

# **Financial Statements**

## **AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

### **Contents**

Designated Officer's Certificate	2
Operating Report	3
Committee of Management Statement	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Recovery of Wages Activity	12
Notes to and Forming Part of the Financial Statements	13
Auditor's Independence Declaration	31
Independent Audit Report	32

**Australian Federated Union of Locomotive Employees**

s.268 *Fair Work (Registered Organisations) Act 2009*

**CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER**

Certificate for the year ended 30 June 2013

I, Greg Smith, being the Secretary of the Australian Federated Union of Locomotive Employees certify:

- that the documents lodged herewith are copies of the full report for the Australian Federated Union of Locomotive for the year ended 30 June 2013 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on 14-1-2014, and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 13-1-2014 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature:  .....

Name: GREGORY WILLIAM SMITH .....

Title: STATE SECRETARY .....

Dated: 22-1-2014 .....

## **Australian Federated Union of Locomotive Employees**

### **OPERATING REPORT**

*for the year ended 30 June 2013*

The committee presents its report on the reporting unit for the financial year ended 30 June 2013.

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

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

The union gives this effect to this principal activity by:

- a. Advising members regarding their conditions of employment and 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

The result of this principal activity is the industrial representation of persons employed in the train running grade in Queensland in respect of their rights and entitlements as employees.

There were no significant changes in the nature of these principal activities during the last financial year ended 30 June 2013.

#### **Significant changes in financial affairs**

There were no significant changes in the financial affairs of the Union during the financial year.

#### **Right of members to resign**

A member of the Australian Federated Union of Locomotive Employees may resign from membership by written notice addressed and delivered to the State Secretary of the Union, or another officer authorised by the Union to receive such correspondence.



## **Australian Federated Union of Locomotive Employees**

### **OPERATING REPORT CONT.**

*for the year ended 30 June 2013*

A notice of resignation from membership of the Union takes effect:

- a. *Where the member ceases to be eligible to become a member of the Union:*
  - a. *On the day on which the notice is received by the Union; or*
  - b. *On the day specified in the notice, which is a day not earlier than the day when the member ceases to be eligible to become a member;**Whichever is later; or*
- b. *In any other case:*
  - a. *At the end of 2 weeks after the notice is received by the Union; or*
  - b. *On the day specified in the notice;**Whichever is later.*

Any dues payable but not paid by a former member of the Union, in relation to a year before the member's resignation from the Union took effect, may be sued for and recovered in the name of the Union, in a court of competent jurisdiction, as a debt due to the Union.

A notice delivered to the person(s) is taken to have been received by the Union when it was delivered.

A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with the above.

A resignation from membership of the Union is valid even if it is not effected in accordance with this section if the member is informed in writing by or on behalf of the Union that the resignation has been accepted.

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

No officer or member of the Union falls within the category described above.

#### **Number of members**

At 30 June 2013 there were 1,388 members recorded in the register of members.

#### **Number of employees**

At 30 June 2013 there were 2.5 fte employees.

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

The names of the Committee of Management members and their positions held during the 2013 financial year are as follows:

Shane Ware – President

Greg Smith – State Secretary

Glen McGaw – Vice President

Darryl Torrens – Brisbane Metropolitan and Bundaberg Divisional Councillor

Wayne Roebeck – Fisherman Islands, Acacia Ridge and Ipswich (Freight) Divisional Councillor



**Australian Federated Union of Locomotive Employees**

**OPERATING REPORT CONT.**

*for the year ended 30 June 2013*

All of the above listed Committee of Management members held their position for the entire financial year.

**Officers & employees who are directors of a company or a member of a board**

There are no Officers or Employees who are directors of a company or members of a board.

Signature..... G. Smith

Name: ..... GREGORY WILLIAM SMITH

Title: ..... STATE SECRETARY

Dated: ..... 22 - 1 - 2014

## Australian Federated Union of Locomotive Employees

### COMMITTEE OF MANAGEMENT STATEMENT

for the year ended 30 June 2013

On 13-1-2014 the Committee of Management of the Australian Federated Union of Locomotive Employees passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2013:

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 the reporting guidelines of the General Manager;
- (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; 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 including the rules of a branch concerned; and
  - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
  - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the RO Act; and
  - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
  - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
  - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) in relation to recovery of wages activity:
  - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
  - (ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RO Act all recovery of wages activity by the reporting unit from which revenues had been derived for the financial year in respect of such activity; and
  - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and

**Australian Federated Union of Locomotive Employees**

**COMMITTEE OF MANAGEMENT STATEMENT CONT.**

*for the year ended 30 June 2013*

- (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for a worker in recovery of wages activity; and
- (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

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

Signature: G. Smith

Name: GREGORY WILLIAM SMITH

Title: STATE SECRETARY

Dated: 22-1-2014



**Australian Federated Union of Locomotive Employees**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2013*

	Notes	2013 \$	2012 \$
<b>Revenue</b>			
Membership subscription		<b>669,869</b>	644,532
Levies	3A	<b>13,730</b>	21,837
Interest		<b>9,333</b>	11,564
Trust Income		<b>19,928</b>	27,583
Other revenue		<b>1,377</b>	-
<b>Total revenue</b>		<b>714,237</b>	705,516
<b>Other Income</b>			
Net gains from sale of assets		<b>533</b>	-
<b>Total other income</b>		<b>533</b>	-
<b>Total income</b>		<b>714,770</b>	705,516
<b>Expenses</b>			
Employee expenses	4A	<b>377,695</b>	480,668
Affiliation fees	4B	<b>11,913</b>	13,183
Administration expenses	4C	<b>91,284</b>	118,854
Grants or donations	4D	<b>3,942</b>	500
Depreciation and amortisation	4E	<b>18,245</b>	4,150
Finance costs		<b>564</b>	756
Legal costs	4F	<b>4,044</b>	13,825
Audit fees	11	<b>5,900</b>	3,400
Write-down and impairment of assets		<b>2,365</b>	-
Other expenses	4G	<b>39,228</b>	52,267
<b>Total expenses</b>		<b>555,180</b>	687,603
<b>Profit (loss) for the year</b>		<b>159,590</b>	17,913
<b>Total comprehensive income for the year</b>		<b>159,590</b>	17,913

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 2013*

	Notes	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	465,690	313,271
<b>Total current assets</b>		<b>465,690</b>	<b>313,271</b>
<b>Non-Current Assets</b>			
Land and buildings	6A	365,625	375,000
Plant and equipment	6B	12,676	19,405
Other investments	6C	621,523	656,697
Other non-current assets	6D	2,199	-
<b>Total non-financial assets</b>		<b>1,002,023</b>	<b>1,051,102</b>
<b>Total assets</b>		<b>1,467,713</b>	<b>1,364,373</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	7A	21,057	50,389
Officers provisions	8A	88,000	109,628
Employee provisions	8A	2,704	7,994
<b>Total current liabilities</b>		<b>111,761</b>	<b>168,011</b>
<b>Non-Current Liabilities</b>			
Officer Provisions	8A	-	-
Employee Provisions	8A	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>111,761</b>	<b>168,011</b>
<b>Net assets</b>		<b>1,355,952</b>	<b>1,196,362</b>
<b>EQUITY</b>			
Revaluation reserve		203,313	203,313
Retained earnings		993,049	975,136
Current Year Earnings		159,590	17,913
<b>Total equity</b>		<b>1,355,952</b>	<b>1,196,362</b>

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 2013*

	Notes	Revaluation reserve \$	Retained earnings \$	Total equity \$
<b>Balance as at 1 July 2011</b>		203,313	975,136	1,178,449
Profit for the year		-	17,913	17,913
<b>Closing balance as at 30 June 2012</b>		203,313	993,049	1,196,362
Profit for the year		-	<b>159,590</b>	<b>159,590</b>
<b>Closing balance as at 30 June 2013</b>		<b>203,313</b>	<b>1,152,639</b>	<b>1,355,952</b>

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



**Australian Federated Union of Locomotive Employees**  
**CASH FLOW STATEMENT**  
*for the year ended 30 June 2013*

	Notes	2013 \$	2012 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from Members		750,674	666,369
Other		6,368	1,760
<b>Cash used</b>			
Employees		(404,613)	(422,419)
Suppliers		(222,981)	(283,201)
<b>Net cash from (used by) operating activities</b>		<b>129,448</b>	<b>(41,641)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Proceeds from sale of plant and equipment		(1,832)	(5,411)
Interest received		9,333	11,564
Trust Income		15,470	25,819
<b>Net cash from (used by) financing activities</b>		<b>22,971</b>	<b>31,972</b>
<b>Net increase (decrease) in cash held</b>		<b>152,419</b>	<b>(9,670)</b>
Cash & cash equivalents at the beginning of the reporting year		313,271	322,940
<b>Cash &amp; cash equivalents at the end of the reporting year</b>	9A	<b>465,690</b>	<b>313,271</b>

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

**Australian Federated Union of Locomotive Employees**  
**RECOVERY OF WAGES ACTIVITY**  
*for the year ended 30 June 2013*

	2013	2012
	\$	\$
<b>Cash assets in respect of recovered money at beginning of year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of:		
The reporting unit:		
name of account	-	-
name of fund	-	-
Name of other reporting unit of the organisation:		
name of account	-	-
name of fund	-	-
Name of other entity:		
name of account	-	-
name of fund	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	-	-
<b>Cash asset's in respect of recovered money at end of year</b>	-	-
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>	-	-

## Index to the Notes of the Financial Statements

Note 1	Summary of Significant Accounting Policies
Note 2	Events after the Reporting Year
Note 3	Income
Note 4	Expenses
Note 5	Current Assets
Note 6	Non-current Assets
Note 7	Current Liabilities
Note 8	Provisions
Note 9	Cash Flow
Note 10	Remuneration of Key Management Personnel
Note 11	Remuneration of Auditors
Note 12	Financial Instruments
Note 13	Section 272 <i>Fair Work (Registered Organisations) Act 2009</i>



## **Australian Federated Union of Locomotive Employees**

### **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2013*

#### **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 year and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the Australian Federated Union of Locomotive Employees 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 at 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 New Australian Accounting Standards**

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year.

##### **1.4 Gains**

###### ***Sale of assets***

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

##### **1.5 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 due within twelve months of the end of reporting year 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.

## **Australian Federated Union of Locomotive Employees**

### **NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

Other long-term employee benefits 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. Reporting Unit recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### **1.6 Borrowing costs**

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

#### **1.7 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.

#### **1.8 Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### **1.9 Financial assets**

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

***Fair value through profit or loss***

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

***Held-to-maturity investments***

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

***Available-for-sale***

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.



## **Australian Federated Union of Locomotive Employees**

### **NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting year. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

#### ***Loan and receivables***

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

#### ***Impairment of financial assets***

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting year. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit year of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

## **Australian Federated Union of Locomotive Employees**

### **NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent years.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the year.

For financial assets measured at amortised cost, if, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### ***Derecognition of financial assets***

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### **1.10 Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### ***Fair value through profit or loss***



Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

### ***Other financial liabilities***

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### ***Derecognition of financial liabilities***

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## **1.11 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 CONT.

for the year ended 30 June 2013

#### 1.12 Land, Buildings, Plant and Equipment

##### ***Asset Recognition Threshold***

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

##### ***Revaluations—Land and Buildings***

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated 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 revalued amount.

Land and Buildings was last re-valued to \$375,000 on 5 October 2011 by Mr Jim Webster of Propell National valuers.

##### ***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 years, as appropriate.

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

	2013	2012
Land and Buildings	40 years	Nil
Plant and equipment	5 to 10 years	5 to 10 years

##### ***Derecognition***

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

## **Australian Federated Union of Locomotive Employees**

### **NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

#### **1.13 Impairment for non-financial assets**

All assets are assessed for impairment at the end of each reporting year 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 replaced if the Australian Federated Union of Locomotive Employees were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### **1.14 Taxation**

Australian Federated Union of Locomotive Employees 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 cash flow statement 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.

#### **Note 2 Events after the reporting year**

There were no events that occurred after 30 June 2013, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Australian Federated Union of Locomotive Employees.



**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

	2013	2012
	\$	\$

**Note 3 Income**

**Note 3A: Levies**

Mortality Fund	8,238	9,359
Legal Contingency	5,492	6,239
General Fund	-	6,239
<b>Total levies</b>	<b>13,730</b>	<b>21,837</b>

**Note 3B: Grants or donations**

Grants	-	-
Donations	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

**Note 4 Expenses**

**Note 4A: Employee expenses**

**Holders of office:**

Wages and salaries	156,085	175,730
Superannuation	18,022	23,185
Leave and other entitlements	(11,704)	-
Separation and redundancies	-	-
Other employee expenses	580	-
<b>Subtotal employee expenses holders of office</b>	<b>162,983</b>	<b>198,915</b>

**Employees other than office holders:**

Wages and salaries	202,898	246,689
Superannuation	25,394	34,041
Leave and other entitlements	(15,214)	-
Separation and redundancies	-	-
Other employee expenses	1,634	1,023
<b>Subtotal employee expenses employees other than office holders</b>	<b>214,712</b>	<b>281,753</b>
<b>Total employee expenses</b>	<b>377,695</b>	<b>480,668</b>



**Australian Federated Union of Locomotive Employees****NOTES TO THE FINANCIAL STATEMENTS CONT.***for the year ended 30 June 2013*

	2013 \$	2012 \$
<b>Note 4B: Affiliation fees</b>		
Queensland Council of Unions	8,106	9,256
Union Shop	3,807	3,927
<b>Total affiliation fees/subscriptions</b>	<b>11,913</b>	<b>13,183</b>

**Note 4C: Administration expenses**

Consideration to employers for payroll deductions	-	-
Compulsory levies		
Fees and allowances – meeting and conferences	27,186	40,692
Conference and meeting expenses*		
Cleaning	-	375
Diaries, Badges and Logo Shirts	20,816	20,356
Electricity	1,114	1,390
Freight Paid	199	647
Functions	3,190	4,877
Insurance	862	1,382
Postage	3,470	2,755
Printing and Stationery	1,900	9,608
Rates	3,893	3,120
Repairs	756	775
Storage	3,252	3,109
Subscriptions	8,137	7,205
Telephone	16,508	19,272
<b>Subtotal administration expense</b>	<b>91,284</b>	<b>118,854</b>

**Note 4D: Grants or donations**

Grants	-	-
Donations	3,942	500
<b>Total grants or donations</b>	<b>3,942</b>	<b>500</b>

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

	2013 \$	2012 \$
<b>Note 4E: Depreciation</b>		
Depreciation		
Land & buildings	9,375	-
Property, plant and equipment	8,870	4,150
<b>Total depreciation</b>	<u>18,245</u>	<u>4,150</u>

**Note 4F: Legal costs**

Litigation	4,044	13,825
Other legal matters	-	-
<b>Total legal costs</b>	<u>4,044</u>	<u>13,825</u>

**Note 4G: Other expenses**

Penalties - via RO Act or RO Regulations	-	-
<b>Total Penalties</b>	<u>-</u>	<u>-</u>

**Note 5     Current Assets**

**Note 5A: Cash and Cash Equivalents**

Cash at bank	465,131	312,870
Cash on hand	558	400
Other	-	-
<b>Total cash and cash equivalents</b>	<u>465,690</u>	<u>313,271</u>

**Note 6     Non-current Assets**

**Note 6A: Land and buildings**

Land and buildings:		
fair value	375,000	375,000
accumulated depreciation	(9,375)	-
<b>Total land and buildings</b>	<u>365,625</u>	<u>375,000</u>

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

	2013	2012
	\$	\$

**Note 6B: Plant and equipment**

Plant and equipment:

at cost	73,101	70,610
accumulated depreciation	(60,425)	(51,205)
<b>Total plant and equipment</b>	<b>12,676</b>	<b>19,405</b>

**Note 6C: Other Investments**

Deposits	621,523	656,697
<b>Total other investments</b>	<b>621,523</b>	<b>656,697</b>

**Note 6D: Other Non-current Assets**

Prepayments	2,199	-
<b>Total other non-financial assets</b>	<b>2,199</b>	<b>-</b>



**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

	2013	2012
	\$	\$

**Note 7 Current Liabilities**

**Note 7A: Trade payables**

Trade creditors and accruals	<b>21,057</b>	50,389
<b>Subtotal trade creditors</b>	<b>21,057</b>	50,389
<b>Payables to other reporting unit[s]</b>	-	-
<b>Total trade payables</b>	<b>21,057</b>	50,389

**Note 7B: Other payables**

Consideration to employers for payroll deductions	-	-
Legal costs	-	-
<b>Total other payables</b>	-	-

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

<b>2013</b>	<b>2012</b>
<b>\$</b>	<b>\$</b>

**Note 8 Provisions**

**Note 8A: Employee Provisions\***

**Office Holders:**

Annual leave	<b>46,079</b>	70,524
Long service leave	<b>41,921</b>	39,104
<b><i>Subtotal employee provisions—office holders</i></b>	<b>88,000</b>	109,628

**Employees other than office holders:**

Annual leave	<b>1,319</b>	4,309
Long service leave	<b>1,385</b>	3,685
<b><i>Subtotal employee provisions—employees other than office holders</i></b>	<b>2,704</b>	7,994
<b>Total employee provisions</b>	<b>90,704</b>	117,622

Current	<b>90,704</b>	117,622
Non Current	-	-
<b><i>Total employee provisions</i></b>	<b>90,704</b>	117,622

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

**Note 9 Cash Flow**

**Note 9A: Cash Flow Reconciliation**

**Reconciliation of cash and cash equivalents as per  
Balance Sheet to Cash Flow Statement:**

**Cash and cash equivalents as per:**

Cash flow statement	465,690	-
Balance sheet	465,690	-
<b>Difference</b>	-	-

**Reconciliation of profit/(deficit) to net cash  
from operating activities:**

Profit/(deficit) for the year	159,590	17,913
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**Adjustments for non-cash items**

Depreciation/amortisation	18,245	4,150
Gain on disposal of assets	10,062	10,955

**Changes in assets/liabilities**

(Increase)/decrease in net receivables	-	-
(Increase)/decrease in prepayments	(2,199)	-
Increase/(decrease) in supplier payables	(29,332)	8,623
Increase/(decrease) in provisions	(26,918)	-
<b>Net cash from (used by) operating activities</b>	<b>129,448</b>	<b>41,641</b>

**Note 9B: Cash flow information**

**Cash inflows**

AFULE	761,845	705,512
<b>Total cash inflows</b>	<b>777,920</b>	<b>705,512</b>

**Cash outflows**

AFULE	629,426	715,181
<b>Total cash outflows</b>	<b>629,426</b>	<b>715,181</b>



**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2013*

**Note 10 Remuneration of Key Management Personnel**

**Note 10A: Key Management Personnel Remuneration for the Reporting Period**

**Short-term employee benefits**

Salary (including annual leave taken)	<b>140,511</b>	150,064
Annual leave accrued	<b>10,833</b>	-
<b>Total short-term employee benefits</b>	<b>151,344</b>	150,064

**Post-employment benefits:**

Superannuation	<b>17,744</b>	19,045
<b>Total post-employment benefits</b>	<b>17,744</b>	-

**Other long-term benefits:**

Long-service leave	<b>2,817</b>	-
<b>Total other long-term benefits</b>	<b>2,817</b>	-

**Termination benefits**

	-	-
<b>Total</b>	<b>171,905</b>	169,109

**Note 11 Remuneration of Auditors**

**Value of the services provided**

Financial statement audit services	<b>5,900</b>	3,400
Other services	<b>5,000</b>	-
<b>Total remuneration of auditors</b>	<b>10,900</b>	-

No other services were provided by the auditors of the financial statements.  
The auditor's for the year ended 30 June 2013 were Vincents Audit and Assurance.  
The auditor for the year ended 30 June 2012 was Mr Brian P. Kigston.

**Note 12 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 the General Manager of Fair Work Australia:

- (1) A member of a reporting unit, or the General Manager of Fair Work Australia, 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 year within which, and the manner in which, the information is to be made available. The year 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).

## **Auditor's Independence Declaration**

### **To the Members of the Australian Federated Union of Locomotive Employees**

As auditor for the audit of Australian Federated Union of Locomotive Employees for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



**Peter Sheville**

**Vincent's Audit & Assurance**

22 January 2014



## **Independent Auditor's Report**

### **To the members of the Australian Federated Union of Locomotive Employees**

#### **Report on the Financial Report**

We have audited the accompanying financial report of the Australian Federated Union of Locomotive Employees, which comprises the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, Operating Report and the Committee of Management Statement.

#### **Committee's Responsibility**

The Committee of Management are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009* for such internal control as the Committee 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

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

#### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.



### **Opinion**

In our opinion the financial report of the Australian Federated Union of Locomotive Employees is in accordance with the *Fair Work (Registered Organisations) Act 2009* and associated Guidelines, including:

- (a) giving a true and fair view of the Australian Federated Union of Locomotive Employees' financial position as at 30 June 2013 and of their performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards and Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*.

**Peter Sheville**

**Vincent's Audit & Assurance**

22 January 2014