

# **Financial Statements**

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

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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## Australian Federated Union of Locomotive Employees

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

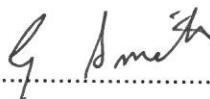
### CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 30 June 2014

I, Gregory William Smith, being the State 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 2014 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 17 December 2014; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 17 December 2014 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:.....



Name of prescribed designated officer: GREGORY WILLIAM SMITH

Title of prescribed designated officer: STATE SECRETARY

Dated: .....17 December 2014.....

<sup>1</sup> Regulation 162 of the Fair Work (Registered Organisations) Regulations 2009 defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:

- (a) the secretary; or
- (b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

# AUSTRALIAN FEDERATED UNION OF LOCOMOTIVE EMPLOYEES

## OPERATING REPORT

*for the period ended 30 June 2014*

The committee presents its report on the reporting unit for the financial year ended 30 June 2014.

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

#### **a. 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 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 entitlement 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

#### **b. Results of the Principal Activities**

The result of our 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. Specifically, our activities:

- a. Maintained the membership of the organisation
- b. Educated members about their conditions of work and industrial rights and obligations
- c. Assisted to ensure that employers complying with the governing legislation in respect of members' rights and entitlements
- d. Assisted members to give full effect to their rights and entitlements
- e. Preserved and improvement the conditions of work applying to members of the Union

#### **c. Significant changes in the nature of the principal activities**

There were no significant changes in the nature of these activities across the last financial year.

### **2. Significant changes in financial affairs**

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

### 3. Right of members to resign

Pursuant to section 174 of the *Fair Work (Registered Organisations) Act 2009* the right of members of the union to resign their membership is set out in Rule 6. Rule 6 provides:

- (1) *A member of the Union 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.*
- (2) *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:*
    - (i) *on the day on which the notice is received by the Union; or*
    - (ii) *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:*
    - (i) *at the end of 2 weeks after the notice is received by the Union; or*
    - (ii) *on the day specified in the notice;**whichever is later.*
- (3) *Any dues payable but not paid by a former member of the Union, in relation to a period 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.*
- (4) *A notice delivered to the person(s) mentioned in subsection (1) is taken to have been received by the Union when it was delivered.*
- (5) *A notice of resignation that has been received by the Union is not invalid because it was not addressed and delivered in accordance with subsection (1).*
- (6) *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.*

### 4. 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.

### 5. Number of members

The number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for section 230 of the *Fair Work (Registered Organisations) Act 2009* and who are taken to be members of the reporting unit under section 244 of the *Fair Work (Registered Organisations) Act 2009* were:

1344 (2013: 1,388)



## 6. Number of employees

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

2 (2013: 2.5)

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

Members of the Committee of Management (Divisional Council) during the Financial Year		
Name		Period
Gregory William Smith	State Secretary	1 July 2013 – 30 June 2014
Shayne Anthony Ware	State President	1 July 2013 – 30 December 2013
Glen Roland McGaw	State Vice President	1 July 2013 – 30 June 2014
Warren Neville Hinds	State President	1 January 2014 – 30 June 2014
Stewart Douglas Rach	No. 3 Divisional Councillor	1 January 2014 – 30 June 2014
John Anthony Pedersen	No. 4 Divisional Councillor	1 July 2013 – 30 June 2014
Darryl Irving Torrens	No. 5 Divisional Councillor	1 July 2013 – 30 December 2013
Wayne Kerry Robeck	No. 6 Divisional Councillor	1 July 2013 – 30 June 2014
Kevin Richard Voll	No. 7 Divisional Councillor	1 July 2013 – 30 June 2014
Ian Patrick Casey	No. 5 Divisional Councillor	1 January 2014 – 30 June 2014

## 8. Officers & employees who are directors of a company or a member of a board

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

Signature of designated officer: 

Name and title of designated officer: GREGORY WILLIAM SMITH, STATE SECRETARY

Dated: 28 July 2014

## Australian Federated Union of Locomotive Employees

### COMMITTEE OF MANAGEMENT STATEMENT

for the year ended 30 June 2014

On 17 December 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 2014:

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) no revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Signature of designated officer: 

Name and title of designated officer: GREGORY WILLIAM SMITH, STATE SECRETARY

Dated: 17 December 2014

Australian Federated Union of Locomotive Employees

**Australian Federated Union of Locomotive Employees**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 30 June 2014*

	Notes	2014 \$	2013 \$
<b>Revenue</b>			
Membership subscription		<b>683,884</b>	669,869
Levies	3A	<b>412</b>	13,730
Interest		<b>14,462</b>	9,333
Grants or Donations	3B	-	-
Trust Income		<b>262</b>	19,928
Other revenue		<b>10,130</b>	1,377
<b>Total revenue</b>		<b>709,149</b>	714,237
<b>Other Income</b>			
Net gains from sale of assets		-	533
<b>Total other income</b>		-	533
<b>Total income</b>		<b>709,149</b>	714,770
<b>Expenses</b>			
Employee expenses	4A	<b>415,339</b>	377,695
Affiliation fees	4B	<b>8,079</b>	11,913
Administration expenses	4C	<b>102,783</b>	91,284
Grants or donations	4D	<b>2,790</b>	3,942
Depreciation and amortisation	4E	<b>15,603</b>	18,245
Finance costs		<b>1,211</b>	564
Consultancy fees		<b>21,267</b>	1,800
Legal costs	4F	<b>95,697</b>	4,044
Audit fees	11	<b>7,200</b>	5,900
Write-down and impairment of assets		-	2,365
Other expenses	4G	<b>75,136</b>	37,428
<b>Total expenses</b>		<b>745,107</b>	555,180
<b>Profit (loss) for the year</b>		<b>(35,957)</b>	159,590
<b>Total comprehensive income for the year</b>		<b>(35,957)</b>	159,590

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 2014*

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	<b>533,286</b>	465,690
Other assets	6D	<b>19,413</b>	2,199
<b>Total current assets</b>		<b>552,699</b>	465,690
<b>Non-Current Assets</b>			
Land and buildings	6A	<b>356,250</b>	365,625
Plant and equipment	6B	<b>6,448</b>	12,676
Other investments	6C	<b>533,683</b>	621,523
<b>Total non-financial assets</b>		<b>896,382</b>	1,002,023
<b>Total assets</b>		<b>1,449,081</b>	1,467,713
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	7A	<b>29,015</b>	21,057
Officers provisions	8A	<b>89,984</b>	88,000
Employee provisions	8A	<b>10,086</b>	2,704
<b>Total current liabilities</b>		<b>129,085</b>	111,761
<b>Non-Current Liabilities</b>			
Officer Provisions	8A	-	-
Employee Provisions	8A	-	-
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>129,085</b>	111,761
<b>Net assets</b>		<b>1,319,995</b>	1,355,952
<b>EQUITY</b>			
Revaluation reserve		<b>203,313</b>	203,313
Retained earnings		<b>1,152,639</b>	993,049
Current Year Earnings		<b>(35,957)</b>	159,590
<b>Total equity</b>		<b>1,319,995</b>	1,355,952

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 2014*

	Notes	Revaluation reserve \$	Retained earnings \$	Total equity \$
<b>Balance as at 1 July 2012</b>		203,313	993,049	1,196,362
Profit for the year		-	159,590	159,590
<b>Closing balance as at 30 June 2013</b>		203,313	1,152,639	1,355,952
(Loss) for the year		-	(35,957)	(35,957)
<b>Closing balance as at 30 June 2014</b>		<b>203,313</b>	<b>1,116,682</b>	<b>1,319,995</b>

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

**Australian Federated Union of Locomotive Employees**  
**CASH FLOW STATEMENT – TO BE COMPLETED**  
*for the year ended 30 June 2014*

	Notes	2014 \$	2013 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from Members		750,029	750,674
Other		9,921	6,368
<b>Cash used</b>			
Employees		(389,567)	(404,613)
Suppliers		(405,972)	(222,981)
<b>Net cash from (used by) operating activities</b>		(35,589)	129,448
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Interest received		14,724	9,333
Trust Income		621	15,470
Inflows from investments		87,840	-
<b>Cash used</b>			
Proceeds from sale of plant and equipment		-	(1,832)
<b>Net cash from (used by) financing activities</b>		103,185	22,971
<b>Net increase (decrease) in cash held</b>		67,596	152,419
Cash & cash equivalents at the beginning of the reporting year		465,690	313,271
<b>Cash &amp; cash equivalents at the end of the reporting year</b>	9A	533,286	465,690

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 2014*

	2014	2013
	\$	\$
<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>	-	-

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**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2014*

**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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2014*

**1.5 Gains**

***Sale of assets***

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

**1.6 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.

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.

**1.7 Borrowing costs**

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

**1.8 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.

**NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 30 June 2014*

**1.9 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.

**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.

***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.

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

**1.9 Financial instruments (continued)**

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.

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.

**1.9 Financial instruments (continued)**

***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.

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.

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

**1.9 Financial instruments (continued)**

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 assets' 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



**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

**1.10 Financial Liabilities (continued)**

- 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.

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

**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.

**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.



**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

**1.12 Land, Buildings, Plant and Equipment (continued)**

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

	<b>2014</b>	<b>2013</b>
Land and Buildings	<b>40 years</b>	40 years
Plant and equipment	<b>5 to 10 years</b>	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.

**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.

### 1.15 Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### ***Significant accounting estimates and assumptions***

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### *Provisions for employee benefits*

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service.

### 1.16 Fair value measurement

The Australian Federated Union of Locomotive Employees 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

The principal or the most advantageous market must be accessible by the Australian Federated Union of Locomotive Employees. 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.

**1.16 Fair value measurement (continued)**

The Australian Federated Union of Locomotive Employees 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 Australian Federated Union of Locomotive Employees 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 Australian Federated Union of Locomotive Employee 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.

**Note 2 Events after the reporting year**

There were no events that occurred after 30 June 2014, 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.

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

***for the year ended 30 June 2014***

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Note 3    Income</b>		
<b>Note 3A: Levies</b>		
Mortality Fund	-	8,238
Legal Contingency	<b>100</b>	5,492
General Fund	<b>312</b>	-
<b>Total levies</b>	<b>412</b>	<b>13,730</b>
<b>Note 3B: Grants or Donations</b>		
	-	-
Grants	-	-
Donations	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

	2014	2013
	\$	\$
<b>Note 4 Expenses</b>		
<b>Note 4A: Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	185,050	156,085
Superannuation	21,793	18,022
Leave and other entitlements	9,242	(11,704)
Separation and redundancies	-	-
Other employee expenses	1,195	580
<b>Subtotal employee expenses holders of office</b>	<b>217,280</b>	<b>162,983</b>
<b>Employees other than office holders:</b>		
Wages and salaries	163,734	202,898
Superannuation	19,128	25,394
Leave and other entitlements	12,732	(15,214)
Separation and redundancies	-	-
Other employee expenses	2,465	1,634
<b>Subtotal employee expenses employees other than office holders</b>	<b>198,059</b>	<b>214,712</b>
<b>Total employee expenses</b>	<b>415,339</b>	<b>377,695</b>

**Note 4B: Affiliation fees**

Queensland Council of Unions	8,479	8,106
Union Shop	(400)	3,807
<b>Total affiliation fees/subscriptions</b>	<b>8,079</b>	<b>11,913</b>

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

	2014	2013
	\$	\$
<b>Note 4C: Administration expenses</b>		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees and allowances – meeting and conferences	1,495	27,186
Conference and meeting expenses	-	-
Office expenses	101,289	64,098
<b>Subtotal administration expense</b>	<b>102,783</b>	<b>91,284</b>

**Note 4D: Grants or donations**

Grants	-	-
Total paid that were \$1,000 or less	-	-
Total paid that exceed \$1,000	-	-
Donations		
Total paid that were \$1,000 or less	2,790	3,942
Total paid that exceed \$1,000	-	-
<b>Total grants or donations</b>	<b>2,790</b>	<b>3,942</b>

**Note 4E: Depreciation**

Depreciation		
Land & buildings	9,375	9,375
Property, plant and equipment	6,228	8,870
<b>Total depreciation</b>	<b>15,603</b>	<b>18,245</b>

**Note 4F: Legal costs**

Litigation	95,697	4,044
Other legal matters	-	-
<b>Total legal costs</b>	<b>95,697</b>	<b>4,044</b>

**Australian Federated Union of Locomotive Employees**  
**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

<b>2014</b>	<b>2013</b>
<b>\$</b>	<b>\$</b>

**Note 4G: Other expenses**

Accounting Fees	<b>7,176</b>	-
Body Corporate	<b>9,784</b>	8,652
Fees	<b>15,831</b>	-
Mortality Payments	<b>16,000</b>	16,000
Other expenses	<b>26,345</b>	14,576
Penalties – via RO Act or RO Regulations	-	-
<b>Total Penalties</b>	<b>75,136</b>	<b>39,228</b>

**Note 5 Current Assets**

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

Cash at bank	<b>532,886</b>	465,131
Cash on hand	<b>400</b>	558
Other	-	-
<b>Total cash and cash equivalents</b>	<b>533,286</b>	<b>465,690</b>

**Note 5B: Other Current Assets**

Prepayments	<b>19,413</b>	2,199
<b>Total other current assets</b>	<b>19,413</b>	<b>2,199</b>

# Australian Federated Union of Locomotive Employees

## NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

	2014	2013
	\$	\$

### Note 6 Non-current Assets

#### Note 6A: Land and buildings

Land and buildings:

fair value	375,000	375,000
accumulated depreciation	(18,750)	(9,375)
<b>Total land and buildings</b>	<b>356,250</b>	<b>365,625</b>

Fair value of the property was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation (5/10/11), the property's fair value is based on valuations performed by Propell National Valuers, an accredited independent valuer.

Significant unobservable valuation input – recent market sales. A significant increase (decrease) in estimated sales prices in isolation would result in a significantly higher (lower) fair value.

#### ***Reconciliation of the opening and closing balances of land and buildings***

##### **As at 1 July**

Gross book value	375,000	375,000-
Accumulated depreciation and impairment	(9,375)	-
<b>Net book value 1 July</b>	<b>365,625</b>	<b>375,000</b>

Additions:

By purchase	-	-
From acquisition of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(9,375)	(9,375)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-

<b>Net book value 30 June</b>	<b>356,250-</b>	<b>365,625</b>
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##### **Net book value as of 30 June represented by:**

Gross book value	375,000	375,000
Accumulated depreciation and impairment	(18,750)	(9,375)
<b>Net book value 30 June</b>	<b>356,250</b>	<b>365,625</b>



**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

<b>2014</b>	<b>2013</b>
<b>\$</b>	<b>\$</b>

**Note 6B: Plant and equipment**

Plant and equipment:

at cost	<b>73,101</b>	73,101
accumulated depreciation	<b>(66,653)</b>	(60,425)
<b>Total plant and equipment</b>	<b>6,448</b>	12,676

***Reconciliation of the opening and closing balances of plant and equipment***

<b>As at 1 July</b>		
Gross book value	<b>73,101</b>	70,610
Accumulated depreciation and impairment	<b>(60,425)</b>	(51,205)
<b>Net book value 1 July</b>	<b>12,676</b>	19,405
Additions:		
By purchase	-	2,491
From acquisition of entities (including restructuring)	-	-
Impairments	-	-
Depreciation expense	<b>(6,228)</b>	(8,870)-
Other movement	-	-
Disposals:		-
From disposal of entities (including restructuring)	-	-
Other	-	(350)
<b>Net book value 30 June</b>	<b>6,448</b>	12,676
<b>Net book value as of 30 June represented by:</b>		
Gross book value	<b>73,101</b>	73,101
Accumulated depreciation and impairment	<b>(66,653)</b>	(60,425)
<b>Net book value 30 June</b>	<b>6,448</b>	12,676

**Note 6C: Other Investments**

Deposits	<b>533,683</b>	621,523
<b>Total other investments</b>	<b>533,683</b>	621,523

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

2014                      2013  
\$                              \$

**Note 7      Current Liabilities**

**Note 7A: Trade payables**

Trade creditors and accruals	29,015	21,057
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
<b>Subtotal trade creditors</b>	<b>29,015</b>	<b>21,057</b>
 Payables to other reporting unit[s]	 -	 -
<b>Total trade payables</b>	<b>29,015</b>	<b>21,057</b>

**Note 8      Provisions**

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

**Office Holders:**

Annual leave	45,434	46,079
Long service leave	44,550	41,921
Separations & redundancies	-	-
Other	-	-

<b>Subtotal employee provisions—office holders</b>	<b>89,984</b>	<b>88,000</b>
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**Employees other than office holders:**

Annual leave	7,934	1,319
Long service leave	2,152	1,385
Separations & redundancies	-	-
Other	-	-

<b>Subtotal employee provisions—employees other than office holders</b>	<b>10,086</b>	<b>2,704</b>
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<b>Total employee provisions</b>	<b>100,070</b>	<b>90,704</b>
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Current	100,070	90,704
Non Current	-	-
<b>Total employee provisions</b>	<b>100,070</b>	<b>90,704</b>

**Australian Federated Union of Locomotive Employees**

**NOTES TO THE FINANCIAL STATEMENTS CONT.**

*for the year ended 30 June 2014*

**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	<b>533,286</b>	465,690
Balance sheet	<b>533,286</b>	465,690
<b>Difference</b>	<b>-</b>	<b>-</b>

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

Profit/(deficit) for the year	<b>(35,957)</b>	159,590
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**Adjustments for non-cash items**

Depreciation/amortisation	<b>15,603</b>	18,245
Gain (loss) on disposal of assets	<b>(15,346)</b>	10,062

**Changes in assets/liabilities**

(Increase)/decrease in prepayments	<b>(17,214)</b>	(2,199)
Increase/(decrease) in supplier payables	<b>7,958</b>	(29,332)
Increase/(decrease) in provisions	<b>9,367</b>	(26,918)

**Net cash from (used by) operating  
activities**

<b>(35,589)</b>	<b>129,448</b>
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**Note 9B: Cash flow information**

**Cash inflows**

AFULE	<b>843,814</b>	781,845
<b>Total cash inflows</b>	<b>843,814</b>	<b>781,845</b>

**Cash outflows**

AFULE	<b>776,218</b>	629,426
<b>Total cash outflows</b>	<b>776,218</b>	<b>629,426</b>

## Australian Federated Union of Locomotive Employees

### NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

#### 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)	161,054	140,511
Annual leave accrued	45,435	46,079
<b>Total short-term employee benefits</b>	<b>206,489</b>	<b>186,590</b>

###### Post-employment benefits:

Superannuation	20,132	17,744
<b>Total post-employment benefits</b>	<b>20,132</b>	<b>17,744</b>

###### Other long-term benefits:

Long-service leave	44,550	42,921
<b>Total other long-term benefits</b>	<b>44,550</b>	<b>42,921</b>

###### Termination benefits

	-	-
<b>Total</b>	<b>271,171</b>	<b>247,255</b>

#### Note 11 Remuneration of Auditors

##### Value of the services provided

Financial statement audit services	6,100	5,900
Other services	1,100	5,000
<b>Total remuneration of auditors</b>	<b>7,200</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 2014 were Vincents Audit and Assurance.

#### Note 12 Related Party Transactions

The Australian Federated Union of Locomotive Employees did not have any transactions with related parties during the reporting period. .

#### Note 13 Amalgamation

The Australian Federated Union of Locomotive Employees did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3, a restructure of the branches of an organisation, a determination or revocation by the General Manager during the reporting period. .

# Australian Federated Union of Locomotive Employees

## NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

### Note 14 Financial Instruments

#### 14 (a) Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial assets, financial liability are disclosed in Note 1 to the Financial Statements.

#### 14 (b) Interest Rate Risk

The organisation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities are as follows:

#### 14 (c) Categories of financial instruments

<b>Financial assets</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Fair value through profit or loss:		
<b>Total</b>	-	-
Held-to-maturity investments:		
<i>Cash at bank</i>	<b>532,886</b>	465,131-
<i>Deposits</i>	<b>533,683</b>	621,523
<b>Total</b>	<b>1,066,589</b>	1,086,654
Available-for-sale assets:		
<b>Total</b>	-	-
Loans and receivables:	-	-
<b>Total</b>	-	-
<b>Carrying amount of financial assets</b>	<b>1,065,589</b>	1,086,654
<b>Financial liabilities</b>		
Fair value through profit or loss:	-	-
<b>Total</b>	-	-
Other financial liabilities:		
<i>Trade payables</i>	<b>29,015</b>	21,057
<b>Total</b>	<b>29,015</b>	21,057
<b>Carrying amount of financial liabilities</b>	<b>29,015</b>	21,057

# Australian Federated Union of Locomotive Employees

## NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

### 14 (d) Net income and expense from financial assets

#### Held-to-maturity

Interest revenue	14,462	9,333-
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
<b>Net gain/(loss) held-to-maturity</b>	<b>14,462</b>	<b>9,333</b>

#### Loans and receivables

Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
<b>Net gain/(loss) from loans and receivables</b>	<b>-</b>	<b>-</b>

#### Available for sale

Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Gain/loss recognised in equity	-	-
Amounts reversed from equity:		
Impairment	-	-
Fair value changes reversed on disposal	-	-
Gain/loss on disposal	-	-
<b>Net gain/(loss) from available for sale</b>	<b>-</b>	<b>-</b>

#### Fair value through profit and loss

Held for trading:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
<b>Total held for trading</b>	<b>-</b>	<b>-</b>
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
<b>Total designated as fair value through profit and loss</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) at fair value through profit and loss</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) from financial assets</b>	<b>14,462</b>	<b>9,333</b>

The net income/expense from financial assets not at fair value from profit and loss is \$14,462 (2013: \$9,333).

# Australian Federated Union of Locomotive Employees

## NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

### 14 (e) Net income and expense from financial liabilities

#### At amortised cost

Interest expense	-	-
Exchange gains/(loss)	-	-
Gain/loss on disposal	-	-
<b>Net gain/(loss) financial liabilities - at amortised cost</b>	<b>-</b>	<b>-</b>

#### Fair value through profit and loss

##### Held for trading:

Change in fair value	-	-
Interest expense	-	-
Exchange gains/(loss)	-	-
<b>Total held for trading</b>	<b>-</b>	<b>-</b>

##### Designated as fair value through profit and loss:

Change in fair value	-	-
Interest expense	-	-
<b>Total designated as fair value through profit and loss</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) at fair value through profit and loss</b>	<b>-</b>	<b>-</b>
<b>Net gain/(loss) from financial liabilities</b>	<b>-</b>	<b>-</b>

The net income/expense from financial liabilities not at fair value from profit and loss is nil (2013:nil).

### 14 (f) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The organisation does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the organisation.

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

#### Financial assets

Trade receivables	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### Financial liabilities

Trade payables	29,015	21,057
<b>Total</b>	<b>-</b>	<b>-</b>

# Australian Federated Union of Locomotive Employees

## NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

### 14 (f) Credit Risk (continued)

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

	Not past due nor impaired	Past due or impaired	Not past due nor impaired	Past due or impaired
	2014	2014	2013	2013
	\$	\$	\$	\$
Trade receivables	-	-	-	-
Trade payables	29,015	-	21,057	-
<b>Total</b>	-	-	-	-

### 14 (g) Market Risk

The organisation's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities are as follows:

	Weighted average effective interest rate		Floating interest rate		Non-interest bearing	
	2014	2013	2014	2013	2014	2013
	%	%	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash at bank	2.23	2.85	532,886	465,131	400	558
Interest bearing deposits	2.61	2.60	533,683	621,523	-	-
<b>Total financial assets</b>			<b>1,066,569</b>	<b>1,086,654</b>	<b>400</b>	<b>558</b>
<b>Financial Liabilities</b>						
Trade payables	-	-	-	-	29,015	21,057
<b>Total financial liabilities</b>			-	-	<b>29,015</b>	<b>21,057</b>

### 14 (h) Assets pledged/or held as collateral

The Australian Federated Union of Locomotive Employees did not have any assets pledged or held as collateral at the end of the reporting period (2013: nil).



## Australian Federated Union of Locomotive Employees

### NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

#### Note 15 Fair value measurement

##### 15 (a) Financial assets and liabilities

Management of the reporting unit assessed that cash, trade payables, and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 30 June 2014 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Reporting Unit based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 30 June 2014 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

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

	Carrying amount 2014 \$	Fair value 2014 \$	Carrying amount 2013 \$	Fair value 2013 \$
<b>Financial Assets</b>				
<i>Held to maturity investments</i>	1,066,589	1,066,589	1,086,654	1,086,654
<b>Total</b>	1,066,589	1,066,589	1,086,654	1,086,654
<b>Financial Liabilities</b>				
<i>Other financial liabilities</i>	29,015	29,015	21,057	21,057
<b>Total</b>	29,015	29,015	21,057	21,057

# Australian Federated Union of Locomotive Employees

## NOTES TO THE FINANCIAL STATEMENTS CONT.

for the year ended 30 June 2014

### 15 (b) Fair value hierarchy

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

#### Fair value hierarchy—Consolidated 30 June 2014

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	
Land & buildings	5/10/2011	375,000	-	-
<b>Total</b>		375,000	-	-
<b>Liabilities measured at fair value</b>				
Trade Payables	30/6/2014	29,015	-	-
<b>Total</b>				

#### Fair value hierarchy—Consolidated 30 June 2013

	Date of valuation	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>		\$	\$	\$
Land & Buildings	5/10/2011	375,000	-	-
<b>Total</b>				
<b>Liabilities measured at fair value</b>				
Trade Payables		21,057	-	-
<b>Total</b>		21,057	-	-

### Note 16 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).

## **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 statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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.

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### **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 2014 and of their performance for the period ended on that date;
- (b) complying with Australian Accounting Standards and Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*; and
- (c) management's use of the going concern basis of accounting in the preparation of the financial report is appropriate.

**Peter Sheville**

**Vincent's Audit & Assurance**

**Registered Company Auditor number: 16082**

**Certificate of Public Practice number: 80428**

**Chartered Accountants Australia New Zealand member number: 80428**

17 December 2014