86,801
Sundry debtors	-	1,624
	<u>92,509</u>	<u>88,805</u>

Amount receivable from Transport Workers Union of New South Wales as of 31 December 2019: \$91,480 (31 December 2018: \$86,801). Amount receivable from Transport Workers Union of Australia as of 31 December 2019: NIL (31 December 2018: NIL).

16. PROPERTY, PLANT AND EQUIPMENT

MOTOR VEHICLES

	2019	2018
	\$	\$
Motor Vehicles at cost	-	-
Less Accumulated Depreciation	-	-
	<u>-</u>	<u>-</u>

MOVEMENTS IN CARRYING AMOUNTS

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

17. TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Creditor - Transport Workers' Union of New South Wales	66,065	2,381
Creditor - Transport Workers' Union of Australia	99,518	93,626
Creditors and Accruals	33,478	46,759
GST Payable	5,402	8,750
	<u>204,463</u>	<u>151,516</u>

Amount payable to Transport Workers Union of New South Wales as of 31 Dec 2019 \$66,065 (FY 2018: \$2,381). Amount payable to Transport Workers Union of Australia as of 31 Dec 2019 \$99,518 (FY 2018: \$93,626).

**TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

18. OFFICERS & EMPLOYEE PROVISIONS

	2019 \$	2018 \$
Annual Leave		
Officers	27,170	16,663
Employees	<u>2,225</u>	<u>17,809</u>
	<u>29,395</u>	<u>34,472</u>
Long Service Leave		
Officers	53,985	56,970
Employees	<u>38,016</u>	<u>36,038</u>
	<u>92,001</u>	<u>93,008</u>
Separation and Redundancies		
Officers	-	-
Employees	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other Employee Provisions		
Officers	-	-
Employees	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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

19. FINANCIAL DEPENDENCE

The Transport Workers' Union of Australia New South Wales Branch is dependent upon the ongoing financial support of the Transport Workers' Union of New South Wales in order to pay its debts as and when they fall due. In this regard the net assets of the Union at 31 December 2019 were \$11,247,474 (FY 2018: \$11,291,758).

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

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

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

	2019	2018
	\$	\$
20. CASH FLOW INFORMATION		
(a) For the purpose of the Statement of Cash Flows, Cash includes:		
Cash at bank	318,315	269,195
Cash on hand	-	1,125
	<u>318,315</u>	<u>270,320</u>
(b) Reconciliation of cash flow from operations with operating result		
Net Surplus	38,168	38,715
Non cash flows in operating results		
Amortisation of right of use assets	39,774	-
Interest expense on lease liabilities	3,010	-
Changes in Assets and Liabilities		
Decrease/ (Increase) in Debtor - Transport Workers' Union of New South Wales	(4,679)	8,460
Decrease/(Increase) in Prepayments and Sundry Debtors	(33,652)	8,191
Increase/(Decrease) in Employee Entitlement Provisions	(6,084)	17,734
Increase/(Decrease) in GST Payable	(3,348)	177
Increase/(Decrease) in Creditors and Accruals (Decrease)/Increase in Creditor- Transport Workers' Union of Australia	(13,281)	7,804
(Decrease)/Increase in amount payable to Transport Workers' Union of New South Wales	5,892	(7,435)
Payment of lease liabilities	63,684	(39,956)
	<u>(41,489)</u>	<u>-</u>
CASH FLOWS FROM OPERATIONS	<u>47,995</u>	<u>33,690</u>

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

21. RELATED PARTY TRANSACTIONS

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

- (a) The aggregate amount of remuneration paid to officers during the financial year is disclosed in the Operating Statement and in the Financial Report (Note 10(a) and Note 18).
- (b) The aggregate amount paid during the financial year to a superannuation plan in respect of elected full time officers is \$17,144 (FY 2018: \$16,732).
- (c) There have been no other transactions between the officers and the Branch other than those relating to their membership of the Branch and the reimbursement by the Branch in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.
- (d) Service Fees received from, and administration fees paid to the Transport Workers' Union of New South Wales are disclosed as income and expenses respectively in the Statement of Comprehensive Income and as cash received and cash paid respectively in the Statement of Cash Flows.
- (e) Amounts receivable from and payable to the Transport Workers' Union of New South Wales at balance date are disclosed at Note 15 and Note 17 of the accounts respectively.

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

Transactions with Ultimate Controlling Entity:

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

22. RELATED PARTY

Transactions with key management personnel.

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

Key management personnel remuneration includes the following expenses:

	2019	2018
	\$	\$
Short term employee benefits	131,700	129,340
Post-employment benefits	17,144	16,732
Long-term employee benefits	(4,718)	8,980
Total remuneration	<u>144,126</u>	<u>155,052</u>

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

23. CORPORATE GOVERNANCE FRAMEWORK

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

24. SUPERANNUATION

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

25. LEASES

Leases as lessee

The Branch leases an office facility from it operates, information about the Branch's leases are as presented below:

	2019 \$
(a) Right-of-use assets	
Capitalisation as at 1 January 2019 upon adoption of AASB 16	92,807
Additions during the year	-
Amortisation during the year	(39,774)
Balance as at 31 December	53,033
(b) Lease liabilities	
Less than 1 year	38,298
One to five years	17,408
More than five years	-
Total undiscounted lease liabilities	55,706
Current	37,092
Non-current	17,236
Lease liabilities in the state of financial position	54,328
(c) Other relevant lease disclosures	
Interest expense recognised on lease liabilities	3,010
Total cash outflow for leases	41,489

There are no extension options in the Branch's lease arrangements. Comparative balances are nil and are as such not presented as the Branch has adopted AASB 16 using the modified retrospective method as explained in Note 1.

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

26. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

The Union has guaranteed the novated lease payments and the lease termination cost, should the employee leave the employ of the Union and elects not to retain the novated car lease. Accordingly, a potential liability arises for the repayment of motor vehicle lease payments to Orix Australia Corporation Limited (financier), upon the dismissal or resignation of an employee until such time the lease is terminated. As the amount of the commitment is contingent to the above event it cannot be determined as it is subject to the employment circumstances and election from the employee. Other than the above, no contingencies and commitments exist as at 31 December 2019.

27. FINANCIAL RISK MANAGEMENT NOTE

(a) General objectives, policies, and processes

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

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

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

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

(b) Credit Risk

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

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

27. FINANCIAL RISK MANAGEMENT NOTE (Cont'd)

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

	2019	2018
	\$	\$
Cash and cash equivalents	318,315	270,320

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

	2019	2018
	\$	\$
Receivable – Revenue accrual	1,029	380
Less Provision for Doubtful Debts	-	-
Sundry Debtors	91,480	88,425
Total Trade and Other receivables	92,509	88,805

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

(c) *Liquidity Risk*

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

The Branch is not significantly exposed to this risk; as at 31 Dec 2019 it has \$318,315 of cash and cash equivalents to meet these obligations as they fall due. Financial liabilities at 31 Dec 2019 were \$325,859.

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

(d) *Market Risk*

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)

27. FINANCIAL RISK MANAGEMENT NOTE (Cont'd)

(e) (i) *Interest Rate Risk*

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

31 December 2019	Floating interest rate	Non-interest Bearing	Total
Financial Assets	\$	\$	\$
Cash and cash equivalents	318,315	-	318,315
Term Deposit	-	-	-
Trade and Other Receivables	-	92,509	92,509
	<u>318,315</u>	<u>92,509</u>	<u>410,824</u>
Weighted average Interest rate	0.10%		
Financial Liabilities			
Trade and Other Payables	-	204,463	204,463
	<u>-</u>	<u>204,463</u>	<u>204,463</u>
Net Financial Assets (Liabilities)	<u>318,315</u>	<u>(111,954)</u>	<u>206,361</u>
31 December 2018	Floating interest rate	Non-interest bearing	Total
Financial Assets	\$	\$	\$
Cash and cash equivalents	269,195	1,125	270,320
Term Deposit	-	-	-
Trade and Other Receivables	-	88,805	88,805
	<u>269,195</u>	<u>89,930</u>	<u>359,125</u>
Weighted average Interest rate	0.10%		
Financial Liabilities			
Trade and Other Payables	-	151,516	151,516
	<u>-</u>	<u>151,516</u>	<u>151,516</u>
Net Financial Assets (Liabilities)	<u>269,195</u>	<u>(61,586)</u>	<u>207,609</u>

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019 (Cont'd)**

27. FINANCIAL RISK MANAGEMENT NOTE (Cont'd)

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

Sensitivity Analysis

2019	Carrying Amount	+0.5% (50 basis points) Profit	-0.5% (50 basis points) Loss
	\$	\$	\$
Cash Assets	318,315	1,592	(1,592)
2018			
Cash Assets	270,320	1,352	(1,352)

(e) (ii) Other Price Risks

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

(e) (iii) Foreign Exchange Risk

The Branch is not directly exposed to foreign exchange rate.

28. AMALGAMATIONS AND RESTRUCTURES

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

29. FINANCIAL SUPPORT RECEIVED FROM ANOTHER REPORTING UNIT

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

30. OTHER REQUIRED DISCLOSURES

During the reporting period, no payments were made to a former related party of the Branch.

31. FINANCIAL SUPPORT

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

TRANSPORT WORKERS' UNION OF AUSTRALIA NEW SOUTH WALES BRANCH

32. FIRST TIME ADOPTION OF ACCOUNTING STANDARD IN THE PRIOR PERIOD

AASB 9 Financial Instruments (AASB 9) replaces AASB139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

In the prior period the reporting unit applied AASB 9 retrospectively, with an initial application date of 1 January 2018. There was no change to the quantum of amounts previously reported under AASB 139, nor was there any additional impairment required to be recognised, accordingly no adjustment was required to be made to equity upon implementation of AASB 9.

As a result of the adoption of AASB 9, the Company has adopted consequential amendments to AASB 101 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI.

Classification of major categories of financial instruments under AASB 9 and AASB 139 are presented below:

Category	Classification		Measurement
	New classification under AASB 9	Original classification under AASB 139	Impact on 2017 reported balances
Financial assets			
Cash and cash equivalents	FVTPL	FVTPL	Nil
Trade and other receivables	Financials assets at amortised cost	Loans and receivables	Nil
Investments – Term Deposits	Financials assets at amortised cost	Loans and receivables	Nil
Investments – Share Portfolio	FVOCI	Available for sale financial assets	Nil
Financial liabilities			
Trade and other payables	Amortised cost	Other financial liabilities	Nil

33. BRANCH OFFICE DETAILS

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

Safe Rates House
22 John Hines Avenue
MINCHINBURY NSW 2770



Independent Auditor's Report

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

Report on the audit of the Financial Statements

Opinion

We have audited the **Financial Report** of Transport Workers' Union of Australia (NSW Branch) ("the Reporting Unit"), which comprises the statement of financial position at 31 December 2019, the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, notes to the financial statements, including a summary of significant accounting policies, the Committee of Management Statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Transport Workers' Union of Australia (NSW Branch) as at 31 December 2019, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for opinion

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

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

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



Restriction on use and distribution

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

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

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

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

The Committee of Management is responsible for other information. The other information obtained at the date of this auditor's report is in the operating report accompanying the financial report.

Our opinion on the Financial Report does not cover the other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

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

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

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



Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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

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

KPMG

KPMG

Jonathan Rudman
Partner
Sydney
06 March 2020

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

