The Australian Workers' Union, West Australian Branch

Annual Report - 30 June 2021

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Independent Auditor's Report

To The Members of the Australia Workers Union, West Australian Branch

Report on the audit of the financial report

Opinion

We have audited the financial report of The Australian Workers' Union, West Australian Branch (the Union), which comprises the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and the expenditure report under subsection 255(2A) for the year ended 30 June 2021, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement as well as the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of The Australian Workers' Union, West Australian Branch as at 30 June 2021, and its financial performance and its cash flows for the year ended on the date in accordance with:

a the Australian Accounting Standards; and

b any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that managements' use of the going concern basis in the preparation of the financial statements of the Union is appropriate.

Basis for our opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Union in accordance with the 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 audit opinion.

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

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or 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 for the Financial Report

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

In preparing the financial report, the Committee of Management is responsible for assessing the Union'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 management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We declare that Carina Becker is a registered auditor in accordance with the definition as per the Fair Work (RO) Act 2009.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner – Audit & Assurance
Registration Number: 359651

Perth, 29 September 2021

The Australian Workers' Union, West Australian Branch
Report Required under Subsection 255(A)
30 June 2021

The Committee of Management presents the expenditure report as required under Fair Work (registered Organisations) Act 2009 (the RO Act) subsection 255(2A) on the reporting unit for the year ended 30 June 2021. The reporting unit is defined as The Australian Workers' Union, West Australian Branch.

	2021 $	2020 $
Categories of expenditures		
Remuneration and other employment - related costs and expenses - employees	2,322,230	2,005,450
Advertising	35,018	19,217
Operating costs	1,947,153	1,677,498
Donations to political parties	28,940	-
Legal costs	19,145	45,806

Signature of designated officer:

Name and title of designated officer: Bradley Gandy

AWU WA Branch Secretary

Dated: 29 September 2021

The Australian Workers' Union, West Australian Branch
Operating report
30 June 2021

The committee presents its report on the reporting unit for the financial year ended 30 June 2021.

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

The principal activities of the reporting unit during the course of the financial year were those of a registered trade union working for the benefit of members through negotiating enterprise bargaining agreements, varying awards, representing members before industrial tribunals training delegates in workplace organising, recruitment and the public promotion of the interests of members.

The Branch Executive of WA Branch were re-elected in July 2017 un-opposed.

There were no significant changes in the nature of the activities of the reporting unit during the year.

Significant changes in financial affairs
There were no significant changes in the state of affairs of the reporting unit that occurred during the year.

Right of members to resign

AWU Rule 14 – Resigning as a member – provides for resignation of members in accordance with s174 of the Fair Work (Registered Organisations) Act 2009.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

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

Number of members

The number of persons in the register of members is 8,891 (2020: 7,907).

Number of employees

The reporting unit employed 22 full time equivalent employees during the year although a number of these employees did not work for the full financial year.

Other information

The reporting unit has maintained its affiliation with both the ALP and Unions WA during the financial year.

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

The following persons held office through the entire period 1 July 2020 to 30 June 2021 unless otherwise indicated:

The Australian Workers' Union, West Australian Branch
Operating report
30 June 2021

A. D. Hacking	Branch President
J. Pascoe	Branch Vice President
D. Solly	Branch Vice President
B. Gandy	Branch Secretary
C. Beveridge	Assistant Branch Secretary
D. Cullen	Committee Member (Resigned 16/04/2021)
N. Pavlovic	Committee Member
S. Allen	Committee Member - Alcoa Pinjarra Sub-Branch Secretary
A. Draper	Committee Member - Alcoa Pinjarra Sub-Branch President
C. Ramirez	Committee Member
D. Connors	Committee Member
B. Ahmed	Committee Member
R. Woods	Committee Member (Resigned 16/04/2021)
S. O'Reilly	Committee Member (Resigned 16/04/2021)
R. Lynn	Committee Member

On behalf of the Committee

Signature of designated officer:

Name and title of designated officer: Bradley Gandy

AWU WA Branch Secretary

Dated: 29 September 2021

The Australian Workers' Union, West Australian Branch
Committee of Management Statement
30 June 2021

On 29 September 2021 the Committee of Management of the Australian Worker's Union West Australian Branch passed the following resolution in relation to the general purpose financial report **(GPFR)** for the year ended 30 June 2021:

The Committee of Management declares that in its opinion:

(a) the financial statement and notes comply with the Australian Accounting Standards:
(b) the financial statement and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the **RO Act**);
(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they related;
(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and
(e) during the financial year to which the GPFR related and since the end of that year:
(i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

(ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

(iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and

(iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and

(v) where information has been sought in any request by a member of the reporting unit or commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and

(vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
(f) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Signature of designated officer:

Name and title of designated officer: Bradley Gandy

AWU WA Branch Secretary

Dated: 29 September 2021

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General information

The financial statements cover The Australian Workers' Union, West Australian Branch as an individual entity. The financial statements are presented in Australian dollars, which is The Australian Workers' Union, West Australian Branch's functional and presentation currency.

The Australian Workers' Union, West Australian Branch is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 25 Barrack Street, Perth WA 6000

A description of the nature of entity's operations and its principal activities are included in the Operating report, which is not part of the financial statements.

The Australian Workers' Union, West Australian Branch
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue			
Membership subscriptions		3,888,873	3,525,688
Rental revenue	4	110,374	104,621
Other revenue	4	203,160	141,027
		4,202,407	3,771,336
Expenses			
Loss on disposal of assets		(7,386)	-
Employee expenses	5	(2,322,230)	(2,005,450)
Capitation fees - expense	5	(433,809)	(389,346)
Affiliation fees	5	(104,167)	(99,006)
Administration expenses	5	(887,353)	(751,612)
Grants or donations	5	(30,430)	(2,470)
Finance costs	5	(15,339)	(29,390)
Depreciation and amortisation	5	(266,358)	(256,642)
Legal costs	5	(19,145)	(45,806)
Audit and accounting fees		(38,762)	(32,627)
Other expenses	5	(232,922)	(135,622)
Surplus/(deficit) for the year attributable to the members of The Australian Workers' Union, West Australian Branch		(155,494)	23,365
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the members of The Australian Workers' Union, West Australian Branch		(155,494)	23,365

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Australian Workers' Union, West Australian Branch
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	643,779	757,982
Trade and other receivables	7	191,482	257,946
Total current assets		835,261	1,015,928
Non-current assets			
Other investments	10	165,000	165,000
Property, plant and equipment	9	265,743	228,553
Right-of-use assets	11	288,808	392,223
Land and buildings - investment property	8	306,279	323,579
Total non-current assets		1,025,830	1,109,355
Total assets		1,861,091	2,125,283
Liabilities			
Current liabilities			
Trade and other payables	12	1,257,642	1,341,848
Lease liabilities	15	145,358	149,336
Employee provisions	14	617,935	489,383
Other payables	13	127,818	166,286
Total current liabilities		2,148,753	2,146,853
Non-current liabilities			
Lease liabilities	17	198,781	253,031
Employee provisions	16	37,959	94,307
Total non-current liabilities		236,740	347,338
Total liabilities		2,385,493	2,494,191
Net liabilities		(524,402)	(368,908)
Equity			
Reserves	18	412,418	412,418
General Funds		(936,820)	(781,326)
Total deficiency in equity		(524,402)	(368,908)

The above statement of financial position should be read in conjunction with the accompanying notes

The Australian Workers' Union, West Australian Branch
Statement of changes in equity
For the year ended 30 June 2021

	Reserves $	General funds $	Total deficiency in equity $
Balance at 1 July 2019	412,418	(804,691)	(392,273)
Surplus for the year	-	23,365	23,365
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	23,365	23,365
Balance at 30 June 2020	412,418	(781,326)	(368,908)

	Reserves $	General funds $	Total deficiency in equity $
Balance at 1 July 2020	412,418	(781,326)	(368,908)
Deficit for the year	-	(155,494)	(155,494)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(155,494)	(155,494)
Balance at 30 June 2021	412,418	(936,820)	(524,402)

The above statement of changes in equity should be read in conjunction with the accompanying notes

The Australian Workers' Union, West Australian Branch
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,695,758	3,830,717
Payments to suppliers and employees (inclusive of GST)		(4,546,175)	(3,558,473)
Other		-	245,648
		149,583	517,892
Interest and other finance costs paid		(15,339)	-
Net cash from operating activities	25	134,244	517,892
Cash flows from investing activities			
Payments for property, plant and equipment	9	(116,108)	(19,585)
Proceeds from disposal of property, plant and equipment		2,201	346
Proceeds from disposal of investment property		-	400,000
Net cash from/(used in) investing activities		(113,907)	380,761
Cash flows from financing activities			
Repayment of borrowings		-	(442,074)
Repayment of lease liabilities		(134,540)	(189,770)
Net cash used in financing activities		(134,540)	(631,844)
Net increase/(decrease) in cash and cash equivalents		(114,203)	266,809
Cash and cash equivalents at the beginning of the financial year		757,982	491,173
Cash and cash equivalents at the end of the financial year	6	643,779	757,982

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Summary of Significant accounting policies

Basis of preparation of the financial statements

The financial statements are Tier 1 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 (***RO Act**). For the purpose of preparing the general purpose financial statements, The Australian Workers' Union, West Australian Branch is a not-for-profit entity.

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

Financial position and going concern

As at 30 June 2021, the reporting unit has reported a deficiency in net assets of $524,402 (2020: deficiency of $368,908). The deficiency in net assets includes the reporting unit's investment property, recorded on a historical cost basis, at its carrying value of $306,279 (2020: $323,579). The reporting unit has engaged an independent valuer which has determined the fair value of the investment property as at 21 March 2017 to be $2,100,000. Had the Branch adopted a fair value accounting policy for its investment property using the 21 March 2017 fair value, its carrying value would have increased by approximately $1.7 million and the net assets of the reporting unit would increase to a surplus of approximately $1.2 million.

For the year ended 30 June 2021, the reporting unit reported a net loss of $155,494 (2020: net profit of $23,365) and has a deficit in working capital of $1,313,492 (2020: $1,130,925).

Executives have prepared a cash flow forecast for the next 12 months which indicates that the reporting unit can meet its debts as and when they fall due. The accounts have been prepared on a going concern basis. The Executives note that the AWU National Office is required to support the reporting unit under its constitution if required. Under Rule 25 of the National Union's constitution all financial decisions are authorized by the National Executive and therefore it is their responsibility to take action to secure the satisfactory working of any Branch. The AWU National Office has agreed to not call for repayment the amounts payable by AWU, WA Branch, for at least 12 months from the date of this report and to assist in meeting its obligations to its creditors as and when they fall due. As noted above, the reporting unit holds an investment property with a carrying value significantly lower than its fair value which could be utilized to provide working capital either through its sale or as a security for borrowings.

No financial support was provided to another reporting unit during the current period.

Comparative amounts

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

Note 1. Summary of Significant accounting policies (continued)

New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Revenue

The reporting unit enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the reporting unit has a contract with a customer, the reporting unit recognises revenue when or as it transfers control of goods or services to the customer. The reporting unit accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the reporting unit.

If there is only one distinct membership service promised in the arrangement, the reporting unit recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the reporting unit’s promise to stand ready to provide assistance and support to the member as required.

If there is more than one distinct good or service promised in the membership subscription, the reporting unit allocates the transaction price to each performance obligation based on the relative standalone selling prices of each promised good or service. In performing this allocation, standalone selling prices are estimated if there is no observable evidence of the price that the reporting unit charges for that good or service in a standalone sale. When a performance obligation is satisfied, which is either when the customer obtains control of the good (for example, books or clothing) or as the service transfers to the customer (for example, member services or training course), the reporting unit recognises revenue at the amount of the transaction price that was allocated to that performance obligation.

For member subscriptions paid annually in advance, the reporting unit has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

When a member subsequently purchases additional goods or services from the reporting unit at their standalone selling price, the reporting unit accounts for those sales as a separate contract with a customer.

Note 1. Summary of Significant accounting policies (continued)

Income of the reporting unit as a Not-for-Profit Entity

Consideration is received by the reporting unit to enable the entity to further its objectives. The reporting unit recognises each of these amounts of consideration as income when the consideration is received (which is when the reporting unit obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and

- the reporting unit's recognition of the cash contribution does not give to any related liabilities.

During the year, the reporting unit received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- donations and voluntary contribution from members (including whip arounds); and

- Government grants.

Volunteer services

During the year, the reporting unit received volunteer services. In those circumstances where the fair value of the volunteer services can be measured reliably, the reporting unit recognises the fair value of volunteer services received as income together with a corresponding expense where the economic benefits of the volunteer services are consumed as the services are acquired. Where the volunteer services will contribute to the development of an asset, the fair value is included in the carrying amount of that asset.

During the year, the reporting unit did not recognise any volunteer services as revenue because it could not reliably measure the fair value of those services.

Income recognised from transfers

Where, as part of an enforceable agreement, the reporting unit receives consideration to acquire or construct a non-financial asset such as property, plant and equipment to an identified specification and for the reporting unit's own use, a liability is recognised for the obligation to acquire or construct the asset. Income is recognised as the obligation to acquire or construct the asset is satisfied, which is typically over time. The asset that is being acquired or constructed is recognised in accordance with the policy on property, plant and equipment.

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Note 1. Summary of Significant accounting policies (continued)

Interest income

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

Rental income

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Employee benefits

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

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

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

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

Leases

The reporting unit assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Reporting unit as a lessee

The reporting unit applies a single recognition and measurement approach for all leases, except for short- term leases and leases of low-value assets. The reporting unit recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The reporting unit recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of- use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Class of fixed asset	**2021**
Land and buildings	1 – 6 years
Plant and equipment	1 – 5 years
Motor vehicles	1 – 4 years

Note 1. Summary of Significant accounting policies (continued)

If ownership of the leased asset transfers to the reporting unit at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the reporting unit recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the reporting unit and payments of penalties for terminating the lease, if the lease term reflects the reporting unit exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the reporting unit uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The reporting unit’s short-term leases are those that have a lease term of 12 months or less from the commencement. It also applies the lease of low-value assets recognition exemption to leases that are below $10,000. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Borrowing costs

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

Cash

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

Note 1. Summary of Significant accounting policies (continued)

Financial instruments

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

Financial assets

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 reporting unit's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the reporting unit 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 reporting unit'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:

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss

Financial assets at amortised cost

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

Note 1. Summary of Significant accounting policies (continued)

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

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

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

Derecognition

A financial asset is derecognised when:

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

When the reporting unit 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 recognize 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 realize the assets and settle the liabilities simultaneously.

Impairment

Expected credit losses

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

Note 1. Summary of Significant accounting policies (continued)

Trade receivables

For trade receivables that do not have a significant financing component, the reporting unit 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 reporting unit does not track changes in credit risk, but instead recognizes 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.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost unless 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 reporting unit’s financial liabilities include trade and other payables.

Subsequent measurement

Financial liabilities at amortised cost

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

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

Derecognition

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

Note 1. Summary of Significant accounting policies (continued)

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.

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.

Depreciation

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

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

Class of fixed asset	**2021**	**2020**
Land and buildings - Investment Property	50 years	50 years
Plant and equipment	3 – 20 years	3 – 20 years

Derecognition

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

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 cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost.

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.

Note 1. Summary of Significant accounting policies (continued)

Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated, and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the reporting unit were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Taxation

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

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

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

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

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

Fair value measurement

The reporting unit measures financial instruments at fair value through profit or loss at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15A.

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

Note 1. Summary of Significant accounting policies (continued)

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.

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.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and Western Australian legislation the Charitable Collections Act 1946 and associated regulations and the Corporations Act 2001, as appropriate for not-for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 2. Critical accounting judgements, estimates and assumptions

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.

Estimation of useful lives of assets

The reporting unit’s management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of use or some other event. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off assets that have been abandoned or sold.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Long service leave provision

The liability for long service leave is 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.

Fair value of investments

A number of the reporting unit's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The reporting unit has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Commissioner.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the reporting unit's Audit Committee.

When measuring the fair value of an asset or liability, the reporting unit uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure fair value of an asset or liability to fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The reporting unit recognises transfers between levels of fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 23 Fair Value Measurements.

Note 3. Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the reporting unit is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the reporting unit. Other than the current disclosures, there has not been any other matter or circumstance occuring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the reporting unit, the results of those operations, or the state of affairs of the reporting unit in subsequent financial periods.

Note 4. Revenue

Disaggregation of revenue from contracts with customers

A disaggregation of the reporting unit's revenue by type of arrangements is provided on the face of the Statement of Comprehensive Income.

	2021 $	2020 $
Rental revenue		
Properties	106,550	101,190
Other	3,824	3,431
	110,374	104,621

	2021	2020
Other revenue		
Referrer fees	35,450	41,447
Other revenue	167,710	99,580
	203,160	141,027

Note 5. Expenses

	2021 $	2020 $
Employee expenses		
Holders of office:		
Wages and salaries	450,068	502,377
Superannuation	72,512	71,631
Leave and other entitlements	94,895	67,715
Separation and redundancies	16,062	60,000
Other employee expenses	26,456	30,406
Payroll tax	34,844	19,595
Subtotal employee expenses - holders of office	694,837	751,724
Employees other than office holders:		
Wages and salaries	1,247,638	969,266
Superannuation	158,081	129,339
Leave and other entitlements	157,009	83,851
Separation and redundancies	-	18,340
Other employee expenses	32,827	17,595
Payroll Tax	31,838	35,335
Subtotal employee expenses - employees other than office holders	1,627,393	1,253,726
	2,322,230	**2,005,450**

Note 5. Expenses (continued)

Capitation fees and other expense to another reporting unit

	2021 $	2020 $
Capitation fees		
AWU - National Office	433,809	389,346

	2021 $	2020 $
Affiliation fees		
Australian Labor Party	54,460	48,874
Unions WA (formerly Trades and Labor Council)	43,093	43,255
ShopRite	6,614	6,877
Total affiliation fees/subscriptions	104,167	99,006

Administration expenses

	2021 $	2020 $
Total paid to employers for payroll deductions of membership subscriptions		
Conference and meeting expenses	550	8,289
Property expenses	116,856	173,503
Office expenses	236,138	104,425
Information communications technology	9,427	32,553
Broker Fees	1,257	1,407
Travel and accommodation	118,336	114,712
Other	404,789	316,723
Total administration expenses	887,353	751,612

No compulsory levies were paid during the year.

Grants or donations

	2021 $	2020 $
Donations		
Total expensed that were $1,000 or less	5,430	2,470
Total expensed that exceeded $1,000	25,000	-
Total grants or donations	30,430	2,470

	2021	2020
In-Kind Donations	**5,000**	**-**

Finance costs

Interest paid	15,339	29,390
Total finance costs	15,339	29,390

Note 5. Expenses (continued)

Depreciation and amortisation

	2021 $	2020 $
Depreciation		
Land and buildings	17,300	17,300
Property, plant and equipment	69,331	60,960
Right-of-use assets	179,727	178,382
Total depreciation	266,358	256,642

Legal costs

	2021 $	2020 $
Other legal costs	19,145	45,806
Total legal costs	19,145	45,806

Other expenses

	2021 $	2020 $
Bank charges	26,823	26,211
Other expenses	206,099	109,411
Total other expenses	232,922	135,622

Note 6. Current assets - cash and cash equivalents

	2021 $	2020 $
Cash at bank	643,388	757,591
Cash at hand	391	391
Total cash and cash equivalents	643,779	757,982

Note 7. Current assets - trade and other receivables

	2021 $	2020 $
Trade receivables	191,382	257,846
GST receivable from the Australian Taxation Office	100	100
Total trade and other receivables	191,482	257,946

Allowance for expected credit losses
There was no allowance for expected credit losses of trade and other receivables for the year ended 30 June 2021 (30 June 2020: nil).

Note 8. Non-current assets - land and buildings - investment property

	2021 $	2020 $
Cost	865,000	865,000
Accumulated depreciation	(558,721)	(541,421)
Total land and buildings - investment property	306,279	323,579

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening balance	323,579	340,879
Depreciation expense	(17,300)	(17,300)
Closing balance	306,279	323,579

The investment property is subject to a registered charge

Note 9. Non-current assets - property, plant and equipment

	2021 $	2020 $
Equipment - at cost	337,667	320,043
Less: Accumulated depreciation	(316,306)	(299,974)
	21,361	20,069
Furniture and fittings - at cost	539,563	535,170
Less: Accumulated depreciation	(474,830)	(455,969)
	64,733	79,201
Motor vehicles - at cost	397,434	331,148
Less: Accumulated depreciation	(217,785)	(201,865)
	179,649	129,283
Total property, plant and equipment	265,743	228,553

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Equipment $	Furniture & Fittings $	Motor Vehicles $	Total $
Balance at 1 July 2020	20,069	79,201	129,283	228,553
Additions	17,624	4,393	94,091	116,108
Disposals	-	-	(9,587)	(9,587)
Depreciation expense	(16,332)	(18,861)	(34,138)	(69,331)
Balance at 30 June 2021	21,361	64,733	179,649	265,743

Note 10. Non-current assets - Other investments

	2021 $	2020 $
Other investments	165,000	165,000

Note 11. Non-current assets - right-of-use assets

	2021 $	2020 $
Right-of-use assets	646,916	570,605
Less: Accumulated depreciation	(358,108)	(178,382)
	288,808	392,223

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Right-of-use assets $	Total $
Balance at 1 July 2020	392,223	392,223
Additions	76,312	76,312
Depreciation expense	(179,727)	(179,727)
Balance at 30 June 2021	288,808	288,808

Note 12. Current liabilities - trade and other payables

	2021 $	2020 $
Trade and other creditors	583,506	369,584
Accrued expenses	103,743	106,840
Subtotal trade creditors	687,249	476,424

	2021 $	2020 $
Payables to other reporting unit		
Payable to AWU - National	570,393	865,424
Subtotal payables to other reporting unit	570,393	865,424

	2021 $	2020 $
Total trade and other payables	1,257,642	1,341,848

Settlement is usually made within 30 days.

Note 13. Current liabilities - Other payables

	2021 $	2020 $
Prepayments received/unearned revenue	127,818	166,286

Note 14. Current liabilities - Employee provisions

	2021 $	2020 $
Annual leave	334,370	276,383
Long service leave	283,565	213,000
	617,935	489,383

Note 15. Current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	145,358	149,336

Note 16. Non-current liabilities - Employee provisions

	2021 $	2020 $
Long service leave	37,959	94,307

Note 17. Non-current liabilities - lease liabilities

	2021 $	2020 $
Lease liability	198,781	253,031

Note 18. Equity - reserves

	2021 $	2020 $
Capital reserves	72,750	72,750
Asset revaluation reserve	237,146	237,146
Long service leave reserve	102,522	102,522
	412,418	412,418

Note 19. Contingent liabilities, assets and commitments

There were no contingent liabilities, assets at 30 June 2021.

Note 19. Contingent liabilities, assets and commitments (continued)

Operating lease commitments—as lessor

The AWU WA Branch has contractual commitments in relation to the following leases for office space located on 40 Lord Street, East Perth:

- Unit 1A
  This is a five-year lease with an option for extension however the original term ended in June 2019.

- Unit 2A & 3
  This is a two-year lease with an option for extension. The original term ends 14 October 2022.

- Unit 4
  This is a three-year lease with an option for extension. The original term ends 30 November 2023.

- Unit 4B
  This is a three-year lease with an option for extension however the original term ended 30 November 2014.
  There is a provision for a fixed increase in rent of 4% each year.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are nil since the operating leases mentioned above are cancellable leases.

Operating leases commitments - as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2021 $
Within One year	-
After one year but no more than 5 years	175,170
More than 5 years	-
Total	175,170

Note 20. Related party disclosures

Related party transactions for the reporting period

Amounts totalling $120,548 (2020: $118,851) were received from The Australian Workers' Union, West Australian Branch, Industrial Union of Workers during the year for reimbursement of expenditure. The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2021 $	2020 $
Expenses paid to AWU National Office includes the following:		
Rent	82,133	11,200
Combined head office fees	573,150	344,199
Other	464,880	-
	1,120,163	355,399

Terms and conditions of transactions with related parties

Note 20. Related party disclosures (continued)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Note 20. Related party disclosures (continued)

Key management personnel remuneration for the reporting period

	2021 $	2020 $
Short-term employee benefits		
Salary (including annual leave taken)	247,695	224,860
Annual leave accrued	22,036	16,938
Total short-term employee benefits	269,731	241,798

	2021	2020
Post-employment benefits:		
Superannuation	29,604	27,202
Total post-employment benefits	29,604	27,202

	2021 $	2020 $
Long-service leave	119,462	105,552
Total post-employment benefits	119,462	105,552

Note 21. Remuneration of auditors

	2021 $	2020 $
Audit services -		
Audit of the financial statements	30,000	38,600
Other services -		
Financial statement preparation assistance	-	6,000
	30,000	44,600

Audit services were provided by Grant Thornton in 2021 and KPMG in 2020.

No other services were provided by the auditors of the financial statements.

Note 22. Financial instruments

The reporting unit has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the reporting unit's exposure to each of the above risks, the reporting unit's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Committee of Management has overall responsibility for the establishment and oversight of the reporting unit's risk management framework and for developing and monitoring risk management policies.

Note 22. Financial instruments (continued)

The reporting unit's risk management policies are established to identify and analyse the risks faced by the reporting unit, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the reporting unit's activities. The reporting unit, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Committee of Management oversees how management monitors compliance with the reporting unit's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the reporting unit.

Categories of financial instruments

	2021 $	2020 $
Financial assets		
Loans and receivables:		
Cash and cash equivalents	643,779	757,982
Trade and other receivables	191,482	257,946
Total	835,261	1,015,928
Fair value through profit or loss:		
Investments	165,000	165,000
Carrying amount of financial assets	1,000,261	1,180,928

	2021 $	2020 $
Financial liabilities		
Other financial liabilities:		
Trade payables	1,257,642	1,341,848
Other payables	127,821	166,286
Total	1,385,463	1,508,134
Carrying amount of financial liabilities	1,385,463	1,508,134

Net income and expense from financial assets and liabilities

	2021 $	2020 $
Amortised cost		
Interest revenue	238	312
Interest expense	(15,339)	(29,390)
	(15,101)	(29,078)
Net (loss)/gain from financial assets and liabilities	(15,101)	(29,078)

Note 22. Financial instruments (continued)

Credit risk

Credit risk arises from cash and cash equivalents, investments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The credit quality of customers is assessed based on past experience, trading history, and other factors. Individual credit limits are set.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarized below.

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

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	643,779	757,982
Trade and other receivables	191,482	257,946
Investments	165,000	165,000
Total	1,000,261	1,180,928

In relation to the reporting unit's gross credit risk, no collateral is held.

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2021	Past Due or Impaired 2021	Not Past Due Nor Impaired 2020	Past Due or Impaired 2020
Trade receivables	191,482	-	257,946	-
Total	191,482	-	257,946	-

Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash reserves. The reporting unit manages liquidity risk by continuously monitoring forecast and actual cash flow. Surplus funds are generally only deposited in savings accounts with offering interest rates.

Contractual maturities for financial liabilities 2021

	On demand $	< 1 year $	1-2 years $	2-5 years $	> 5 years $	Total $
Trade payables	-	1,257,642	-	-	-	1,257,642
Other payables	-	127,821	-	-	-	127,821
Total	-	1,385,463	-	-	-	1,385,463

Contractual maturities for financial liabilities 2020

Note 22. Financial instruments (continued)

	On demand $	< 1 year $	1 - 2 years $	2 - 5 years $	> 5 years $	Total $
Trade payables	-	1,341,848	-	-	-	1,341,848
Other payables	-	166,286	-	-	-	166,286
	-	1,508,134	-	-	-	1,508,134

Lease liability maturities

2021	On demand $	< 1 year $	1-2 years $	2-5 years $	>5 years $	Total $
Property	-	111,950	58,565	92,931	-	263,447
Motor vehicles	-	19,185	8,861	-	-	28,046
Other equipment	-	14,223	13,983	24,440	-	52,647
	-	145,358	81,409	117,371	-	344,140

2020	On demand $	< 1 year $	1 - 2 years $	2 - 5 years $	> 5 years $	Total $
Property	-	91,455	97,199	118,298	-	306,952
Motor vehicles	-	45,383	11,668	8,861	-	65,912
Other equipment	-	12,498	6,761	10,244	-	29,503
Total	-	149,336	115,628	137,403	-	402,367

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the reporting unit's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The reporting units' main interest rate risk arises from cash and cash equivalents, which are at variable rates and denominated in Australian dollars.

Sensitivity analysis of the risk that the reporting unit is exposed to for 2021

	Risk variable	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
Interest rate risk	-	0.50%	3,219	-
Interest rate risk	-	(0.50%)	(3,219)	-

Sensitivity analysis of the risk that the reporting unit is exposed to for 2020

Note 22. Financial instruments (continued)

	Risk variable	Change in risk variable %	Profit and loss $	Equity $
Interest rate risk	-	0.50%	3,790	-
Interest rate risk	-	(0.50%)	(3,790)	-

Change in liabilities arising from financing activities

	1 July 2020	Cash flows $	Other $	30 June 2021 $
Total liabilities from financing activities	-	-	-	-

	1 July 2019 $	Cash flows $	Other $	30 June 2020 $
Current interest bearing loans and borrowings	192,254	(192,254)	-	-
Non-current interest bearing loans and borrowings	241,962	(241,962)	-	-
Total liabilities from financing activities	434,216	(434,216)	-	-

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases and hire purchase contracts to current due to the passage of time, the accrual of special dividends that were not yet paid at the year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings. The reporting unit classifies interest paid as cash flows from operating activities.

Note 23. Fair value measurement

Financial assets and liabilities

Management of the reporting unit assessed that the fair value of cash, trade receivables, investments and trade payables, and other current liabilities approximate their carrying amounts. 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 value of the reporting unit's level 3 available-for-sale financial assets is derived with reference to available market information and forecast cash flows.
- 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 year- end reporting date the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the reporting unit's financial assets and liabilities:

	Carrying amount 2021 $	Fair value 2021 $	Carrying amount 2020 $	Fair value 2020 $
Financial assets				
Cash and cash equivalents	643,779	643,779	757,982	757,982
Trade and other receivables	191,482	191,482	257,946	257,946
Investments	165,000	165,000	165,000	165,000
Total	1,000,261	1,000,261	1,180,928	1,180,928

Note 23. Fair value measurement (continued)

	Carrying amount 2021 $	Fair value 2021 $	Carrying amount 2020 $	Fair value 2020 $
Financial liabilities				
Trade payables	1,257,642	1,257,642	1,341,848	1,341,848
Other payables	127,821	127,821	166,286	166,286
Total	1,385,463	1,385,463	1,508,134	1,508,134

Fair value hierarchy

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

Fair value hierarchy - 30 June 2021

	Date of Valuation	Level 1 $	Level 2 $	Level 3 $
Investments	30 June 2021	-	165,000	-
Total		-	165,000	-

Fair value hierarchy - 30 June 2020

	Date of valuation	Level 1 $	Level 2 $	Level 3 $
Investments	30 June 2020	-	165,000	-
Total		-	165,000	-

There were no transfers between classes during the ended 30 June 2021.

Reconciliation of Level 3 fair values

	2021 $	2020 $
Balance as at 1 July	165,000	565,000
Return of investment	-	(400,000)
Total	165,000	165,000

Sensitivity analysis

For the fair values of investments – available for sale, reasonably possible changes at the reporting date, would have the following effects:

Note 23. Fair value measurement (continued)

	Effect on Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
2021			
Net value of the entity to which the investment is	20.00%	33,000	-
Net value of the entity to which the investment is	(20.00%)	(33,000)	-

	Change in risk variable %	Effect on Profit and loss $	Effect on Equity $
2020			
Net value of the entity to which the investment is	20.00%	33,000	-
Net value of the entity to which the investment is	(20.00%)	33,000	-

Note 24. Section 272 Fair Work (Registered Organisations) Act 2009

In accordance with the requirements of the *Fair Work (Registered Organisations) Act 2009*, the attention of members is drawn to the provisions of subsections (1) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

(1) A member of a 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 25. Reconciliation of surplus/(deficit) to net cash from operating activities

	2021 $	2020 $
Surplus/(deficit) for the year	(155,494)	23,365
Adjustments for:		
Depreciation and amortisation	266,358	256,642
Net loss on disposal of property, plant and equipment	7,386	-
Interest paid	-	29,390
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	66,464	(71,833)
Increase/(decrease) in trade and other payables	(122,674)	272,592
Increase in employee benefits	-	40,786
Increase in other provisions	72,204	-
Change in membership dues in advance	-	(33,050)
Net cash from operating activities	134,244	517,892