

The Australian Workers' Union, West Australian Branch

Annual Report - 30 June 2023

Independent Auditor's Report

To the Members of The Australian 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 Reporting Unit), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management 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 2023, and its financial performance and its cash flows for the year ended on that date in accordance with:

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ('the Code') that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

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

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

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

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 the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that 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 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Reporting Unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit 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 an approved auditor, a member of Chartered Accountants and holds a current Public Practice Certificate.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Carina Becker

C A Becker
Partner – Audit & Assurance Services
Registration number: 359651

Perth, 15 September 2023

**The Australian Workers' Union, West Australian Branch
Report required under subsection 255(2A)
30 June 2023**

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 2023. The Reporting unit is defined as The Australian Workers' Union, West Australian Branch.

	2023	2022
	\$	\$
Categories of expenditures		
Remuneration and other employment - related costs and expenses - employees	2,738,512	2,660,902
Advertising	23,222	25,228
Operating costs	2,267,397	1,944,103
Donations to political parties	582	43,328
Legal costs	87,773	57,359

On behalf of the Committee

Signature of designated officer:


Bradley Gandy
AWU WA Branch Secretary

15 September 2023

The Australian Workers' Union, West Australian Branch
Operating report
30 June 2023

The committee presents its report on the Reporting unit for the financial year ended 30 June 2023.

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 elected in 2021.

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 10,789 (2022: 9,365).

Number of employees

The Reporting unit employed 28 full time equivalent employees during the year although a number of these employees did not work for the full financial year (2022: 22).

Other information

The Reporting unit has maintained its affiliation with the ALP during the financial year.

**The Australian Workers' Union, West Australian Branch
Operating report
30 June 2023**

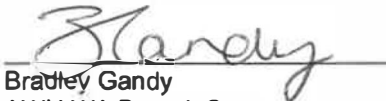
Names of Committee of Management members and period positions held during the financial year

The following persons held office through the entire period 1 July 2022 to 30 June 2023 unless otherwise indicated:

A. D. Hacking	Branch President
J. Pascoe	Branch Vice President
D. Solly	Branch Vice President
B. Gandy	Branch Secretary
C. Beveridge	Assistant Branch Secretary
S. Allen	Committee Person – Alcoa Pinjarra sub-branch Secretary
A. Draper	Committee Person – Alcoa Pinjarra sub-branch President
C. Ramirez	Committee Person
R. Lynn	Committee Person
S. Ali	Committee Person
D. McCaig	Committee Person
C. Criddle	Committee Person
E. Douglas	Committee Person
A. Duffy	Committee Person
K. Hockey	Committee Person
W. White	Committee Person

On behalf of the Committee

Signature of designated officer:



Bradley Gandy
AWU WA Branch Secretary

15 September 2023

The Australian Workers' Union, West Australian Branch
Committee of management statement
30 June 2023

On 15 September 2023 the Committee of Management of The Australian Workers' Union, West Australian Branch passed the following resolution in relation to the general purpose financial report (**GPFR**) for the year ended 30 June 2023:

The Committee of Management declares that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the **RO Act**);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Reporting unit for the financial year to which they relate;
- (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;
- (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;
 - (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;
 - (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;
 - (v) where information has been sought in any request by a member of the Reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; 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.

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

On behalf of the Committee

Signature of designated officer:



Bradley Gandy
AWU WA Branch Secretary

15 September 2023

**The Australian Workers' Union, West Australian Branch
Contents
30 June 2023**

Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Officer declaration statement	38

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, registered as a registered organisation, pursuant to the Fair Work (Registered Organisations) Act 2009 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 the Reporting unit'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 2023**

	Note	2023 \$	2022 \$
Revenue			
Membership subscriptions	3	4,694,585	4,619,508
Rental revenue	3	112,859	100,960
Referrer fees	3	82,894	40,126
Revenue from contracts with customers		<u>4,890,338</u>	<u>4,760,594</u>
Other revenue		190,778	301,370
Gain on revaluation of investment		251,950	-
		<u>442,728</u>	<u>301,370</u>
		<u>5,333,066</u>	<u>5,061,964</u>
Expenses			
Employee expenses	4	(2,738,512)	(2,660,902)
Capitation fees - expense	4	(549,928)	(505,164)
Affiliation fees	4	(74,519)	(91,053)
Administration expenses	4	(1,143,560)	(809,691)
Grants or donations	4	(827)	(39,532)
Finance costs	4	(7,284)	(11,727)
Depreciation and amortisation	4	(209,092)	(258,291)
Legal costs	4	(87,773)	(57,359)
Audit and accounting fees		(66,454)	(51,395)
Other expenses	4	<u>(240,782)</u>	<u>(241,103)</u>
Surplus for the year attributable to the members of The Australian Workers' Union, West Australian Branch		214,335	335,747
Other comprehensive income for the year		-	-
Total comprehensive income for the year attributable to the members of The Australian Workers' Union, West Australian Branch		<u>214,335</u>	<u>335,747</u>

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 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	905,302	836,061
Trade and other receivables	6	280,394	272,221
Total current assets		<u>1,185,696</u>	<u>1,108,282</u>
Non-current assets			
Other investments	7	416,950	165,000
Property, plant and equipment	8	339,771	329,104
Right-of-use assets	9	79,554	147,439
Land and buildings - investment property	10	271,679	288,979
Total non-current assets		<u>1,107,954</u>	<u>930,522</u>
Total assets		<u>2,293,650</u>	<u>2,038,804</u>
Liabilities			
Current liabilities			
Trade and other payables	11	455,391	778,479
Lease liabilities	12	84,444	83,974
Employee provisions	13	738,137	686,950
Other payables	14	923,669	544,735
Total current liabilities		<u>2,201,641</u>	<u>2,094,138</u>
Non-current liabilities			
Lease liabilities	15	42,720	116,799
Employee provisions	16	23,609	16,522
Total non-current liabilities		<u>66,329</u>	<u>133,321</u>
Total liabilities		<u>2,267,970</u>	<u>2,227,459</u>
Net assets/(liabilities)		<u>25,680</u>	<u>(188,655)</u>
Equity			
Reserves	17	412,418	412,418
General funds		<u>(386,738)</u>	<u>(601,073)</u>
Total equity/(deficiency)		<u>25,680</u>	<u>(188,655)</u>

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 2023

	Reserves	General funds	Total deficiency
	\$	\$	in equity
			\$
Balance at 1 July 2021	412,418	(936,820)	(524,402)
Surplus for the year	-	335,747	335,747
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	335,747	335,747
Balance at 30 June 2022	<u>412,418</u>	<u>(601,073)</u>	<u>(188,655)</u>
	Reserves	General funds	Total equity
	\$	\$	\$
Balance at 1 July 2022	412,418	(601,073)	(188,655)
Surplus for the year	-	214,335	214,335
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	214,335	214,335
Balance at 30 June 2023	<u>412,418</u>	<u>(386,738)</u>	<u>25,680</u>

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 2023

	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,577,097	5,485,073
Payments to suppliers and employees (inclusive of GST)		<u>(5,299,673)</u>	<u>(5,019,599)</u>
Net cash from operating activities	24	<u>277,424</u>	<u>465,474</u>
Cash flows from investing activities			
Payments for property, plant and equipment	8	<u>(106,166)</u>	<u>(154,332)</u>
Net cash used in investing activities		<u>(106,166)</u>	<u>(154,332)</u>
Cash flows from financing activities			
Repayment of lease liabilities		<u>(102,017)</u>	<u>(118,860)</u>
Net cash used in financing activities		<u>(102,017)</u>	<u>(118,860)</u>
Net increase in cash and cash equivalents		69,241	192,282
Cash and cash equivalents at the beginning of the financial year		<u>836,061</u>	<u>643,779</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>905,302</u></u>	<u><u>836,061</u></u>

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

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

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 Organisations) 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 2023, the Reporting unit has reported a surplus in net assets of \$25,680 (2022: deficiency of \$188,655). The deficiency in net assets includes the Reporting unit's investment property, recorded on a historical cost basis, at its carrying value of \$271,679 (2022: \$288,979). 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 \$1.8 million and the net assets of the Reporting unit would increase to a surplus of approximately \$1.6 million.

For the year ended 30 June 2023, the Reporting unit reported a net surplus of \$214,335 (2022: \$335,747) and has a deficit in working capital of \$1,015,945 (2022: \$985,856).

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 authorised 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.

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 1. Summary of Significant accounting policies (continued)

New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The Reporting unit 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.

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.

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 1. Summary of Significant accounting policies (continued)

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.

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:

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 1. Summary of Significant accounting policies (continued)

<i>Class of fixed asset</i>	2023	2022
Land and buildings	1 – 6 years	1 – 6 years
Plant and equipment	1 – 5 years	1 – 5 years
Motor vehicles	1 – 4 years	1 – 4 years

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 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.

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 Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 1. Summary of Significant accounting policies (continued)

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; and
- (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.

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.

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 1. Summary of Significant accounting policies (continued)

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.

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 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.

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

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:

<i>Class of fixed asset</i>	<i>2023</i>	<i>2022</i>
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.

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

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 22.

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

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

The principal or the most advantageous market must be accessible by the Reporting unit. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 1. Summary of Significant accounting policies (continued)

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.

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).

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

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

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 22) Fair Value Measurements.

Note 3. 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.

	2023	2022
	\$	\$
a. Membership subscriptions		
Membership subscriptions	4,694,585	4,619,508
b. Rental revenue		
Properties	112,859	100,960
c. Other revenue		
Referrer fees	82,894	40,126
Total revenue from contracts with customers	<u>4,890,338</u>	<u>4,760,594</u>

Note 4. Expenses

	2023	2022
	\$	\$
Employee expenses		
Holders of office:		
Wages and salaries	710,063	711,927
Superannuation	109,093	101,864
Leave and other entitlements	125,115	114,808
Other employee expenses	19,409	26,747
Payroll tax	52,140	51,073
Separation and redundancies	3,731	-
Subtotal employee expenses - holders of office	<u>1,019,551</u>	<u>1,006,419</u>
Employees other than office holders:		
Wages and salaries	1,285,396	1,232,726
Superannuation	197,514	169,590
Leave and other entitlements	165,916	157,100
Separation and redundancies	4,465	11,862
Other employee expenses	24,302	30,460
Payroll Tax	41,368	52,745
Subtotal employee expenses - employees other than office holders	<u>1,718,961</u>	<u>1,654,483</u>
	<u>2,738,512</u>	<u>2,660,902</u>

Capitation fees and other expense to another Reporting unit

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 4. Expenses (continued)

	2023	2022
	\$	\$
Capitation fees		
AWU - National Office	549,928	505,164
	<u>549,928</u>	<u>505,164</u>
	2023	2022
	\$	\$
Affiliation fees		
Australian Labor Party	67,905	62,893
Unions WA (formerly Trades and Labor Council)	-	21,546
ShopRite	6,614	6,614
	<u>6,614</u>	<u>6,614</u>
Total affiliation fees/subscriptions	<u>74,519</u>	<u>91,053</u>
Administration expenses		
	2023	2022
	\$	\$
Total paid to employers for payroll deductions of membership subscriptions		
Conference and meeting expenses	41,440	4,518
Fees/allowances - meeting and conferences	-	-
Property expenses	213,097	159,228
Office expenses	214,875	182,336
Information communications technology	9,575	9,952
Broker Fees	1,135	827
Travel and accommodation	311,113	128,809
Other	352,325	324,021
	<u>352,325</u>	<u>324,021</u>
Total administration expenses	<u>1,143,560</u>	<u>809,691</u>
No compulsory levies were paid during the year.		
Grants or donations		
	2023	2022
	\$	\$
Donations		
Total expensed that were \$1,000 or less	827	4,532
Total expensed that exceeded \$1,000	-	35,000
	<u>-</u>	<u>35,000</u>
Total grants or donations	<u>827</u>	<u>39,532</u>
	2023	2022
	\$	\$
In-Kind Donations	<u>420</u>	<u>4,706</u>
Finance costs		

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 4. Expenses (continued)

	2023	2022
	\$	\$
Interest paid	7,284	11,727
Total finance costs	<u>7,284</u>	<u>11,727</u>

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 4. Expenses (continued)

Depreciation and amortisation

	2023	2022
	\$	\$
Depreciation		
Land and buildings	17,300	17,300
Property, plant and equipment	95,499	85,766
Right-of-use assets	96,293	155,225
	<u>209,092</u>	<u>258,291</u>

Legal costs

	2023	2022
	\$	\$
Litigation	85,624	-
Other legal costs	2,149	57,359
	<u>87,773</u>	<u>57,359</u>

Other expenses

	2023	2022
	\$	\$
Bank charges	46,116	43,492
Other expenses	194,666	197,611
	<u>240,782</u>	<u>241,103</u>

Note 5. Current assets - cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank	904,911	835,670
Cash at hand	391	391
	<u>905,302</u>	<u>836,061</u>

Note 6. Current assets - trade and other receivables

	2023	2022
	\$	\$
Trade receivables	204,699	223,993
GST receivable from the Australian Taxation Office	-	112
Other receivables	84,695	57,116
Less: Allowance for expected credit losses	(9,000)	(9,000)
	<u>280,394</u>	<u>272,221</u>

Allowance for expected credit losses

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 6. Current assets - trade and other receivables (continued)

There was no allowance for expected credit losses of trade and other receivables for the year ended 30 June 2023 (30 June 2022: nil).

Note 7. Non-current assets - other investments

	2023 \$	2022 \$
Other investments	416,950	165,000

Note 8. Non-current assets - property, plant and equipment

	2023 \$	2022 \$
Equipment - at cost	377,119	359,489
Less: Accumulated depreciation	(357,736)	(338,437)
	<u>19,383</u>	<u>21,052</u>
Furniture and fittings - at cost	592,895	549,969
Less: Accumulated depreciation	(501,946)	(481,518)
	<u>90,949</u>	<u>68,451</u>
Motor vehicles - at cost	548,848	503,238
Less: Accumulated depreciation	(319,409)	(263,637)
	<u>229,439</u>	<u>239,601</u>
Total property, plant and equipment	<u><u>339,771</u></u>	<u><u>329,104</u></u>

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 2022	21,052	68,451	239,601	329,104
Additions	17,630	42,926	45,610	106,166
Disposals	-	-	-	-
Depreciation expense	(19,299)	(20,428)	(55,772)	(95,499)
Balance at 30 June 2023	<u>19,383</u>	<u>90,949</u>	<u>229,439</u>	<u>339,771</u>

Note 9. Non-current assets - right-of-use assets

	2023 \$	2022 \$
Right-of-use assets	646,669	618,261
Less: Accumulated depreciation	(567,115)	(470,822)
	<u>79,554</u>	<u>147,439</u>

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 9. Non-current assets - right-of-use assets (continued)

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
	\$
Balance at 1 July 2022	147,439
Additions	28,408
Depreciation expense	<u>(96,293)</u>
Balance at 30 June 2023	<u><u>79,554</u></u>

Note 10. Non-current assets - land and buildings - investment property

	2023	2022
	\$	\$
Cost	865,000	865,000
Accumulated depreciation	<u>(593,321)</u>	<u>(576,021)</u>
Total land and buildings - investment property	<u><u>271,679</u></u>	<u><u>288,979</u></u>

Reconciliation

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

	Land and building -
	investment property
	\$
Balance as on 1 July 2022	288,979
Additions	-
Depreciation	<u>(17,300)</u>
Balance as on 30 June 2023	<u><u>271,679</u></u>

The investment property is subject to a registered charge.

Note 11. Current liabilities - trade and other payables

	2023	2022
	\$	\$
Trade and other creditors	252,833	318,920
Accrued expenses	134,510	96,704
GST payable from the Australian Taxation Office	167	-
Legal costs payable		
Litigation	-	-
Other legal costs	<u>-</u>	<u>-</u>
Subtotal trade creditors	<u><u>387,510</u></u>	<u><u>415,624</u></u>

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 11. Current liabilities - trade and other payables (continued)

	2023	2022
	\$	\$
<i>Payables to other Reporting unit</i>		
Payable to AWU - National	67,882	362,855
Subtotal payables to other Reporting unit	<u>67,882</u>	<u>362,855</u>
	2023	2022
	\$	\$
Total trade and other payables	<u>455,391</u>	<u>778,479</u>

Settlement is usually made within 30 days.

Note 12. Current liabilities - lease liabilities

	2023	2022
	\$	\$
Lease liability	<u>84,444</u>	<u>83,974</u>

Note 13. Current liabilities - employee provisions

	2023	2022
	\$	\$
Annual leave	340,256	344,850
Long service leave	397,881	340,451
Other	-	1,649
	<u>738,137</u>	<u>686,950</u>

The current employee provisions are made up of the following:

	2023	2022
	\$	\$
Holders of office:		
Annual leave	122,282	156,904
Long service leave	260,148	227,125
Other	-	-
Total current employee benefits - holders of office	<u>382,430</u>	<u>384,029</u>
Employees other than office holders:		
Annual leave	217,974	187,946
Long service leave	137,733	113,326
Other	-	1,649
Total current employee benefits - employees other than office holders	<u>355,707</u>	<u>302,921</u>
Total current liabilities - employee provisions	<u>738,137</u>	<u>686,950</u>

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 14. Current liabilities - other payables

	2023	2022
	\$	\$
Prepayments received/unearned revenue	<u>923,669</u>	<u>544,735</u>

Note 15. Non-current liabilities - lease liabilities

	2023	2022
	\$	\$
Lease liability	<u>42,720</u>	<u>116,799</u>

Note 16. Non-current liabilities - employee provisions

	2023	2022
	\$	\$
Long service leave	<u>23,609</u>	<u>16,522</u>

The non-current employee provisions are made up of the following:

	2023	2022
	\$	\$
Holders of office:		
Long service leave	7,056	-
Total non-current employee benefits - holders of office	<u>7,056</u>	<u>-</u>
Employees other than office holders:		
Long service leave	16,553	-
Total non-current employee benefits - employees other than office holders	<u>16,553</u>	<u>-</u>
Total non-current liabilities - employee provisions	<u>23,609</u>	<u>-</u>

Note 17. Equity - reserves

	2023	2022
	\$	\$
Capital reserves	72,750	72,750
Asset revaluation reserve	237,146	237,146
Long service leave reserve	<u>102,522</u>	<u>102,522</u>
	<u>412,418</u>	<u>412,418</u>

Note 18. Contingent liabilities, assets and commitments

The Reporting unit has estimated a contingent liability of \$10,000 as at 30 June 2023 (2022: \$nil).

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:

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 18. Contingent liabilities, assets and commitments (continued)

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 ended 14 October 2022.
Unit 4 This is a two-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:

	2023 \$	2022 \$
Within One year	66,764	109,798
After one year but no more than 5 years	89,502	226,872
More than 5 years	-	-
Total	156,266	336,670

Note 19. Related party disclosures

Related party transactions for the reporting period

Amounts totalling \$151,665 (2022: \$141,726) 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.

	2023 \$	2022 \$
<i>Expenses paid to AWU National Office includes the following:</i>		
Rent	61,600	73,920
Combined head office fees	840,142	642,368
Other	270,562	347,707
	1,172,304	1,063,995

Terms and conditions of transactions with related parties

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

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 19. Related party disclosures (continued)

Key management personnel remuneration for the reporting period

	2023	2022
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	259,013	252,439
Annual leave accrued	18,230	18,231
Total short-term employee benefits	<u>277,243</u>	<u>270,670</u>
	2023	2022
	\$	\$
Post-employment benefits:		
Superannuation	33,653	32,154
Total post-employment benefits	<u>33,653</u>	<u>32,154</u>
	2023	2022
	\$	\$
Other long-term benefits:		
Long-service leave	149,146	137,296
Total post-employment benefits	<u>149,146</u>	<u>137,296</u>

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Reporting unit:

	2023	2022
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit of the financial statements	<u>35,600</u>	<u>31,010</u>
<i>Other services - Grant Thornton Audit Pty Ltd</i>		
Assistance with the compilation of financial statement	<u>5,600</u>	<u>5,410</u>
	<u>41,200</u>	<u>36,420</u>

Note 21. Financial instruments

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

- Credit risk;
- Liquidity risk; and
- 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.

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 21. 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

	2023	2022
	\$	\$
Financial assets		
Loans and receivables:		
Cash and cash equivalents	905,302	836,061
Trade and other receivables	280,394	272,221
Total	<u>1,185,696</u>	<u>1,108,282</u>
Fair value through profit or loss:		
Investments	416,950	165,000
Carrying amount of financial assets	<u>1,602,646</u>	<u>1,273,282</u>
	2023	2022
	\$	\$
Financial liabilities		
Other financial liabilities:		
Trade payables	455,391	778,479
Other payables	923,669	544,735
Total	<u>1,379,060</u>	<u>1,323,214</u>
Carrying amount of financial liabilities	<u>1,379,060</u>	<u>1,323,214</u>
Net income and expense from financial assets and liabilities		
	2023	2022
	\$	\$
Amortised cost		
Interest revenue	-	65
Interest expense	(7,284)	(11,727)
Net gain / (loss) from financial assets and liabilities	<u>(7,284)</u>	<u>(11,662)</u>

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 21. 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 summarised below.

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

	2023 \$	2022 \$
Financial assets		
Cash and cash equivalents	905,302	836,061
Trade and other receivables	280,394	272,221
Investments	416,950	165,000
Total	<u>1,602,646</u>	<u>1,273,282</u>

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 2023	Past Due or Impaired 2023	Not Past Due Nor Impaired 2022	Past Due or Impaired 2022
Trade receivables	204,699	-	223,993	-
Total	<u>204,699</u>	<u>-</u>	<u>223,993</u>	<u>-</u>

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 2023.

	On demand \$	1 year \$	1 - 2 years \$	2 - 5 years \$	> 5 years \$	Total \$
Trade payables	-	455,391	-	-	-	455,391
Other payables	-	923,669	-	-	-	923,669
Total	<u>-</u>	<u>1,379,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,379,060</u>

Contractual maturities for financial liabilities 2022

	On demand \$	1 year \$	1 - 2 years \$	2 - 5 years \$	> 5 years \$	Total \$
Trade payables	-	778,479	-	-	-	778,479
Other payables	-	544,735	-	-	-	544,735
Total	<u>-</u>	<u>1,323,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,323,214</u>

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 21. Financial instruments (continued)

Lease liability maturities

2023	On demand \$	1 year \$	1-2 years \$	2-5 years \$	>5 years \$	Total \$
Property	-	65,136	27,140	-	-	92,276
Motor vehicles	-	10,265	-	-	-	10,265
Other equipment	-	12,404	8,880	3,700	-	24,984
	-	87,805	36,020	3,700	-	127,525
2022	On demand \$	1 year \$	1 - 2 years \$	2 - 5 years \$	> 5 years \$	Total \$
Property	-	111,878	114,199	63,990	-	290,067
Motor vehicles	-	10,853	-	-	-	10,853
Other equipment	-	14,557	11,655	12,211	-	38,423
Total	-	137,288	125,854	76,201	-	339,343

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 2023

	Risk variable	Change in risk variable %	Effect on Profit and loss \$	Effect on Equity \$
Interest rate risk	-	0.50%	4,527	-
Interest rate risk	-	(0.50%)	4,527	-

Sensitivity analysis of the risk that the Reporting unit is exposed to for 2022

	Risk variable	Change in risk variable %	Profit and loss \$	Equity \$
Interest rate risk	-	0.50%	4,180	-
Interest rate risk	-	(0.50%)	(4,180)	-

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 22. 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; or
- 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 2023 \$	Fair value 2023 \$	Carrying amount 2022 \$	Fair value 2022 \$
Financial assets				
Cash and cash equivalents	905,302	905,302	836,061	836,061
Trade and other receivables	280,394	280,394	272,221	272,221
Investments	416,950	416,950	165,000	165,000
Total	1,602,646	1,602,646	1,273,282	1,273,282
	Carrying amount 2023 \$	Fair value 2023 \$	Carrying amount 2022 \$	Fair value 2022 \$
Financial liabilities				
Trade payables	455,391	455,391	778,479	778,479
Other payables	923,669	923,669	544,735	544,735
Total	1,379,060	1,379,060	1,323,214	1,323,214

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 2023

	Date of Valuation	Level 1 \$	Level 2 \$	Level 3 \$
Investments	30 June 2023	-	416,950	-
Total		-	416,950	-

Fair value hierarchy - 30 June 2022

	Date of valuation	Level 1 \$	Level 2 \$	Level 3 \$
Investments	30 June 2022	-	165,000	-
Total		-	165,000	-

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 22. Fair value measurement (continued)

There were no transfers between classes during the year ended 30 June 2023.

Reconciliation of Level 2 fair values

	2023 \$	2022 \$
Balance as at 1 July	416,950	165,000
Total	<u>416,950</u>	<u>165,000</u>

Sensitivity analysis

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

	Effect on Change in risk variable %	Effect on Profit and loss \$	Effect on Equity \$
2023			
Net value of the entity to which the investment is	20.00%	83,390	-
Net value of the entity to which the investment is	(20.00%)	83,390	-
	Effect on Change in risk variable %	Effect on Profit and loss \$	Effect on Equity \$
2022			
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 23. Section 272 Fair Work (Registered Organisations) Act 2009

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

Information to be provided to members or 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).

The Australian Workers' Union, West Australian Branch
Notes to the financial statements
30 June 2023

Note 24. Reconciliation of surplus to net cash from operating activities

	2023	2022
	\$	\$
Surplus for the year	214,335	335,747
<i>Adjustments for:</i>		
Finance costs	7,284	11,727
Historical write-off	-	(50,089)
Depreciation and amortisation	209,092	258,291
Net loss on disposal of property, plant and equipment	-	5,205
Gain on revaluation of investment	(251,950)	-
<i>Change in operating assets and liabilities:</i>		
Increase in trade and other receivables	(8,162)	(80,739)
Increase/(decrease) in trade and other payables	48,551	(62,246)
Increase in other provisions	58,274	47,578
Net cash from operating activities	<u>277,424</u>	<u>465,474</u>

Note 25. Events after the reporting period

There has not been any matter or circumstance occurring 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.

**The Australian Workers' Union, West Australian Branch
Officer declaration statement
30 June 2023**

Officer declaration statement

I, Bradley Gandy, being the secretary of the The Australian Workers' Union, West Australian Branch, declare that the following activities did not occur during the reporting period ending 30 June 2023.

- RG 12 - acquire an asset or liability due to amalgamation under Part 2 of the Chapter 3 RO Act, restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission;
- RG 13 - revenue received from capitation fees, compulsory levies or voluntary contributions, donations and revenue from undertaking recovery of wages activity;
- RG 14 (k) - penalties imposed under RO Act and the Fair Work Act 2009;
- RG 15 (a) - receivables from other reporting units;
- RG 16 (b) - payables to employers for making payroll deductions of membership subscriptions;
- RG 17 - have a fund or account for compulsory levies voluntary contributions or required by the rules of the organisation or branch, transfers and withdrawals from these funds and investments in any asset(s);
- RG 18 - cash inflow(s) or outflow(s) to other reporting unit(s);
- RG 19 - have another entity administer the financial affairs of the reporting unit;
- RG 20 - make a payment to a former related party of the reporting unit

Signature of designated officer:



Bradley Gandy
AWU WA Branch Secretary

15 September 2023