

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2019**

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**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF NATIONAL UNION OF WORKERS NSW BRANCH**

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of National Union of Workers NSW Branch (the Reporting Unit), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 30 June 2019, notes to the financial statements, including a summary of significant accounting policies; and the Committee of Management Statement, the subsection 255(2A) Report and the officer declaration statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of National Union of Workers NSW Branch as at 30 June 2019, 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).

The scope of our work did extend to the recovery of wages activity, However as noted in the Committee of Management Statement, no such activity was undertaken during the reporting period.

Emphasis of Matter Regarding Liquidation Valuation Basis

Without qualifying the opinion expressed above, attention is drawn to Note 1 in the financial report which states that the report of the Reporting Unit has been prepared on a liquidation basis, given the members of both the National Union of Workers and United Voice have agreed to amalgamate to form the United Workers Union. The assets and liabilities of the Branch have been measured at their estimated net realisable value and expected settlement amounts respectively.

Emphasis of Matter Description of Relationship

Without qualifying the opinion expressed above, attention is drawn to Note 3 in the financial report which describes the relationship between the National Union of Workers NSW Branch (the organisation) and an associated state body the National Union of Workers, NSW Branch (the association) pursuant to the section 202 agreement referred in to the note. The organisation includes as an asset in its financial report 50% of the value of property situated at 3-5 Bridge Street Granville NSW.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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. With regard to this matter refer Note 1 and Note 2.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern. Refer Note 1 and Note 2.
- 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. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

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

Conroy Audit & Advisory



Principal: David Conroy FCA

Address: Level 2, 154 Elizabeth St Sydney NSW 2000

Dated : 23 December 2019

Registration number AA2017/60 (as registered by the RO Commissioner under the RO Act).

Officer declaration statement

I, Tim Kennedy, being the National Secretary of the United Workers' Union declare that the following activities did not occur during the reporting period ending 30/6/2019.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive periodic or membership subscriptions
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive donations or grants
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay affiliation fees to other entity
- pay compulsory levies
- pay a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay a donation that was \$1,000 or less
- pay a donation that exceeded \$1,000
- pay wages and salaries to holders of office
- pay superannuation to holders of office
- pay leave and other entitlements to holders of office
- pay separation and redundancy to holders of office
- pay other employee expenses to holders of office
- pay wages and salaries to employees (other than holders of office)
- pay superannuation to employees (other than holders of office)
- pay leave and other entitlements to employees (other than holders of office)
- pay separation and redundancy to employees (other than holders of office)
- pay other employee expenses to employees (other than holders of office)
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- incur expenses due to holding a meeting as required under the rules of the organisation
- pay legal costs relating to litigation
- pay legal costs relating to other legal matters
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a payable in respect of legal costs relating to litigation
- have a payable in respect of legal costs relating to other legal matters
- have an annual leave provision in respect of holders of office
- have a long service leave provision in respect of holders of office
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have an annual leave provision in respect of employees (other than holders of office)
- have a long service leave provision in respect of employees (other than holders of office)
- have a separation and redundancy provision in respect of employees (other than holders of office)
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have a balance within the general fund
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:



Dated: 23 December 2019

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
 REPORT REQUIRED UNDER SUBSECTION 255(2A)
 FOR THE YEAR ENDED 30 JUNE 2019**

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2019

Categories of expenditures		2019	2018
Remuneration and other employment-related costs and expenses - employees		\$ -	\$ -
Advertising		\$ -	\$ -
Operating costs		\$ -	\$ -
Donations to political parties		\$ -	\$ -
Legal costs		\$ -	\$ -

Signature of prescribed designated officer:



Name of prescribed designated officer: Tim Kennedy

Title of prescribed designated officer: National Secretary

Date: 23 December 2019

NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH

OPERATING REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Committee of Management presents its reports on the reporting unit for the financial year ended 30 June 2019.

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 Branch were to improve the wages and working conditions of its members. This was undertaken through bargaining with employers, maintaining the content of modern awards and by appearing before industrial tribunals, principally the Fair Work Commission.

Decisions of the Branch Committee of Management were implemented in furtherance of the above during the reporting period.

The reporting unit did not undertake any recovery of wages activity in the financial year.

Significant Changes in financial affairs

On 30 August 2019, members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union. A copy of the decision of the amalgamation ballot conducted by the Australian Electoral Commission are available at www.fwc.gov.au/cases-decisions-orders/major-cases/united-voice-national-union-workers-proposed-amalgamation.

The Fair Work Commission (FWC) at the conclusion of a hearing on 1 October 2019 to determine an amalgamation date for the United Workers Union pursuant to s73 of the Fair Work (Registered Organisations) Act 2009 fixed the date as 11 November 2019. [2019 FWC 6756] A copy of the decision of FWC can be viewed at the Union's website – www.nuw.org.au/your-union.

As a result, these financial statements have been prepared on a liquidated basis, as the reporting unit will not continue to operate post amalgamation. As a result, the Branch's assets and liabilities have been recorded at their fair value.

No other significant changes in the financial affairs of the Branch's operations have occurred during the year.

After Balance Date Events

As detailed in Note 2, the members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union (expected to commence from November 2019).

The financial affairs of the reporting unit are encompassed by an associated State body, as defined at s269 *Fair Work (Registered Organisations) Act 2009* (Cth) (**RO Act**) being the National Union of Workers, New South Wales Branch (**the Association**).

An agreement pursuant to s202 of the then *Industrial Relations Act 1988* (Cth) was executed between the Association and the National Union of Workers (D3007S of 1992). (**the agreement**) The agreement provides that all persons who are members of the Association are also entitled to membership of the New South Wales branch of the organisation;

The agreement also makes provisions in relation to some of the financial affairs of the Association.

Relevantly, the agreement provides that;

“All moneys received by the union and/or the organisation by way of entrance fees, membership contributions, levies, fines or otherwise shall vest in the union and/or the organisation pursuant to the rules of the union and/or the organisation ”

For the purposes of the above reference to “union” means the Association and reference to the “organisation” means the reporting unit.

Rules 7, 13, 14, 15 of the Association’s rules and Rules 33 and 71 of the reporting unit rules deal with the above matters.

The agreement also makes provision in relation to property;

“....All real property situated in NSW held in the name of the union (or any of its constituent State unions prior to amalgamation) or the organisation (or any of its previously constituent NSW Branches) shall be henceforth held by and in the name of and for the benefit of both the union and the organisation as tenants in common and in equal shares.”

For the purposes of the above reference to “union” means the Association and reference to the “organisation” means the reporting unit.

In preparing this report, the Committee of Management has determined that the general purpose report include the property located at 3 -5 Bridge Street, Granville, New South Wales as an asset of both the reporting unit and the Association equally.

During the reporting period:

- There was no service agreement between the Association and the organisation;
- All financial transactions were conducted by the Association;
- The Association did not employ persons nor engage contractors or the providers of goods and services.

Rule 44.10 of the Association's Rules provide for the payment of sustentation fees to the National Office of the organisation. All sustentation fees were paid by the Association.

On 1 October 2019 the Fair Work Commission terminated the agreement and approved agreements between the organisation and the Association under s151 and 152 of the RO Act. (2019 FWC 6759 and 2019 FWC 6762)

As at 30 June 2019, the Association:

- was registered under the *Industrial Relations Act 1996* (NSW) which is a prescribed State Act; [s296(1)(a) – RO Act];
- was composed of substantially the same members of the reporting unit [s269(1)(b) - RO Act]; and
- had officers who are substantially the same as designated officers in relation to the reporting unit; [s269(1)(c) – RO Act]

In preparing the annual financial report the Association has also prepared an annual financial report under the prescribed State Act.

The organisation intends applying to the Registered Organisation Commission for a certificate to the reporting unit under s269(2)(a) of the RO Act

Rights of Members to resign

All members have the right to resign from the Union in accordance with Rule 59 of the Union Rules (and section 174 of the Fair Work (Registered Organisations) Act 2009); namely by providing written notice addressed and delivered to the Secretary of the Branch, including via email.

Officers & employees who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

No officers and/or members of the Branch are directors of the companies that are trustees of superannuation funds which require one or more of their directors to be a member of a registered organisation.

Number of members

The number of persons that were at the end of the financial year recorded in the register of members for the purpose of Section 230 of Fair Work (Registered Organisations) Act 2009 and who are taken to be members of the Branch under Section 244 of the Fair Work (Registered Organisations) Act 2009 was eleven thousand and eighty eight (11,088).

Number of employees

The number of persons who were at the end of the financial year employees of the Branch including both full-time and part-time employees measured on a full-time equivalent basis was Nil.

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

The names of the Branch Committee of Management (BCOM) in office at any time during the financial year are:

Name	Office
Sharon Morris	President
Jason Perry	Vice President
Martin Cartwright	Branch Secretary
Bruno Mendonca	Assistant Branch Secretary
Terry McQuillan	Trustee (from 3 September 2018)
John Anderson	Trustee (until 3 September 2018)
Geoff Pearson	Trustee (from 3 September 2018)
Kelly Ann Henry	Trustee (from 3 September 2018)
Russell Gibbons	Committee of Management Member (until 3 September 2018)
Geoff Pearson	Committee of Management Member (until 3 September 2018)
Rahge Ibrahim	Committee of Management Member (from 3 September 2018)
Christopher Dundon	Committee of Management Member (from 3 September 2018)
Ian Dixon	Committee of Management Member (from 3 September 2018)
Adam Lord	Committee of Management Member (from 3 September 2018)
Patrick Luxford	Committee of Management Member
Colin Minns	Committee of Management Member
Lance Nicholson	Committee of Management Member (until 3 September 2018)
Jeffrey Pearling	Committee of Management Member (until 3 September 2018)
John Rowbotham	Committee of Management Member
Sherelle Roberts	Committee of Management Member
Guven Yagci	Committee of Management Member
Shuang Hagrebert	Committee of Management Member (from 22 December 2018)
Rhonda Seychell	Committee of Management Member (from 22 December 2018)
Anthony Oldfield	Committee of Management Member (from 22 December 2018)

Except where otherwise noted all persons were members of the committee for the entire reporting period.

Elections for new offices were conducted in May 2018 by the Australian Electoral Commission (E2018/25) with new and re-elected officers commencing their term on 3 September 2018.

Elections for casual vacancies and unfilled offices were conducted by the Australian Electoral Commission (E2018/189 and E2018/196) with elected officers commencing their term on 22 December 2018.

Remuneration and Disclosures

As required under the Amendment Act, the Branch has filed an Officers Disclosure Statement with Registered Organisations Commission. The statement will also be posted on the Unions website. This replaces the previous disclosures on remuneration that otherwise would be contained in the annual financial report.

Officers whose office provided for remuneration received such remuneration from the Association in connection with the performance of their duties. Rule 68(c) prohibits officers undertaking external or secondary employment without the permission of the Branch Committee of Management.

The Branch maintains a register of interests of all officers and observes procedures for dealing with conflicts of interests in accordance with the provisions of the Amendment Act.

All officers in accordance with Rule 14D are required to undertake approved training within six months of assuming office. In accordance with the guidelines issued by the Registered Organisations Commission, officers who are re-elected to the same office are not required to undertake approved training (FS018). A register of participation in approved training is maintained by the Union.

Costs associated with the delivery of the training and attendance are met by the Union.

Additional Information

Members wishing to obtain additional information or detail on any of these matters may do so by contacting the Union on 1300 275 689 or by email – **info@nuw.org.au**

Signature of prescribed designated officer:



Name of prescribed designated officer: Tim Kennedy

Title of prescribed designated officer: National Secretary

Date: 23 December 2019

NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

On 23 December 2019, the National Executive of the United Workers' Union passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2019:

The Committee of Management declares that in its opinion:

- a) the financial statements and notes comply with the Australian Accounting Standards;
- b) the financial statements and notes comply with 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 GPRF relates 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 National Union of Workers, New South Wales Branch have been kept and maintained in accordance with the rules of the organisation including the rules of the branch concerned; and
 - iii) the financial records of the National Union of Workers, New South Wales Branch have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to 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 Commissioner duly made under section 272 of the Fair Work (Registered Organisations) Act 2009, that information has been provided to the member or Commissioner; and
 - vi) where any order for inspections of financial records has been made by the Fair work Commission under section 273 of the Fair Work (Registered Organisations) Act 2009, there has been compliance.

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

Signature of prescribed designated officer:



Name of prescribed designated officer: Tim Kennedy

Title of prescribed designated officer: National Secretary Date: 23 December 2019

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
REVENUE		-	-
TOTAL REVENUE		-	-
EXPENSES			
Depreciation and amortisation	3	22,230	22,230
TOTAL EXPENSES		22,230	22,230
(DEFICIT) BEFORE TAX FOR THE YEAR		- 22,230	- 22,230

The above statement should be read in conjunction with the notes

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019	2018
ASSETS			
CURRENT ASSETS			
Land and buildings	3	2,198,310	-
TOTAL CURRENT ASSETS		<u>2,198,310</u>	<u>-</u>
NON-CURRENT ASSETS			
Land and buildings	3	-	2,220,540
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>2,220,540</u>
TOTAL ASSETS		<u>2,198,310</u>	<u>2,220,540</u>
LIABILITIES			
CURRENT LIABILITIES			
TOTAL CURRENT LIABILITIES		<u>-</u>	<u>-</u>
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>-</u>	<u>-</u>
NET ASSETS		2,198,310	2,220,540
EQUITY			
General fund	-	44,460	- 22,230
Revaluation reserve		2,242,770	2,242,770
TOTAL EQUITY		2,198,310	2,220,540

The above statement should be read in conjunction with the notes

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

Consolidated	Notes	General funds \$	Revaluation reserve \$	Total equity \$
Balance as at 1 July 2017		-	2,242,770	2,242,770
Surplus/(deficit)	-	22,230	-	- 22,230
Closing balance as at 30 June 2018	-	<u>22,230</u>	<u>2,242,770</u>	<u>2,220,540</u>
Surplus/(deficit)	-	22,230	-	- 22,230
Closing balance as at 30 June 2019	-	<u><u>44,460</u></u>	<u><u>2,242,770</u></u>	<u><u>2,198,310</u></u>

The above statement should be read in conjunction with the notes

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
OPERATING ACTIVITIES			
The reporting unit had no operating activities and no bank accounts during the year			
<i>Cash received</i>		-	-
<i>Cash used</i>		-	-
Net cash from (used by) operating activities		-	-
Net increase in cash held		-	-
Cash & cash equivalent at the beginning		-	-
Cash & cash equivalent at the end		-	-

The above statement should be read in conjunction with the notes

Index to the Notes of the Financial Statements

- Note 1 Summary of significant accounting policies
- Note 2 Events after the reporting period
- Note 3 Current assets / Non-current assets
- Note 4 Section 272 *Fair Work (Registered Organisations) Act 2009*
- Note 5 Fair value hierarchy
- Note 6 Taxation

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1 Summary of Significant Accounting Policies

The principal place of business for the National Union of Workers New South Wales Branch (the Union) is 3-5 Bridge Granville NSW.

Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisation) Act 2009. For the purpose of preparing the general purpose financial statements, the National Union of Workers New South Wales Branch is a not-for-profit entity.

Liquidated Basis of Preparation

As referred to in the Operating Report, on 30 August 2019, members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union.

Due to the intention to amalgamate and therefore no longer operate out of the Branch, the Committee of Management have determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate.

Accordingly the financial statements are not prepared on a going concern basis. The Committee of Management have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that 'when the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern'.

Impact of adopting the liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report .

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable on disposal less restructure and liquidation costs as detailed in the accounting policies noted below. The liquidation value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognised in profit or loss.

Under the liquidation basis of accounting, all assets and liabilities are classified as current. In adopting the liquidation basis, the Committee of Management have continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant to the liquidation basis, and have modified them where this is considered appropriate. In particular, the financial report does not include all of the disclosures required by the following standards on the basis that the disclosures are not considered relevant for decision-making by users as described below:

- **AASB 5 Non-current Assets Held for Sale and Discontinued Operations**

Given that the entire reporting unit is to be discontinued, the disclosures under AASB 5 that separate between continuing and discontinuing operations are not considered relevant to users.

- **AASB 7 Financial Instruments: Disclosures**

The information on exposures to financial risks are not considered relevant to users given that the financial risk exposures are not representative of the risks that will exist going forward.

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation.

Comparative information has not been restated, and is measured and presented on a going concern basis.

Significant accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the reporting unit's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in below:

The preparation of financial statements requires estimates and assumptions concerning the application of accounting policies to be made by the reporting unit. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Liquidation value and liquidation expenses

Under the liquidation basis of accounting, assets and liabilities are measured at liquidation value. The liquidation value of assets and liabilities is the estimated value for which assets are realised and liabilities settled.

**NATIONAL UNION OF WORKERS NEW SOUTH WALES BRANCH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

Comparative amounts

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

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.

A contingent liability exists in connection with an investigation commenced by the Registered Organisation Commission (ROC) into the events leading up to the Trade Union Royal Commission as they impacted on the Branch for the period up to December 2015 when the Royal Commissions finding were handed down. The ROC investigation was on going at the date of this report.

Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchase of land, buildings, plant & equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost if dismantling and removing the item and restoring the site on which it is located.

Revaluations - Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulation depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revaluated amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the 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:

	2019	2018
Land & buildings	40 years	40 years

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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.

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 to sell 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 placed if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Non current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Fair Value Measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union 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.

Amalgamation

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

The Union's decision to amalgamate affects the preparation of the financial report on a going concern basis (refer Note 1 and Note 2).

2 Event after the reporting period

On 30 August 2019, members of both the National Union of Workers and United Voice voted to amalgamate and create the United Workers Union. A copy of the declarations of the amalgamation ballot conducted by the Australian Electoral Commission are available at www.fwc.gov.au/cases-decisions-orders/major-cases/united-voice-national-union-workers-proposed-amalgamation. Under the proposed structure, all reporting units of the National Union of Workers (80V) and United Voice (108V) (with the exception of the National Council) are to be abolished. Under the scheme, the following is to occur:

1. All assets and liabilities of the National Union of Workers' including the New South Wales Branch and United Voice will be transferred into the United Workers Union National Council.
2. United Voice – National Council is to be renamed the United Workers' Union.
3. Officers of both the former National Union of Workers and United Voice will be transferred into the new offices of the United Workers Union.
4. Members of the former National Union of Workers and United Voice will become members of the United Workers Union.
5. Employees of the National Union of Workers and United Voice will become employees of the United Workers Union.

A copy of the rules of the United Workers' Union which include at Schedule 5 the transitional matters is available on request.

Upon the amalgamation date the United Workers' Union will commence operations, resulting in the existing National Union of Workers and United Voice reporting units to cease operations.

The Committee of Management NSW branch no longer exists and all offices were abolished.

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	2019		2018
	\$		\$
3 Current Assets / Non-Current Assets			
	Current		Non-Current
Land & Buildings	\$		\$
Land and buildings:			
fair value	2,242,770		2,242,770
accumulated depreciation	- 44,460	-	22,230
Total land & buildings	<u>2,198,310</u>		<u>2,220,540</u>
 Reconciliation of the Opening and Closing Balances of Land and Buildings			
As at 1 July			
Gross book value	2,242,770		2,242,770
Accumulated depreciation and impairment	- 22,230		-
Net book value 1 July	<u>2,220,540</u>		<u>2,242,770</u>
Depreciation expense	- 22,230	-	22,230
Net book value 30 June	<u>2,198,310</u>		<u>2,220,540</u>
 Net book value as of 30 June represented by:			
Gross book value	2,242,770		2,242,770
Accumulated depreciation and impairment	- 44,460	-	22,230
Net book value 30 June	<u>2,198,310</u>		<u>2,220,540</u>

The revalued land and buildings consist of 50% of \$4,530,000 being the fair value of Land and Buildings situated at 3-5 Bridge St, Granville NSW. Management determined that these constitute one class of asset under AASB 13, Fair value standard based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for the difference in the nature, location or condition of the specific property. As at the date of revaluation, 31 December 2016, the properties' fair values are based on valuations performed by Craig Ray AAPI/Certified Valuer.

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

5

Fair value hierarchy 30 June 2019

Assets measured at fair value	Level 1	Level 2	Level 3
Land and buildings:	2,198,310	-	-
	2,198,310	-	-

6 Taxation

The Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997. and has no obligation for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).