

**WESTERN AUSTRALIAN PRISON
OFFICERS' UNION OF WORKERS**

ABN 98 518 622 745

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**



Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS

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**WESTERN AUSTRALIAN PRISON
OFFICERS' UNION OF WORKERS
ABN 98 518 622 745**

OPERATING REPORT

In accordance with the *Fair Work (Registered Organisations) Act 2009* ("Act") the Union Committee of Management ("the Committee") present their operating report on the Western Australian Prison Officers' Union of Workers ("the Union") for the year ended 30 June 2016.

Members of the Committee of Management

The State Executive members who held office during the period were:

K. Brown	Union President
J. Welch	Union Secretary
M. Cromb	Union Treasurer
Andrew Smith	Union Assistant Secretary
U. Thiel	Union Vice President
T. Kennedy	Union Executive Member
Paul Barry	Union Executive Member
D. Mcateer	Union Executive Member

Members of the State Executive Committee were in office for the period covering the report until the date of this report unless otherwise stated.

The State Council members who held office during the period were:

G. Longman, Casuarina	
R. Sheehan, Casuarina	
G. Simes, Casuarina	
S. Szumskyj, Casuarina	
M. Sheehan, DDU	
S. Parker, EGRP	
M. O'Siochain	(resigned 4-2016)
C. Pizzey, Greenough	(resigned 5-5-2016)
N. Cassidy, Greenough	(elected 20-6-2016)
N. Barton, Greenough	(Resigned 15-2-2016)
C. Wilton, Greenough	(elected 20-6-2016)
A. Louw, Hakea	
A. Smith, Hakea	
P. Vose, Hakea	
G. Ansell, Hakea	(resigned 2-12-2015)
P. Cowie, Karnet	
J. Harrington, Work Camps	(elected 19-5-2016)

WESTERN AUSTRALIAN PRISON

OFFICERS' UNION OF WORKERS

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OPERATING REPORT (CONTINUED)

The State Council members who held office during the period were (Continued):

I. Knott, Wandoo	(elected 1/6/16)
R. MacDonald, WKRP	(elected 17-6-2016)
G. Rossiter, Wooroloo	(resigned 11-12-2016)
T. Gardiner, Wooroloo	(resigned 7-9-2015)
K. O'Neill, Wooroloo	(elected 19-5-2016)
D. Lee, Wooroloo	(elected 19-5-2016)

Members have been in office for the period covering the report until the date of this report unless otherwise stated.

Principal Activity

The principle activities of the Union during the year ending 30 June 2016 were as follows:

- representing individual members in grievance disputes with employers resulting in members being treated fairly and their rights respected.
- representing all members at various workplaces regarding disputes with employers resulting in a fair outcome.
- negotiating Enterprise Bargaining Agreements resulting in increased wages and conditions for members covered by those Agreements.
- negotiating Industrial Agreements at a number of worksites resulting in the settlement of disputes or the resulting in flexibility working arrangements.
- providing members with professional indemnity insurance.
- providing Union Delegates and Worksite Committee members with training and education to enable them to better represent members in the workplace.

Operating Results

The Union's loss for the year amounted to \$5,843 (2015: Profit \$299,677).

Review of Operations

A review of the operations of the Union during the year found that there were no significant changes in nature to these principal activities during the year.

Significant Changes in the State of Affairs

No matters or circumstances arose during the year which significantly affected the financial affairs of the Union.

After Balance Date Events

There are no significant events after balance date to be reported.

Member's Right to Resign

Members may resign from the Union by giving written notice to the Union in accordance with the rules of the Union.

Membership of the Union

Number of members as at 30 June 2016: 2,219 (30 June 2015: 2,203).

Employees of the Union

At the end of the financial period the Union employed 9 staff.

WESTERN AUSTRALIAN PRISON

OFFICERS' UNION OF WORKERS

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OPERATING REPORT (CONTINUED)

Indemnification of Officer or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the Union.

Proceedings on Behalf of the Union

No person has applied for leave of Court to bring proceedings on behalf of the Union or intervene in any proceedings to which the Union is a party for the purpose of taking responsibility on behalf of the Union for all or any part of those proceedings. The Union was not a party to any such proceedings during the period.

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the year ended 30 June 2016.

Other Information

There is no other information that the Union considers relevant.

Auditor's Independent Declaration

A copy of the auditor's independence declaration is set out on page 5.

Signed in accordance with a resolution of the Committee of Members passed on the 13th September 2016



John Welch
Secretary

Dated: 13th September 2016



Michael Cromb
Treasurer

Dated: 13th September 2016

WESTERN AUSTRALIAN PRISON

OFFICERS' UNION OF WORKERS

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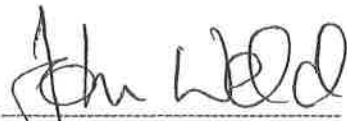
COMMITTEE OF MANAGEMENT STATEMENT

On the 13th day of September 2016 the Committee of Management of Western Australian Prison Officers' Union of Workers ("the Union") passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 30 June 2016:

The Union Committee of Management of the Western Australian Prison Officers' Union of Workers declares that in its opinion:

1. the financial statements and notes comply with the Australian Accounting Standards and other mandatory professional reporting requirements;
2. the financial statements and notes give a true and fair view of the Union's financial performance, financial position and cash flows, and the changes in equity for the year then ended;
3. there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
4. during the financial year to which the GPFR relates and since the end of that period:
 - (a) meetings of the Committee of Management were held in accordance with the rules of the Union;
 - (b) the financial affairs of the Union have been managed in accordance with the rules of the Union;
 - (c) the financial records of the Union have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009 ("Act")* and *Fair Work (Registered Organisations) Regulations 2009 ("Regulations")*, *Industrial Relations Act 1979 (WA) ("IR Act")* and *Industrial Relations Commission Regulations 2005 (WA) ("IRC Regulations")*; and
 - (d) the Union is a sole reporting unit, therefore the financial records of the Union have been kept in a consistent manner specifically relating to the Union.
5. further the Committee of Management of the Union declares that the Union has not undertaken any recovery of wages activity during the year ending 30 June 2016.

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



John Welch

Secretary

Dated: 13th September 2016



Michael Cromb

Treasurer

Dated: 13th September 2016



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF
WESTERN AUSTRALIAN PRISON OFFICERS' UNION OF WORKERS**

As auditor for the audit of Western Australian Prison Officers' Union of Workers for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there has been:

No contraventions of any applicable code of professional conduct in relation to the audit.

ANDERSON MUNRO & WYLLIE

ANDERSON MUNRO & WYLLIE

Chartered Accountants

Martin Shone

Principal

Dated at Perth, Western Australia this 14th of September 2016

WESTERN AUSTRALIAN PRISON

OFFICERS' UNION OF WORKERS

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue			
Membership Contributions	3A	1,790,963	1,727,932
Funeral Benefit Fund Subscriptions	3B	56,953	57,615
Death Benefit Levy	3C	64,290	94,226
Rental Income	3D	47,585	46,424
Advertising Income	3E	8,436	11,308
Interest Received	3F	37,269	38,605
Other Income	3G	36,440	45,158
Total income		2,041,936	2,647,218
Expenses			
Employee Expenses	4A	(978,877)	(844,274)
Affiliation Fees	4B	(112,296)	(105,828)
Administration Expenses	4C	(319,625)	(292,236)
Donations	4D	(18,763)	(3,301)
Depreciation	4E	(78,293)	(84,658)
Legal Costs	4F	(169,119)	(70,384)
Audit Fees	12	(18,053)	(30,544)
Net Losses from Sale of Assets	4G	-	(10,950)
Benefits Paid	4H	(92,515)	(87,825)
Other Expenses	4I	(260,238)	(191,601)
Total expenses		(2,047,779)	(2,442,924)
Net Profit Attributable to Members of the Union		(5,843)	299,667
Other Comprehensive Income		-	-
Total Comprehensive Income for the period attributable to Members of the Union		(5,843)	299,667

The accompanying notes form part of these financial statements.

**WESTERN AUSTRALIAN PRISON
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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5A	1,694,668	1,643,618
Trade and Other Receivables	5B	13,540	11,205
Other Current Assets	5C	32,523	34,932
TOTAL CURRENT ASSETS		1,740,731	1,689,755
NON-CURRENT ASSETS			
Investments		-	-
Property, Plant and Equipment	6	2,200,776	2,234,815
TOTAL NON-CURRENT ASSETS		2,200,776	2,234,815
TOTAL ASSETS		3,941,507	3,924,570
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	7A	115,005	96,940
Employee Provisions	8A	94,145	114,505
TOTAL CURRENT LIABILITIES		209,150	211,440
NON-CURRENT LIABILITIES			
Employee Provisions	8A	84,400	59,325
TOTAL NON-CURRENT LIABILITIES		84,400	59,325
TOTAL LIABILITIES		293,550	270,770
NET ASSETS		3,647,957	3,653,800
EQUITY			
Retained Earnings		3,311,877	3,317,720
Reserves	9	336,080	336,080
TOTAL EQUITY		3,647,957	3,653,800

The accompanying notes form part of these financial statements.

**WESTERN AUSTRALIAN PRISON
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**STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Retained Earnings – General Fund	Retained Earnings – Funeral and Death Benefit Fund	Other Reserves	Total
	\$	\$	\$	\$
Balance at 30 June 2014	2,540,357	477,696	336,080	3,354,133
Profit for the Period	299,667	-	-	299,667
Balance at 30 June 2015	<u>2,840,024</u>	<u>477,696</u>	<u>336,080</u>	<u>3,653,800</u>
Profit for the Period	(5,843)	-	-	(5,843)
Balance at 30 June 2016	<u>2,834,181</u>	<u>477,696</u>	<u>336,080</u>	<u>3,647,957</u>

The accompanying notes form part of these financial statements.

**WESTERN AUSTRALIAN PRISON
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**STATEMENT OF CASH FLOWS
FOR THE 18 MONTHS ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipt from Members	2,024,308	2,030,941
Payment to Suppliers and Employees	(1,973,057)	(1,672,159)
Interest Received	32,141	33,776
Cash Received from / (Used in) Operating Activities	11A <u>83,392</u>	<u>392,558</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Non-Current Assets	(84,481)	(115,424)
Proceeds on Disposal of Non-Current Assets	52,139	2,242
Cash Used in Investing Activities	<u>(32,342)</u>	<u>(113,182)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Used in Financing Activities	<u>-</u>	<u>-</u>
Increase/(Decrease) in Cash and Cash Equivalents During the Period	51,050	459,654
Cash and Cash Equivalents at the Beginning of the Period	1,643,618	279,376
Cash and Cash Equivalents at the End of the Period	<u>1,694,668</u>	<u>1,643,618</u>

The accompanying notes form part of these financial statements

**WESTERN AUSTRALIAN PRISON
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**RECOVERY OF WAGES ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2016**

No recovery of wages activities occurred in the reporting period.

**WESTERN AUSTRALIAN PRISON
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 1: Union Information

The financial report of Western Australian Prison Officers' Union of Workers ("the Union") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Committee of Management.

The financial statements cover the Union as an individual entity. The Union is registered and domiciled in Western Australia.

The Union is a trade union which represents the industrial interests of the career public sector and private industry Prison Officers employed within the state of Western Australia.

Number of members at 30 June 2016: 2,219 (30 June 2015: 2,203).

The financial statements were authorised for issue on 13th September 2016 by the members of the committee.

Note 2: Summary of Significant Accounting Policies

BASIS OF PREPARATION

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Revenue

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

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

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

Donation income is recognised when it is received.

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

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

(b) Gains

Sale of Assets

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(c) 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 period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Union 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.

The Union recognises an obligation to 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 as per the requirements of the relevant industrial conditions or obligations.

(d) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(e) Borrowing Costs

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

(f) 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 consolidated statement of financial position.

WESTERN AUSTRALIAN PRISON
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(g) Financial Instruments

Financial assets and financial liabilities are recognised when the 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.

(h) 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.

(i) *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 Union 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 Union 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.

(ii) *Held-to-maturity investments*

Financial assets with fixed or determinable payments and fixed maturity dates that the Union 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.

WESTERN AUSTRALIAN PRISON

OFFICERS' UNION OF WORKERS

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(i) Financial Assets (Continued)

(iii) *Available-for-sale*

The Union is aware of the accounting policies and standards that are required in the circumstances where listed shares and listed redeemable notes are held as investments by the Union but no such shares or notes are held by the Union.

(iv) *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.

(v) *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 period. 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 period, 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.

(vi) *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 period. 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 Union past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period 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 periods.

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 period.

**WESTERN AUSTRALIAN PRISON
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(i) Financial Assets (Continued)

(vi) *Impairment of financial assets (Continued)*

For financial assets measured at amortised cost, if, in a subsequent period, 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.

(vii) *Derecognition of financial assets*

The Union 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.

(j) 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'.

(i) *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.

**WESTERN AUSTRALIAN PRISON
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(j) Financial Liabilities (Continued)

(i) Fair value through profit or loss (Continued)

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.

(ii) 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.

(iii) Derecognition of financial liabilities

The Union 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.

(k) 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.

(l) Land, Buildings, Plant and Equipment

Asset Recognition Threshold

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

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the diminishing method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and equipment	5% - 40%
Motor vehicles	25%
Buildings and improvements	2.5% to 25%

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(m) Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at its cost, including transaction costs, less accumulated depreciation.

Depreciation

Depreciable investment property assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the diminishing method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and equipment	5% - 40%
Buildings and improvements	2.5% to 25%

Derecognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(n) Impairment for Non-Financial Assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(o) Taxation

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

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

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

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

Cash flows are included in the 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 2: Summary of Significant Accounting Policies (Continued)

(p) Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

The comparative period is for 18 months whereas the current period is for 12 months due to a change in the Union's financial year end.

(q) Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(r) Significant Accounting Judgements and Estimates

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Nil

Key estimates

Impairment

Key judgments

Available-for-sale investments

Nil

(s) New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

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.

Future Australian Accounting Standards Requirements

The Union has assessed the new and amended pronouncements applicable to future reporting periods and has determined that their effect on the Union is NIL.

(sa) Going Concern

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

The Union provides no financial support to ensure another reporting unit can continue on a going concern basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Note 3: Income		\$	\$
 Note 3A: Membership Contributions			
<i>Full time</i>			
DCS members: 01 July 2015 to 09 Sept 2015 \$34.90			
10 Sept 2015 to 30 June 2016 \$35.65			
Acacia members: 01 July 2015 to 02 Sept 2015 \$32.34			
03 Sept 2015 to 30 th June 2016- \$35.65 per fortnight			
<i>Job share</i>			
DCS members: 01 July 2015 to 09 Sept 2015 \$26.45			
10 Sept 2015 to 30 June 2016 \$27.00			
Acacia : 01 July 2015 to 02 Sept 2015 \$24.57			
03 Sept 2015 to 30 June 2016 \$27.00			
<i>-WAPOU's major income</i>		1,790,963	1,727,932
 Note 3B: Funeral Benefit Fund Subscriptions			
\$1.10 per fortnight for DCS and \$1.10 per fortnight for ACACIA for Funeral expenses to members and beneficiaries		56,953	57,615
 Note 3C: Death Benefit Levy			
\$15 per member which is a one-time fee when a serving member passes away and it is used to pay funeral expenses to the deceased member's beneficiary.		64,290	94,226
 Note 3D: Rental Income			
Properties		47,585	46,424
 Note 3E: Advertising Income		8,436	11,308
 Note 3F: Interest Received			
Deposits		37,269	38,605
 Note 3G: Other Income			
Contributions to Cost		-	40,825
Profit on sale of assets		11,912	-
Federal Income – ERA Research		22,727	-
Sundry Income		1,663	3,883
Discounts Received		138	450
Total Other Income		36,440	45,158

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Note 4: Expenses		\$	\$
Note 4A: Employee Expenses			
Holders of office:			
– Wages and salaries		(234,188)	(231,319)
– Superannuation		(44,790)	(30,127)
– Leave and other entitlements		(43,743)	21,294
Subtotal employee expenses holders of office		(322,721)	(240,152)
Employees other than office holders:			
– Wages and salaries		(445,578)	(506,817)
– Superannuation		(43,919)	(39,647)
– Leave and other entitlements		(60,563)	58,996
Subtotal employee expenses employees other than office holders		(550,060)	(487,468)
Other employee expenses		(106,096)	(116,654)
Total employee expenses		(978,877)	(844,274)
Note 4B: Affiliation Fees			
Trades and Labour Council of WA		(42,948)	(37,155)
Australian Council of Trade Unions		(13,210)	(11,263)
Prison Officers' Association of Australasia		-	(1,500)
Australian Labour Party (WA Union)		(20,306)	(17,497)
State Public Services Federation		(35,088)	(37,532)
Western Australian Industrial Gazette		(744)	(881)
Total affiliation fees		(112,296)	(105,828)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Note 4: Expenses (continued)		\$	\$
Note 4C: Administration Expenses			
Accounting Fees		(3,884)	(9,846)
Advertising Notices		(3,749)	(1,400)
Bank Charges		(5,479)	(3,542)
Fees/Allowances/Expenses – meetings and conferences		(175,532)	(145,256)
Office Expenses		(14,720)	(23,368)
Information Communications Technology		(26,013)	(24,433)
Property Expenses		(52,958)	(46,411)
Contractors/Consultants		(5,847)	(9,141)
Vehicle Expenses		(23,785)	(20,949)
General Insurance		(7,658)	(7,990)
Total administration expenses		(319,625)	(292,236)
Note 4D: Donations			
Donations:			
Total paid that were \$1,000 or less		(4,063)	(3,301)
Total paid exceeding \$1,000		(14,700)	-
Total donations		(18,763)	(3,301)
Note 4E: Depreciation			
Land and Buildings		(37,139)	(37,576)
Property, Plant and Equipment		(41,154)	(47,082)
Total depreciation		(78,293)	(84,658)
Note 4F: Legal Costs			
Litigation		(167,019)	(99,064)
Other Legal Matters		(2,100)	2,369
Legal Fee Reimbursement Received		-	26,311
Total legal costs		(169,118)	(70,384)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Note 4: Expenses (continued)		\$	\$
 Note 4G: Net Losses from Sale of Assets			
Asset write-downs and impairments of:			
Plant and Equipment		-	(10,950)
Total net losses from sale of assets		<u>-</u>	<u>(10,950)</u>
 Note 4H: Benefits Paid			
Funeral Benefits		(30,000)	(24,000)
Death Benefits		(62,515)	(63,825)
Total benefits paid		<u>(92,515)</u>	<u>(87,825)</u>
 Note 4I: Other Expenses			
Campaign Expenses		(162,289)	(101,568)
Membership Expenses		(20,716)	(26,331)
Rental Property Expenses		(62,365)	(52,423)
Sundry Expenses		(14,868)	(11,279)
Total other expenses		<u>(260,238)</u>	<u>(191,601)</u>
 Note 5: Current Assets			
 Note 5A: Cash and Cash Equivalents			
Cash at bank		430,131	536,702
Cash on hand		1,000	1,000
Short term deposits		1,263,537	1,105,916
Total cash and cash equivalents		<u>1,694,668</u>	<u>1,643,618</u>
 Note 5B: Trade and Other Receivables			
Trade receivables		13,540	11,205
Less provision for doubtful debts		<u>-</u>	<u>-</u>
Total trade and other receivables		<u>13,540</u>	<u>11,205</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
Note 5: Current Assets (continued)		\$	\$
Note 5C: Other Current Assets			
Prepayments		27,395	30,103
Accrued income		5,128	4,829
GST receivable		-	-
Total other current assets		32,523	34,932
 Note 6: Non-current assets			
 Note 6A: Land and buildings			
Land and buildings:			
Cost		932,575	938,470
Accumulated depreciation		(132,721)	(126,497)
Total land and buildings		799,854	811,973

Reconciliation of the opening and closing balances of land and buildings:

<hr/>			
As at 1 July 2015 (1 July 2014)			
Gross book value		938,470	911,715
Accumulated depreciation and impairment		(126,497)	(116,693)
Net book value 1 January		811,973	795,022
Additions:			
By purchase		-	12,730
Depreciation expense		(12,072)	(9,804)
Disposals		(47)	-
Net book value 30 June		799,854	811,973
Net book value as of 30 June represented by:			
Gross book value		932,575	938,470
Accumulated depreciation and impairment		(132,721)	(126,497)
Net book value 30 June		799,854	811,973

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Note 6B: Plant and equipment			
Plant and equipment:			
Cost		317,137	302,795
Accumulated depreciation		(141,953)	(121,994)
Total plant and equipment		175,184	180,801

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

	Fixtures and Fittings	Motor Vehicles	Computer Equipment	Office Furnitur e and Equipm ent	Total
As at 30 June 2015					
Gross book value	38,792	127,375	62,051	74,577	302,795
Accumulated depreciation and impairment	(6,240)	(28,721)	(44,251)	(42,782)	(121,994)
Net book value 30 June 2015	32,552	98,654	17,800	31,795	180,801
Additions:					
By purchase	3,570	53,522	4,299	1,380	62,771
Impairments					
Depreciation expense	(4,872)	(26,025)	(7,080)	(3,177)	(41,154)
Disposals	-	(26,873)	(336)	(15)	(27,224)
Net book value 30 June 2016	31,250	99,278	14,683	29,983	175,194
Net book value as of 30 June represented by:					
Gross book value	42,362	137,605	65,152	72,028	317,147
Accumulated depreciation and impairment	(11,112)	(38,327)	(50,469)	(42,045)	(141,953)
Net book value 30 June 2016	31,250	99,278	14,683	29,983	175,194

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Note 6C: Investment property			
Investment property:			
Cost		1,409,954	1,401,852
Accumulated depreciation		(184,216)	(159,814)
Total investment property		1,225,738	1,242,038

Reconciliation of the opening and closing balances of investment property:

	Furniture, Fixtures and Fittings	Land and Building	Total
As at 30 June 2015			
Gross book value	56,899	1,344,953	1,401,852
Accumulated depreciation and impairment	(34,125)	(125,689)	(159,814)
Net book value 30 June 2015	22,774	1,219,264	1,242,038
Additions:			
By purchase	3,887	5,093	8,980
Impairments			
Depreciation expense	(4,134)	(20,943)	(25,077)
Disposals	(203)	-	(203)
Net book value 30 June 2016	22,324	1,203,404	1,225,738
Net book value as of 30 June represented by:			
Gross book value	59,908	1,350,046	1,409,954
Accumulated depreciation and impairment	(37,584)	(146,632)	(184,216)
Net book value 30 June 2016	22,324	1,203,404	1,225,738

The highest and best use of the investment properties is not considered to be different from its current use. Additions during the period relate to the installation of blinds.

Rental income earned and received from the investment properties during the year ending 30 June 2016 was \$47,585 (30 June 2015: \$46,424).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 6C: Investment property (Continued)

Direct expenses incurred in relation to the investment properties that generated rental income during the year ending 30 June 2016 was \$62,365 (30 June 2015: \$52,423). During the period and as at the period-end, no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal were present. The Union does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Note 7: Current Liabilities

The Union has no payables or other financial liability to any other reporting unit of the organisation. The Union has no payables to employers as consideration for the employer making payroll deductions for membership subscriptions, or in respect of legal costs and other expenses related to litigation or other legal matters.

Note 7A: Trade and Other Payables

	Note	2016	2015
		\$	\$
Trade creditors		10,077	31,413
Sundry payables and accruals		50,189	23,229
Credit cards		5,562	9,125
GST payable		32,955	18,317
PAYG payable		16,222	14,856
Total trade and other payables		115,005	96,940

Note 8: Provisions

Note 8A: Employee Provisions

Office holders:

- Annual leave		32,723	28,096
- Long service leave		57,772	68,209
Subtotal employee provisions – office holders		90,495	96,305

Employees other than office holders:

- Annual leave		28,800	38,204
- Long service leave		59,250	39,321
Subtotal employee provisions – employees other than office holders		88,050	77,525
Total employee provisions		178,545	173,830

Current		94,145	114,505
Non-current		84,400	59,325
Total employee provisions		178,545	173,830

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Note 9: Other Reserves			
Provision for Future Funds		190,500	190,500
Provision for general purpose			
Provision for Vehicles		145,580	145,580
Motor Vehicles to be purchased in future periods			
Total other reserves		336,080	336,080
 Note 10: Segment Information			
The Union operates in one business and one geographic segment. Hence no separate segment information has been provided.			
 Note 11: Cash Flow			
Note 11A: Cash Flow Reconciliation			
Reconciliation of profit to net cash from operating activities:			
(Loss)/Profit for the period		(5,843)	299,667
<i>Adjustment for:</i>			
Disposal of non-current assets		(11,912)	10,830
Depreciation		78,293	84,658
Assets written off		-	10
 <i>Increase/decrease in working capital items:</i>			
(Increase)/decrease in accounts receivable		(2,335)	(5,238)
(Increase)/decrease in other assets		2,409	(14,037)
Increase/(decrease) in payables		18,065	17,141
Increase/(decrease) in provisions		4,715	(473)
Net cash generated from operating activities		83,392	392,558

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
Note 12: Remuneration of Auditors			
Value of the services provided			
– Financial statement audit services – PY Financial Statements		7,123	16,575
– Financial statement audit services - 2016		10,930	13,969
– Other services & membership audit		-	-
Total remuneration of auditors		18,053	30,544

Note 13: Events after the reporting period

There were no events that occurred after 30 June 2016, or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union.

Note 14: Financial Risk Management

The Union's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, bank loans and overdrafts.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets

Cash and cash equivalents		1,694,668	1,643,618
Trade and other receivables		13,540	11,205
Total financial assets		1,708,208	1,654,823

Financial liabilities

Trade and other payables		109,443	87,815
Interest bearing liabilities		5,562	9,125
Total financial liabilities		115,005	96,940

The Committee's overall risk management strategy seeks to assist the Union in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Committee on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for the operations. The Union does not have any derivative instruments at 30 June 2016.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 14: Financial Risk Management (continued)

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the Union is exposed to, how these risks arise, or the Committee's objectives, policies and processes for managing or measuring the risks from the previous period.

(i) Credit risk

The Union is exposed to credit risk on account of (a) default by individual members to pay their maximum membership contributions; and (b) default by tenants to pay for the rent charges.

The Union's maximum exposure to credit risk is the carrying amount of trade and other receivable at reporting date.

The credit risk is managed by ensuring that (a) membership dues are deducted by the employers as part of the payroll processing; and (b) rental dues are invoiced in advance prior to occupancy.

The Union does not monitor the credit risks in relation to cash and cash equivalent, which are transacted through creditworthy financial institutions. The management believes that these institutions are being subject to strict prudential norms imposed by Legislation, Reserve Bank and other regulatory authorities.

(ii) Liquidity risk

Liquidity risk is the risk that the Union will encounter difficulties in meeting the contractual obligations of its financial liabilities (principally due to shortage of funds).

Liquidity risk is kept continually under review and managed to ensure that cleared funds are held to meet the obligations on the respective due dates.

Liquidity risk is managed through:

- (a) Monitoring short term forecasted in-flows and the committed cash outflows of financial liabilities;
- (b) Monitoring the unused withdrawal facilities with banks.

(ii) Liquidity risk (Continued)

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 13: Financial Risk Management (Continued)

Specific Financial Risk Exposures and Management (Continued)

Financial liability and financial asset maturity analysis:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	109,443	87,815	-	-	-	-	109,443	87,815
Interest bearing liabilities	5,562	9,125	-	-	-	-	5,562	9,125
Total expected outflows	115,005	96,940	-	-	-	-	115,005	96,940
Financial Assets — cash flows realisable								
Cash and cash equivalents	1,694,668	1,643,618	-	-	-	-	1,694,668	1,643,618
Trade and other receivables	13,540	11,205	-	-	-	-	13,540	11,205
Total anticipated inflows	1,708,208	1,654,823	-	-	-	-	1,708,208	1,654,823
Net (outflow)/inflow on financial instruments	1,593,203	1,557,883	-	-	-	-	1,593,203	1,557,883

(iii) **Market risk**

(a) **Interest rate risk**

Interest rate risk is the risk that the fair values and cash-flows of Union's financial instruments will be affected by changes in the market interest rates.

The management of the Union believes that the risk of interest rate movement would not have material impact on Union's operations.

(b) **Other price risk**

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 13: Financial Risk Management (Continued)

Specific Financial Risk Exposures and Management (Continued)

(iii) Market risk (Continued)

Sensitivity analysis

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

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

	Profit	Equity
	\$	\$
Year ended 30 June 2016		
+/-1% in interest rates	13,969/(13,969)	13,969/13,969
Year ended 30 June 2015		
+/-1% in interest rates	12,189/(12,189)	(12,189)/12,189

No sensitivity analysis has been performed on foreign exchange risk as the Union has no material exposures to currency risk.

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

Net Fair Values

Fair value estimation

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

Fair value may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

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

**WESTERN AUSTRALIAN PRISON
OFFICERS' UNION OF WORKERS
ABN 98 518 622 745**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 13: Financial Risk Management (Continued)

	Note	2016		2015	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	1,694,668	1,694,668	1,643,618	1,643,618
Trade and other receivables	(i)	13,540	13,540	11,205	11,205
Total financial assets		1,708,208	1,708,208	1,654,833	1,654,833
Financial liabilities					
Trade and other payables	(i)	109,443	109,443	87,815	87,815
Interest bearing liabilities	(i)	5,562	5,562	9,125	9,125
Total financial liabilities		115,005	115,005	96,940	96,940

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

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



Anderson Munro & Wyllie

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTERN AUSTRALIAN PRISON OFFICERS' UNION OF WORKERS

Report on the Financial Report

We have audited the accompanying financial report of Western Australian Prison Officers' Union of Workers ("the Union") which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by members of the committee.

Committee's Responsibility for the Financial Report

The committee of the Union is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), *Industrial Relations Act 1979 (WA)*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the Committee of Management also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee, 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 Australian professional ethical pronouncements.



Auditor's Opinion

In my opinion:

- (1) The general purpose financial report of the Western Australian Prison Officers' Union of Workers is in accordance with:
 - a. the *Industrial Relations Act 1979 (WA)*, including:
 - (i) presenting fairly of the Union's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with applicable Australian Accounting Standards (including Australian Accounting Interpretations); and
 - b. the financial statements also complies with International Financial Reporting Standards as disclosed in Note 2.
- (2) The Union has kept satisfactory accounting records for the financial period including records of:
 - a. the sources and nature of the Union's income, including membership subscriptions and other income from members; and
 - b. the nature of and reasons for the Union's expenditure.
- (3) No person has contravened or failed to comply with s74 - *Duties of officers of organisations* of the *Industrial Relations Act 1979 (WA)*.
- (4) All the information and explanations that officers or employees of the Union were required to provide have been provided;
- (5) There was no deficiency, failure or shortcoming in any matter referred to in (1) to (4) above; and
- (6) Management's use of the going concern basis of accounting in the preparation of the Union's financial statements is appropriate.

ANDERSON MUNRO & WYLLIE

ANDERSON MUNRO & WYLLIE

Chartered Accountants

Address: Unit 8, 210 Winton Road, Joondalup, Western Australia

MARTIN SHONE

Principal & Registered Company Auditor

Dated at Perth, Western Australia this day of 13th September 2016