

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

ABN 60 964 355 298

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
COMMITTEE OF MANAGEMENT'S OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Operating Report

In accordance with section 254 of the *Fair Work (Registered Organisations) Act 2009* ("Act") the Committee of Management ("the Committee") presents its Operating Report on the Australian Federated Union of Locomotive Employees ("the Union"), for the year ended 30 June 2019.

Principal Activities

The principal activity of the Australian Federated Union of Locomotive Employees is operating as a registered organisation of employees, comprising persons employed in the training running grade in Queensland.

The Union gives this effect to this principal activity by:

- (a) Advising members regarding their conditions of employment, rights and entitlements pursuant to the governing industrial relations regulation.
- (b) Advising members regarding their entitlements and obligations pursuant to the applicable occupational health and safety legislation and applicable workers' compensation legislation.
- (c) Representing members during bargaining for union collective agreements
- (d) Advocating for improvements to industrial legislation and legislation pertaining specifically to train running.
- (e) Representing members during workplace investigations and disciplinary hearings.
- (f) Representing members and the Union before industrial tribunals.
- (g) Having carriage of, and protecting the rules of the Union.
- (h) Having carriage of the records and accounts of the Union.

Operating Results

The deficit for the financial year amounted to \$353.

Significant Changes in Financial Affairs

A review of the operations of the Union during the financial year found that there was no significant change in the financial affairs of the Union's operations during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations or the state of affairs of the Union in future financial years.

Future Developments

Likely developments in the operations of the Union or the expected result of those operations in future financial years have not been included in this report as such information is likely to result in unreasonable prejudice to the Union.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Wages Recovery Activity

The Union continuously undertakes recovery of wages on behalf of members. It is Union policy that any successful wage recovery from employers is paid directly to those effected members. As a result, no wage recovery activity is accounted through via the Union's bank accounts and therefore not reflected in these financial statements.

Members Right to Resign

All members have the right to resign from the Union in accordance with Rule 6 - Resignation of Membership (and Section 174 of the Act); namely, by providing written notice addressed and delivered to the Secretary of the Union.

Membership of the Union

Total number of members as at 30 June 2019: 1,139.

Employees of the Union

The number of persons who were, at the end of the period to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees measured on a full-time equivalent basis is 3.0.

Members of the Committee of Management

The name of each person who has been a member of the Committee of Management of the Union at any time during the reporting period, and the period for which he or she held such a position is as follows:

Name	Period of Appointment	Position
Greg Smith	01/07/18 – 25/07/18	State Secretary
Michael McKittrick	26/07/18 – 30/06/19	State Secretary
Warren Hinds	01/07/18 – 30/06/19	State President
Glen McGaw	01/07/18 – 30/06/19	State Vice-President
Renny Eyears	01/07/18 – 30/06/19	Trustee
Patrick Lord	01/07/18 – 30/06/19	No. 1 Divisional Councillor
Ian Martin	01/07/18 – 30/06/19	No. 2 Divisional Councillor
Stewart Rach	01/07/18 – 30/06/19	No. 3 Divisional Councillor
John Pedersen	01/07/18 – 30/06/19	No. 4 Divisional Councillor
Ian Casey	01/07/18 – 22/03/19	No. 5 Divisional Councillor
James Melgert	01/07/18 – 30/06/19	No. 6 Divisional Councillor
Kevin Voll	01/07/18 – 30/06/19	No. 7 Divisional Councillor

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Officers or Members who are Superannuation Fund Trustees/ Directors of a Company that is a Superannuation Fund Trustee

No officer or member of the Union hold a position of trustee or director of an entity, scheme or company as described in s.254 (2) (d) of the *Fair Work (Registered Organisations) Act 2009*, where a criterion of such entity is that the holder of such position must be a member or official of a registered organisation.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 6.

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:



Michael McKittrick
State Secretary

27 November 2019

South Brisbane

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE COMMITTEE OF MANAGEMENT OF THE
AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES**

As lead auditor for the audit of the Australian Federated Union of Locomotive Employees for the year ended 30 June 2019; I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

M.G.F.

MGI Audit Pty Ltd



G I Kent

Director – Audit & Assurance

South Brisbane

27 November 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

On 27 November 2019, the Committee of Management of the Union passed the following resolution to the General Purpose Financial Report (GPFR) of the reporting unit for the financial year ended 30 June 2019.

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with 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 Union for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR 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; and
 - ii. the financial affairs of the Union have been managed in accordance with the rules of the organisation; and
 - iii. the financial records of the Union 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 to each of the other reporting units of the organisation; and
 - v. where information has been sought in any request of a member of the reporting unit or Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or Commissioner; and
 - vi. where any order for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

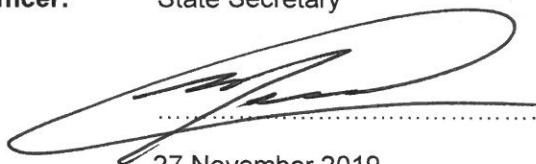
This declaration is made in accordance with a resolution of the Committee of Management.

Name of Designated Officer: Michael McKitrick

Title of Designated Officer: State Secretary

Signature:

Date:



27 November 2019

Independent Audit Report to the Members of the Australian Federated Union of Locomotive Employees

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the Australian Federated Union of Locomotive Union of Employees (the Union), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement and the subsection 255(2A) report.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Australian Federated Union of Locomotive Union of Employees 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).

We declare that management's use of the going concern basis in the preparation of the financial statements of the Union 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 Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 my 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 Union is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report 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 Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Union 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 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, 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 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union's 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.

Declaration

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

I declare that I am an auditor registered under the RO Act.

M.C.F

MGI Audit Pty Ltd

A handwritten signature in dark ink, consisting of a stylized 'G' followed by 'I Kent'.

G I Kent

Director – Audit & Assurance

South Brisbane

27 November 2019

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/2

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 \$	2018 \$
Revenue			
Membership subscription		653,301	573,599
Investment income	3A	5,285	27,818
Other revenue	3B	77,864	2,140
Total revenue		736,450	603,557
Expenses			
Employee expenses	4A	(509,004)	(589,580)
Affiliation fees	4B	(14,116)	(17,362)
Administration expenses	4C	(101,187)	(113,385)
Grants or donations	4D	(6,748)	(8,202)
Depreciation and amortisation	4E	(4,700)	(6,285)
Finance costs	4F	(5,290)	(3,454)
Legal costs	4G	(53,380)	(15,716)
Audit and accounting fees	12	(12,455)	(13,000)
Other expenses	4H	(29,923)	(5,396)
Loss on sale of property, plant and equipment		-	(1,482)
Total expenses		(736,803)	(773,862)
Deficit for the year		(353)	(170,305)
Other comprehensive income			
Other Comprehensive income (net of income tax)		-	-
Total comprehensive income for the year		(353)	(170,305)

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	93,036	189,247
Trade and other receivables	5B	1,313	-
Investments	5C	664,257	655,123
Other current assets	5D	22,981	30,903
Total current assets		781,587	875,273
Non-Current Assets			
Plant and equipment	6A	6,035	9,827
Total non-current assets		6,035	9,827
Total assets		787,622	885,100
LIABILITIES			
Current Liabilities			
Trade payables	7A	22,934	22,101
Other payables	7B	38,204	20,759
Employee provisions	8A	44,884	172,306
Total current liabilities		106,022	215,166
Non-Current Liabilities			
Employee provisions	8A	15,158	3,139
Total non-current liabilities		15,158	3,139
Total liabilities		121,180	218,305
Net assets		666,442	666,795
EQUITY			
Retained earnings		666,442	666,795
Total equity		666,442	666,795

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Retained earnings \$	Total equity \$
Balance as at 1 July 2017		837,100	837,100
Deficit for the year		(170,305)	(170,305)
Other comprehensive income		-	-
Closing balance as at 30 June 2018		666,795	666,795
Deficit for the year		(353)	(353)
Other comprehensive income		-	-
Closing balance as at 30 June 2019		666,442	666,442

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

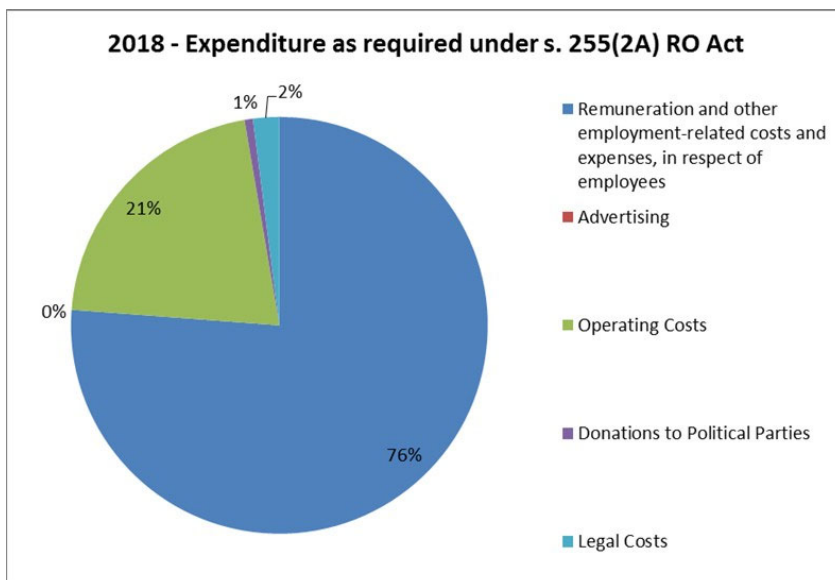
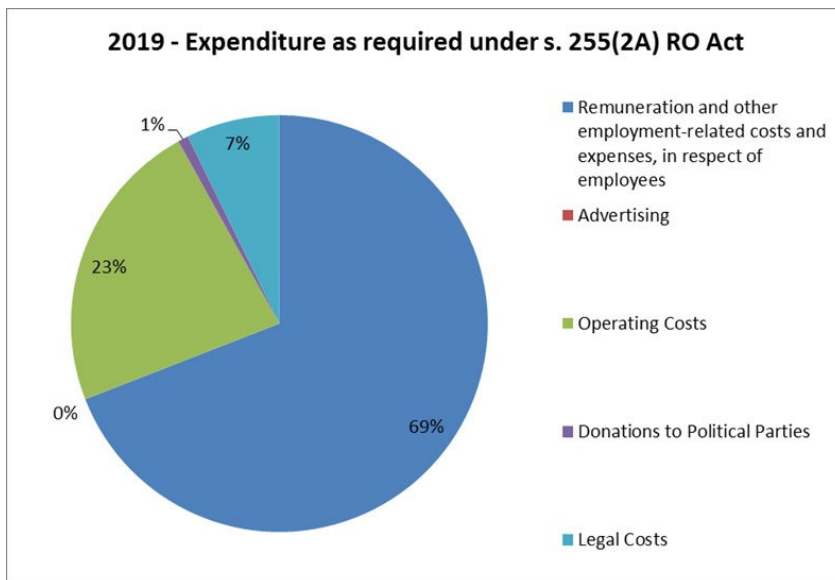
	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from members and other customers		795,724	637,693
Interest		18,684	17,447
		814,408	655,140
Cash used			
Employees and suppliers		(907,267)	(785,840)
		(907,267)	(785,840)
Net cash used in operating activities		(92,859)	(130,700)
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(908)	(6,779)
Purchase of investments		(100,945)	(13,655)
Proceeds from sale of investments		98,501	-
Net cash used in investing activities		(3,352)	(20,434)
FINANCING ACTIVITIES			
		-	-
Net decrease in cash held		(96,211)	(151,134)
Cash & cash equivalents at the beginning of the reporting period		189,247	340,381
Cash & cash equivalents at the end of the reporting period	9A	93,036	189,247

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

REPORT REQUIRED UNDER SUBSECTION 255(2A) OF THE FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009 FOR THE YEAR ENDED 30 JUNE 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) of the *Fair Work (Registered Organisations) Act 2009* on the Union for the year ended 30 June 2019:



Michael McKittrick
State Secretary

27 November 2019
South Brisbane

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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 Australian Federated Union of Locomotive Union of Employees (the Union) 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.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key Estimates

Impairment – general

The Union assesses impairment at each reporting period by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of the current year.

Key Judgements

Useful lives of plant and equipment

Plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the asset are acquired or when there is a significant change that affects the remaining useful life of the asset.

Provision for impairment of receivables

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

On-cost for employee entitlement provision

The Union revised its estimate for on-costs for employee provision during the year to include superannuation, workers compensation and payroll tax.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year.

- AASB 9 Financial Instruments and relevant amending standards, which replaces AASB 139 Financial Instruments: Recognition and Measurement.

Impact on adoption of AASB 9

(a) Initial application

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

The Union has applied AASB 9 retrospectively, with an initial application date of 1 July 2018.

The adoption of AASB 9 did not have any material impact on the amount disclosed in the comparative financial year.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.4 New Australian Accounting Standards (Continued)

Future Australian Accounting Standards Requirements (continued)

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

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

Under AASB 1058, the timing of income recognition depends on whether a NFP transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

This standard applies when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. In the latter case, the entity will recognise and measure the asset at fair value in accordance with the applicable Australian Accounting Standard (e.g. AASB 116 Property, Plant and Equipment).

Upon initial recognition of the asset, AASB 1058 requires the entity to consider whether any other financial statement elements (called 'related amounts') should be recognised, such as:

- Contributions by owners;
- Revenue, or a contract liability arising from a contract with a customer;
- A lease liability;
- A financial instrument; or
- A provision.

These related amounts will be accounted for in accordance with the applicable Australian Accounting Standard.

The Union is yet to undertake a detailed assessment of the impact of AASB 1058 and AASB 15. However, based on the Union's preliminary assessment, the Standards are not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopts for the year ending 30 June 2020.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.4 New Australian Accounting Standards (Continued)

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Committee of Management does not believe the effects of AASB 16 will significantly affect the Union.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.6 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.8 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.

1.9 Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 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.

1.11 Financial instruments

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.12 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 Union's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union 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 Union'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 Union commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.12 Financial assets (continued)

Financial assets at amortised costs

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 Union'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.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.12 Financial assets (continued)

Derecognition

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union 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 Union has transferred substantially all the risks and rewards of the asset, or
 - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Union 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 Union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

(i) Trade receivables

For trade receivables that do not have a significant financing component, the Union 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 Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union 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.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.12 Financial assets (continued)

(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the Union recognises an allowance for expected credit losses using the general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Union expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Union considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.13 Financial Liabilities

Financial liabilities are classified at initial recognition, at amortised cost unless or at fair value through profit or loss. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Subsequent Measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

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.

1.14 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.15 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 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
Plant and Equipment	2 – 10 years	2 – 10 years

Derecognition

An item of 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.

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.17 Taxation

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

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

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

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

Cash flows are included in the 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.

1.18 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 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 14.

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 1 Summary of significant accounting policies (Continued)

1.18 Fair value measurement (continued)

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.

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.

1.19 Going concern

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

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

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 2 Events after the reporting period

There were no events that occurred after 30 June 2019, and /or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

	2019	2018
	\$	\$

Note 3 Income

Note 3A: Investment income

Deposits	67	27,818
Change in value of investments	5,218	
Total interest	5,285	27,818

Note 3B: Other revenue

Sundry income	2,864	2,140
Service agreement income (refer Note 11A)	75,000	-
Total other revenue	77,864	2,140

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	134,859	136,433
Superannuation	21,251	27,930
Leave and other entitlements	19,021	111,028
Other employee expenses	13,158	8,370
Subtotal employee expenses holders of office	188,289	283,761
Employees other than office holders:		
Wages and salaries	238,885	233,983
Superannuation	37,710	31,342
Leave and other entitlements	41,310	31,067
Other employee expenses	2,810	9,427
Subtotal employee expenses employees other than office holders	320,715	305,819
Total employee expenses	509,004	589,580
Note 4B: Affiliation fees		
Australian Labor Party (State of Queensland)	2,471	7,336
Queensland Council of Unions	9,571	8,377
Union Shopper	2,074	1,649
Total affiliation fees	14,116	17,362
Note 4C: Administration and other operating expenses		
Compulsory levies - Australian Labor Party (State of Queensland)	2,156	-
Conference and meeting expenses	4,250	2,519
Travel and accommodation expenses	23,553	36,410
Office expenses	31,049	32,319
Information communication technology expenses	12,270	16,304
Other administration and operating expenses	27,909	25,833
Total administration and other operating expense	101,187	113,385

Compulsory Levies

During the year the Union paid \$2,156 of compulsory levy the Australian Labor Party (State of Queensland) to assist in funding election campaigns.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$
Note 4D: Grants or donations		
Grants	-	-
Donations:		
Total paid that were \$1,000 or less	748	3,202
Total paid that exceeded \$1,000	6,000	5,000
Total grants or donations	6,748	8,202
Note 4E: Depreciation		
Depreciation		
Plant and equipment	4,700	6,285
Total depreciation	4,700	6,285
Note 4F: Finance costs		
Bank fees	1,002	2,320
Brokerage fees	3,721	-
Insurance premiums	567	1,134
Total finance costs	5,290	3,454
Note 4G: Legal costs		
Litigation	48,680	1,712
Other legal matters	4,700	14,004
Total legal costs	53,380	15,716
Note 4H: Other expenses		
Accounting fees	1,695	1,295
Body corporate fees	-	4,764
Mortality payments	17,000	2,000
Other expenses	11,228	(2,663)
Total other expenses	29,923	5,396

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 5 Current Assets		
Note 5A: Cash and cash equivalents		
Cash at bank	92,977	188,927
Cash on hand	59	320
Total cash and cash equivalents	93,036	189,247
Note 5B: Trade and other receivables		
Trade and other receivables	8,230	2,052
Less: Provision for impairment	(6,917)	-
Total trade and other receivables (net)	1,313	2,052
Note 5C: Investments		
Deposits	556,622	655,123
Share portfolio	107,635	-
Total investments	664,257	655,123
Note 5D: Other current assets		
Prepayments	8,045	3,058
Accrued income	9,508	22,907
Bond deposit	2,147	2,147
Other	3,281	2,791
Total other current assets	22,981	30,903

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Note 6 Non-Current Assets		
Note 6A: Plant and equipment		
Furniture and fittings:		
at cost	51,176	50,268
accumulated depreciation	(45,141)	(40,441)
Total Plant and equipment	6,035	9,827

Reconciliation of Opening and Closing Balances of Plant and Equipment

As at 1 July		
Gross book value	50,268	45,074
Accumulated depreciation and impairment	(40,441)	(34,259)
Net book value 1 July	9,827	10,815
Additions:		
By purchase	908	6,780
Depreciation expense	(4,700)	(6,285)
Disposals:		
By sale	-	(1,483)
Net book value 30 June	6,035	9,827
Net book value as of 30 June represented by:		
Gross book value	51,176	50,268
Accumulated depreciation and impairment	(45,141)	(40,441)
Net book value 30 June	6,035	9,827

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

	2019	2018
	\$	\$

Note 7 Current Liabilities

Note 7A: Trade payables

Trade creditors and accruals	22,934	22,101
Total trade payables	22,934	22,101

Settlement is usually made within 30 days.

Note 7B: Other payables

Superannuation	4,684	5,152
Legal costs		
Litigation	10,218	-
Other legal matters	2,210	-
GST payable	13,474	8,846
PAYG payable	7,618	6,761
Total other payables	38,204	20,759

Total other payables are expected to be settled in:

No more than 12 months	38,204	20,759
More than 12 months	-	-
Total other payables	38,204	20,759

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Note 8 Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	18,170	58,247
Long service leave	11,096	89,523
<i>Subtotal employee provisions—office holders</i>	29,266	147,770
Employees other than office holders:		
Annual leave	11,269	12,329
Long service leave	19,507	15,346
<i>Subtotal employee provisions—employees other than office holders</i>	30,776	27,675
Total employee provisions	60,042	175,445
 Current	 44,884	 172,306
Non-Current	15,158	3,139
<i>Total employee provisions</i>	60,042	175,445

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$

Note 9 Cash Flow

Note 9A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:

Cash and cash equivalents as per:

Cash flow statement	93,036	189,247
Statement of financial position	93,036	189,247
Difference	-	-

Reconciliation of deficit to net cash from operating activities:

Deficit for the year	(353)	(170,305)
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Adjustments for non-cash items

Depreciation/ amortisation	4,700	6,285
Loss on disposal of assets	-	1,482
Unrealised gain on investments	(6,690)	-

Changes in assets/liabilities

(Increase)/ decrease in net receivables	(1,313)	2,052
(Increase)/ decrease in other current assets	7,922	(4,345)
Increase/ (decrease) in creditors and other payables	18,278	(2,415)
Increase/ (decrease) in employee provisions	(115,403)	36,546
Net cash (used in)/ provided by operating activities	(92,859)	130,700

Note 9B: Credit standby arrangements and loan facilities

The Union does not have any credit standby arrangements or loan facilities at 30 June 2019 (2018: Nil). This may be terminated at any time at the option of the bank. The balance of this facility is cleared monthly and interest rates are variable.

Note 9C: Non-cash transactions

There have been no non-cash financing or investing activities during the year (2018: Nil).

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
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Note 9 Cash Flow (continued)

Note 9D: Net debt reconciliation

Cash and cash equivalents	93,036	189,247
Borrowings – repayable within one year	-	-
Borrowings – repayable after one year	-	-
Net debt	93,036	189,247

Note 9E: Reconciliation of movements of liabilities to cash flows arising from financing activities

	Other Assets	Liabilities from financing activities		
	Cash assets	Borrowings – due within 1 year	Borrowings – due after 1 year	Total
Net debt at 1 July 2017	340,381	-	-	340,381
Cash flows	(151,134)	-	-	(151,134)
Net debt at 30 June 2018	189,247	-	-	189,247
Cash flows	(96,211)	-	-	(96,211)
Net debt at 30 June 2019	93,036	-	-	93,036

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 10 Contingent Liabilities, Assets and Commitments

Note 10A: Commitments and Contingencies

Capital commitments

At 30 June 2019 the Union did not have any capital commitments (2018: Nil).

Other contingent assets or liabilities (i.e. legal claims)

Committee of Management is not aware of any contingent assets or liabilities that are likely to have a material effect on the results of the Union.

	2019	2018
	\$	\$
Leasing Commitments		
Operating Leases (as a lessee)		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable – Minimum lease payments		
not later than 12 months	23,988	25,406
between 12 months and 5 years	-	23,988
greater than 5 years	-	-
Minimum lease payments	23,988	49,394

The Union leases office space at Level 1, 41 Peel Street, South Brisbane. The lease expires on 31 May 2020, which increases at CPI each year. The lease has an option to extend for a further 3 years should the Union wish to take this up.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 11 Related Party Disclosures

Note 11A: Related Party Transactions for the Reporting Period

For financial reporting purposes, the state registered union – the Electrical Trades Union of Employees Queensland (AFULE Division) is deemed to be a related party as it has a common leadership team, including the Secretary and the Committee of Management.

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

	2019	2018
	\$	\$
Revenues received from ETUQ (AFULE Division) includes the following:		
Service agreement income	75,000	-

The Union has a service agreement with the State Union for the provision of services, including but not limited to:

- Administration services
- Industrial representation of members in the Queensland Industrial Relations Commission
- Compliance services
- Membership services
- Financial services

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 11 Related Party Disclosures (Continued)

Note 11B: Key Management Personnel Remuneration for the Reporting Period

Short-term employee benefits

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Union. The Union has determined that key management personnel comprises of:

- Greg Smith (State Secretary) – 01/07/18 – 25/07/18
- Michal McKitrick (State Secretary) – 26/07/18 – 30/06/19
- All remaining members of the Committee of Management.

During the year, the key management personnel of the Union were remunerated as follows:

	2019	2018
	\$	\$
Salary (including annual leave taken)	134,859	136,433
Annual leave accrued	17,344	107,244
Other	13,158	8,370
Total short-term employee benefits	165,361	252,047
Post-employment benefits:		
Superannuation	19,021	27,930
Total post-employment benefits	19,021	27,930
Other long-term benefits:		
Long-service leave accrued	3,907	3,784
Total other long-term benefits	3,907	3,784
Termination benefits		-
Total	188,289	283,761

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

Note 12 Remuneration of Auditors

Value of the services provided

Financial statement audit services – current year	12,455	10,000
Other services	-	3,000
Total remuneration of auditors	12,455	13,000

Other services provided to the Union include assistance with the preparation of the financial statements and taxation services (FBT & GST services).

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 13 Financial Instruments

Financial Risk Management Policy

The Union Committee of Management monitors the Union's financial risk management policies and exposure and approves financial transactions entered into. It also reviews the effectiveness of internal controls relating to the counterparty credit risk, liquidity risk, market risk and interest rate risk. The Union Committee of Management meets on a regular basis to review the financial exposure of the Union.

(a) Credit Risk

Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties of contract obligations that could lead to a financial loss of the Union. The Union does not have any material credit risk exposures as its major source of revenue is the receipt of membership fees.

The maximum exposures to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of provisions) as presented in the statement of financial position.

The Union has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Union.

On a geographical basis, the Union's trade and other receivables are all based in Australia.

The following table details the Union's trade and other receivables exposed to credit risk. Amounts are considered 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Union.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 13 Financial Instruments (Continued)

Ageing of financial assets that were past due but not impaired for 2019

	Within trading terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$	\$
Trade and other receivables	-	-	-	-	1,313	1,313
Receivables from other reporting units	-	-	-	-	-	-
Total	-	-	-	-	1,313	1,313

Ageing of financial assets that were past due but not impaired for 2018

	Within trading terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$	\$
Trade and other receivables	-	-	-	-	-	-
Receivables from other reporting units	-	-	-	-	-	-
Total	-	-	-	-	-	-

The Union has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a strong reputation and backed by the Commonwealth Government's bank guarantee. At 30 June 2019, all funds were held by financial institutions backed by the Commonwealth Government's bank guarantee.

Collateral held as security

The Union does not hold collateral with respect to its receivables at 30 June 2019 (2018: Nil).

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 13 Financial Instruments (Continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Union manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Union does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates

Financial Instrument Composition and Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade payables	(22,934)	(22,101)	-	-	-	-	(22,934)	(22,101)
Other payables	(38,204)	(20,759)	-	-	-	-	(38,204)	(20,759)
Total expected outflows	(61,138)	(42,860)	-	-	-	-	(61,138)	(42,860)
Financial assets – cash flow receivable								
Cash and cash equivalents	93,036	189,247	-	-	-	-	93,036	189,247
Trade and other receivables	1,313	-	-	-	-	-	1,313	-
Investments	664,257	655,123	-	-	-	-	664,257	655,123
Total anticipated inflows	758,606	844,370	-	-	-	-	758,606	844,370
Net (outflow) / inflow on financial instruments	697,468	801,510	-	-	-	-	697,468	801,510

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 13 Financial Instruments (Continued)

(c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed using a mix of fixed and floating financial instruments. The effective interest rate expenditure to interest rate financial instruments are as follows:

	Weighted Average Effective Interest Rate			
	2019	2018	2019	2018
	%	%	\$	\$
Floating rate instruments				
Cash and cash equivalents	0.01	0.01	93,036	189,247
Investments	2.23	2.19	556,622	655,123

ii. Foreign exchange risk

The Union is not exposed to direct fluctuations in foreign currencies.

iii. Price risk

The Union is no exposed to any material commodity price risk.

iv. Interest rate risk

The Union has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 13 Financial Instruments (Continued)

(c) Market Risk (continued)

v. Sensitivity Analysis

The following table illustrates sensitivities to the Union's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Year ended 30 June 2019		
+2% in interest rates	12,993	12,993
-2% in interest rates	(10,781)	(10,781)
Year ended 30 June 2018		
+2% in interest rates	16,887	16,887
-2% in interest rates	(9,443)	(9,443)
<u>Share investment portfolio</u>		
Year ended 30 June 2019		
+5% in share prices	53,817	53,817
-5% in share prices	(53,817)	(53,817)
Year ended 30 June 2018		
+5% in share prices	-	-
-5% in share prices	-	-

No sensitivity analysis has been performed on foreign exchange risk as the Union has no material direct exposures to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Note 14 Fair Value Measurement

Fair Values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded.

In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments, which are carried at amortised cost (i.e. accounts receivable), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Union.

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

		2019		2018	
Footnote	Carrying value	Fair value	Carrying value	Fair value	
	\$	\$	\$	\$	
Financial assets					
Cash and cash equivalents	(i)	93,036	93,036	189,247	189,247
Accounts receivable and other debtors	(i)	1,313	1,313	-	-
Investments	(i)	664,257	664,257	655,123	655,123
Total financial assets		758,606	758,606	844,370	844,370
Financial liabilities					
Accounts payable and other payables	(i)	61,138	61,138	42,860	42,860
Total financial liabilities		61,138	61,138	42,860	42,860

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable, investments and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 14 Fair Value Measurement (Continued)

The fair values disclosed in the above table have been determined based on the following methodologies:

- (ii) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of the three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Union did not have any assets or liabilities that were recorded using the above fair value hierarchy at 30 June 2019 (2018: Nil).

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

Note 15 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 Commission:

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

Note 16 Union Details

The registered office of the Union is:

Level 1, 41 Peel Street
SOUTH BRISBANE QLD 4101

Note 17 Segment Information

The Union operates solely in one reporting segment, being the provision of industrial services in Queensland.

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

OFFICER DECLARATION STATEMENT

I, Michael McKittrick, being the State Secretary of the Australian Federated Union of Locomotive Employees, declare that the following activities did not occur during the reporting period ending 30 June 2019:

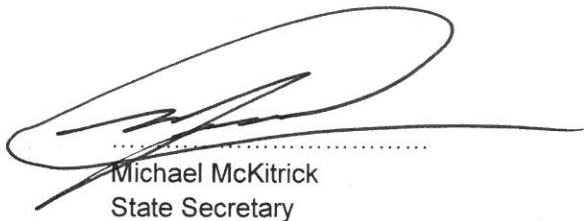
The reporting unit did not:

- 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 capitation fees 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 a grant that was \$1,000 or less
- pay a grant that exceeded \$1,000
- pay separation and redundancy to holders of office
- pay separation and redundancy 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
- 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 separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of 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)

AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

OFFICER DECLARATION STATEMENT (CONTINUED)

- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- provide cash flows to another reporting unit and/or controlled entity
- receive cash flows from another reporting units and/or controlled entity
- transfer to or withdraw from a fund (other than the general fund), account, asset 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



Michael McKittrick
State Secretary

27 November 2019

South Brisbane