

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

ABN 98 518 622 745

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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

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Anderson Munro & Wyllie

CHARTERED ACCOUNTANTS, REGISTERED COMPANY
AUDITORS AND REGISTERED SMSF AUDITORS

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

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of The Western Australian Prison Officers' Union of Workers ("Union") which comprises the Statement of Financial Position as at 30 June 2019, the statement of income and expenditure, the statement of changes in equity, the statement of cash flows for the year then ended on that date, notes to the financial statements, including a summary of significant accounting policies; operating report and the committee of management statement.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of The Western Australian Prison Officers' Union of Workers as at 30 June 2019, and its financial performance and its cash flows for the year ended on that date in accordance with accounting policies described in Note 1 to the financial report, including:

- a) The Union has kept accounting records in a form that have enabled an informed opinion to be expressed
- b) All the information, records, documents and explanations that, under Section 65A of the Industrial Relations Act 1979, I required officers of the Union to furnish, were furnished.
- c) No official of the Union has contravened or failed to comply with Section 74 of the Industrial Relations Act 1979.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee of management's financial reporting responsibilities. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Union is responsible for the preparation of the financial report in accordance with the accounting policies described in Note 1 of the financial statements and for such internal control as committee of management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Committee of Management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Union audit. I remain solely responsible for my audit opinion.

I communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Anderson Munro + Wyllie

ANDERSON MUNRO & WYLLIE

Chartered Accountants

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

Martin Shone

MARTIN SHONE

Principal & Registered Company Auditor

RO Registration number AA2017/8

Dated at Perth, Western Australia this 16th day of August 2019

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

**OPERATING REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

The Committee of Management ('the Committee') present their operating report on the Western Australian Prison Officers' Union of Workers ('the Union') for the financial year ended 30 June 2019.

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

The principle activities of the Union during the year ending 30 June 2019 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 surplus for the year amounted to \$212,888 (2018: surplus \$129,568).

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 financial affairs

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

Right of members to resign

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

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee where being a member or officer of a registered organisation is a criterion for them holding such position

Nil

Number of members

Number of members as at 30 June 2019: 2,487 (30 June 2018: 2,462).

Number of employees

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)
FOR THE YEAR ENDED 30 JUNE 2019**

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

Members of the Committee of Management

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

| | | |
|---------------|------------------------|----------------------------|
| K. Brown | Union President | 1 July 2018 – 30 June 2019 |
| A. Smith | Union Secretary | 1 July 2018 – 30 June 2019 |
| P. Ledingham | Union Asst. Secretary | 1 July 2018 – 30 June 2019 |
| M. Derbyshire | Union Treasurer | 1 July 2018 – 30 June 2019 |
| M. Cromb | Union Vice President | 1 July 2018 – 30 June 2019 |
| J. Vanpraag | Union Executive Member | 1 July 2018 – 30 June 2019 |
| T. Kennedy | Union Executive Member | 1 July 2018 – 30 June 2019 |
| P. Vose | Union Executive Member | 1 July 2018 – 30 June 2019 |

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:

| | |
|-----------------------------|---|
| Aaron Ryan- Casuarina | 1 July 2018 – 30 June 2019 |
| S. Szumskyj, Casuarina | 1 July 2018 – 30 June 2019 |
| A. Robertson, Casuarina | 1 July 2018 – 30 June 2019 |
| D. McAteer, Casuarina | 1 July 2018 – 30 June 2019 |
| J. Fisher, DDU | 1 July 2018 – 30 June 2019 |
| S. Parker, EGRP | 1 July 2019 – 30 June 2019 |
| N. Mitchell, Greenough | 1 July 2018 – 30 June 2019 |
| C. Pizzey, Greenough | 1 July 2018 – 30 June 2019 |
| B. Taulanga, Hakea | 1 July 2018 – 30 June 2019 |
| Siglinde Reynolds, Hakea | 1 July 2018 – 12 November 2018 (resigned) |
| A. Smith, Hakea | 1 July 2018 – 24 December 2018 (resigned) |
| J. Bohling, Hakea | 1 July 2018 – 30 June 2019 |
| C. Mitchell, Hakea | 1 July 2018 – 30 June 2019 |
| P. Curtis, Acacia | 1 July 2018 – 20 December 2018 (resigned) |
| J. Pennicott, Albany | 1 July 2018 – 30 June 2019 |
| C. Ferguson, Albany | 1 July 2018 – 30 June 2019 |
| J. Green, Albany | 1 July 2018 – 20 December 2018 (resigned) |
| J. Hampton Meagher, Bandyup | 1 July 2018 – 30 June 2019 |
| T. Morell, Bandyup | Temp delegate during the year to 30 June 2019 |
| B. Harris, Bandyup | 27 June 2018 (resigned) |
| M. Palmer, Bunbury | 1 July 2018 – 30 June 2019 |
| P. Cowie, Karnet | Temp delegate during the year to 30 June 2019 |
| T. Ford, Karnet | Temp delegate during the year to 30 June 2019 |
| P. Barratt, Pardelup | 1 July 2018 – 30 June 2019 |

**WESTERN AUSTRALIAN PRISON
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**OPERATING REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

| | |
|------------------------|--|
| D. Dow, Bunbury | 1 July 2018 – 30 June 2019 |
| E. Reid, SOG | 1 July 2018 – 30 June 2019 |
| G. Kenna, Roebourne | 1 July 2018 – 30 June 2019 |
| A. Zouch, Work Camps | 1 July 2018 – 30 June 2019 |
| P. Shaw, Broome | 1 July 2018 – 30 June 2019 |
| B. Curtis, Wooroloo | 1 July 2018 – 30 June 2019 |
| I. Knott, Wandoo | 1 July 2018 – 30 June 2019 |
| R. Payne, Wandoo | Temp delegate during the year to 30 May 2019 |
| G. Whittaker, WKRP | 1 July 2018 – 30 June 2019 |
| D. Heard, Melaleuca | 1 July 2018 – 26 February 2019 (resigned) |
| N. Whatcott, Melaleuca | Temp delegate during the year to 2 May 2019 |

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

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

| Name of Officer | Name of Company/Board | Principal Activity | Position Due to Nomination |
|-----------------|-----------------------|--------------------|----------------------------|
| NIL | | | |

Indemnification of Officer of Auditor

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

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the financial year ended 30 June 2019.

Other Information

There is no other information that the Union considers relevant.

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

**OPERATING REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Auditor's Independent Declaration

A copy of the auditor's independence declaration is set out on page 10.

Signed in accordance with a resolution of the Committee of Management passed on the 13th day of August 2019.



Paul Ledingham
Acting Secretary

Dated: 16 August 2019

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

**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019**

On 13 August 2019 the Committee of Management of Western Australian Prison Officers' Union of Workers ("the Union") passed the following resolution in relation to the special purpose financial report ("SPFR") for the year ended 30 June 2019:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards and other mandatory professional reporting requirements;
- (b) comply with the reporting guidelines of the Industrial Registrar;
- (c) 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;
- (d) there are reasonable grounds to believe that the Union will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the SPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the Union;
 - (ii) the financial affairs of the Union have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - (iii) the financial records of the Union have been kept and maintained in accordance with the *Industrial Relations Act 1979 (WA)* ("IR Act") and *Industrial Relations Commission Regulations 2005 (WA)* ("IRC Regulations");
 - (iv) the Union is a sole reporting unit, therefore the financial records of the Union have been kept in a consistent manner specifically in relation to the Union.
- (f) the Committee of Management of the Union declares that the Union has not undertaken any recovery of wages activity during the financial year.

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



Paul Ledingham
Acting Secretary

Dated: 16 August 2019



Michael Cromb
Vice President

Dated: 16 August 2019



Anderson Munro & Wyllie

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AUDITORS' 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 ("Union") for the period ended 30 June 2019, I declare that, to the best of my knowledge and belief, during the period ended 30 June 2019 there has been:

- i. 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 16th day of August 2019

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

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | 2019 \$ | 2018 \$ |
|---|------|------------------|------------------|
| Income | | | |
| Membership Subscription | | 2,007,740 | 1,972,587 |
| Funeral Benefit Fund Subscriptions | | 65,702 | 63,584 |
| Death Benefit Levy | | 82,904 | 72,261 |
| Rental Revenue | | 61,268 | 52,604 |
| Advertising Income | | 5,936 | 5,277 |
| Interest Received | | 47,439 | 41,959 |
| Gain on disposal of property | | 234,000 | - |
| Other Income | | 116,566 | 81,268 |
| Total income | | 2,621,555 | 2,289,540 |
| Expenditure | | | |
| Advertising | | 1,559 | 2,514 |
| Accounting fees | | 2,550 | 3,000 |
| Affiliation and membership fees | | 61,993 | 55,972 |
| Transfers to CPSU-SPSF Group – Western Australian Prison Officers' (WAPOU) Branch | | 40,772 | 35,499 |
| Audit fees | | 22,147 | 15,259 |
| Bank fees | | 7,885 | 6,572 |
| Computer and software expenses | | 9,180 | 7,124 |
| Conferences | | 256,640 | 232,477 |
| Consultant fees | | 6,306 | 2,964 |
| Council and delegate expenses | | 103,577 | 88,465 |
| Death benefit levy | | 108,605 | 71,790 |
| Depreciation | | 74,072 | 73,712 |
| Donations | | 4,486 | 13,200 |
| Entertainment | | 2,144 | 2,650 |
| Executive committee expenses | | 32,429 | 24,699 |
| Fringe benefit tax | | 14,649 | 15,231 |
| Funeral benefits paid | | 46,000 | 42,000 |
| General office expenses | | 513 | 4,608 |
| Gifts | | 1,980 | 2,180 |
| Honorarium | | - | 2,000 |
| Insurance expenses | | 13,470 | 11,661 |
| Industrial officer expenses | | 34,160 | 43,613 |
| Sub-total | | 845,117 | 919,740 |

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

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019**

| | Note | 2019 \$ | 2018 \$ |
|--|------|--------------------|--------------------|
| Legal fees | | 256,584 | 162,550 |
| (Gain)/Loss on sale of plant and equipment | | (6,072) | 3,227 |
| Membership expenses | | 27,136 | 21,483 |
| Meeting room expenses | | 2,013 | 2,693 |
| Motor vehicle expenses | | 27,834 | 25,055 |
| Payroll tax | | 22,996 | 6,213 |
| Rental property expenses | | 69,802 | 63,080 |
| Property expenses | | 62,569 | 76,886 |
| Promotional material | | 1,512 | 8,731 |
| Printing, Postage and Stationery | | 10,913 | 10,681 |
| Subscriptions | | 5,260 | 2,782 |
| Leave expense | | 30,097 | (9,334) |
| Salaries and wages | | 874,865 | 865,786 |
| Staff amenities | | 2,509 | 1,582 |
| Staff training | | 5,177 | 11,706 |
| Staff travel, accommodation and allowances | | 19,241 | 11,141 |
| Superannuation | | 102,409 | 89,338 |
| Training expenses | | 28,357 | 30,655 |
| Telephone and internet | | 20,348 | 18,527 |
| Sub-total | | 1,563,550 | 1,240,232 |
| Total expenditure | | 2,408,667 | 2,159,972 |
| Surplus for the year | | 212,888 | 129,568 |

The accompanying notes form part of these financial statements.

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|------|------------------|------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 3 | 2,335,198 | 2,315,995 |
| Trade and Other Receivables | 4 | 47,018 | 13,005 |
| Other Current Assets | 5 | 19,666 | 17,952 |
| TOTAL CURRENT ASSETS | | 2,401,882 | 2,346,952 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 6 | 2,118,562 | 2,140,585 |
| TOTAL NON-CURRENT ASSETS | | 2,118,562 | 2,140,585 |
| TOTAL ASSETS | | 4,520,444 | 4,487,537 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade Payables | 7A | 43,766 | 29,967 |
| Other payables | 7B | 73,409 | 300,903 |
| Employee Provisions | 8 | 119,042 | 94,553 |
| TOTAL CURRENT LIABILITIES | | 236,217 | 425,423 |
| NON-CURRENT LIABILITIES | | | |
| Employee Provisions | 8 | 92,488 | 83,263 |
| TOTAL NON-CURRENT LIABILITIES | | 92,488 | 83,263 |
| TOTAL LIABILITIES | | 328,705 | 508,686 |
| NET ASSETS | | 4,191,739 | 3,978,851 |
| EQUITY | | | |
| Retained Earnings | | 3,909,412 | 3,165,075 |
| Reserves | 9 | 282,327 | 813,776 |
| TOTAL EQUITY | | 4,191,739 | 3,978,851 |

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | Retained Earnings | Funeral and Death Benefit Fund Reserve | Crisis Relief Fund Reserve | Other Reserves | Total |
|--------------------------------|------------------------------|---|---|---------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2017 | 3,035,507 | 477,696 | - | 336,080 | 3,849,283 |
| Surplus for the Year | 129,568 | - | - | - | 129,568 |
| Balance at 30 June 2018 | 3,165,075 | 477,696 | - | 336,080 | 3,978,851 |
| Transfers to/(from) reserves | 531,449 | (435,553) | 240,184 | (336,080) | - |
| Surplus for the Year | 212,888 | - | - | - | 212,888 |
| Balance at 30 June 2019 | 3,909,412 | 42,143 | 240,184 | - | 4,191,739 |

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

| | | 2019 | 2018 |
|---|----|------------------|------------------|
| | | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipt from Members | | 2,306,103 | 2,278,201 |
| Payments to CPSU-SPSF Group – Western Australian Prison Officers' Union (WAPOU) Branch | | (44,634) | (3,669) |
| Payment to Suppliers and Employees | | (2,240,260) | (2,205,670) |
| Interest Received | | 43,971 | 36,916 |
| Net cash generated from Operating Activities | 3B | 65,180 | 105,778 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Non-Current Assets | | (86,125) | (62,418) |
| Proceeds on Disposal of Non-Current Assets | | 40,148 | 18,962 |
| Cash Used in Investing Activities | | (45,977) | (43,456) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash Used in Financing Activities | | - | - |
| Net increase in cash held | | 19,203 | 62,322 |
| Cash and Cash Equivalents at the Beginning of the Year | | 2,315,995 | 2,253,673 |
| Cash and Cash Equivalents at the End of the Year | 3A | 2,335,198 | 2,315,995 |

The accompanying notes form part of these financial statements

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

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

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are special 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 *Industrial Regulations Act 1979 (WA)* ("IR Act") and *Industrial Relations Commission Regulations 2005 (WA)* ("IRC Regulations"). For the purpose of preparing the special purpose financial statements, the Union is a not-for-profit entity.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

1.2 Comparative amounts

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

1.3 Significant accounting judgements and estimates

The Committee of Management evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Key estimates

Impairment

Nil

Key judgments

Available-for-sale investments

Nil

1.4 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.

1.5 Basis of consolidation

The financial statements have not been consolidated.

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

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

Note 1 Summary of significant accounting policies (continued)

1.6 Investment in associates and joint arrangements

The Union does not have any investment in associates and joint ventures.

1.7 Business combinations

The Union does not have any business combinations to account for.

1.8 Acquisition of assets and/or liabilities that do not constitute a business combination

No merger has taken place.

1.9 Revenue

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

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

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

Donation income is recognised when it is received.

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

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

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

1.10 Government grants

Government grants are not recognised until there is reasonable assurance that the Union will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Union recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Union should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Union with no future related costs are recognised in profit or loss in the period in which they become receivable.

1.11 Gains

Sale of assets

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

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

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

Note 1 Summary of significant accounting policies (continued)

1.12 Capitation fees and levies

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

1.13 Employee benefits

Provision is made for the Union's liability for employee entitlements arising from services rendered by employees up to balance date. These entitlements include wages and salaries, annual leave, and long service leave. Employee entitlements have been measured at the current values of leave owing to the respective employee, plus related on-costs. The calculation has been made for all employees from the date of commencement and the liability is classified as current for all employees who have completed five years of continuous service at the reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

1.14 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.

1.15 Borrowing costs

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

1.16 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.

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

Note 1 Summary of significant accounting policies (continued)

1.17 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.

1.18 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 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.

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

Note 1 Summary of significant accounting policies (continued)

1.18 Financial assets (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.

(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.

(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.

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

Note 1 Summary of significant accounting policies (continued)

1.18 Financial assets (continued)

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.

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.

1.19 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

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Note 1 Summary of significant accounting policies (continued)

1.19 Financial liabilities (continued)

- 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.

(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.

1.20 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.

1.21 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.

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

Note 1 Summary of significant accounting policies (continued)

1.21 Land, Buildings, Plant and Equipment (continued)

Depreciation

Depreciable property, plant and equipment assets, excluding buildings and improvements, are written-off to their estimated residual values over their estimated useful life using the diminishing value 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 |
|-----------------------------|--------------------------|
| Buildings and improvements | 2.5% - 25% |
| Furniture and equipment | 5% - 40% |
| Motor vehicles | 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.

1.22 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 initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

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 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.

1.23 Impairment of non-financial assets

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

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

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Note 1 Summary of significant accounting policies (continued)

1.24 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.

1.25 Fair value measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 17A.

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

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

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

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

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

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

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

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

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

Note 1 Summary of significant accounting policies (continued)

1.25 Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.26 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 Union 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.

1.27 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 2019

Note 2 Events after the reporting period

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

| | 2019 \$ | 2018 \$ |
|--|------------------|------------------|
| Note 3 Cash and cash equivalents | | |
| a) Cash at bank | 442,852 | 546,885 |
| Cash on hand | 998 | 1,000 |
| Short term deposits | 1,909,348 | 1,768,110 |
| Total cash and cash equivalents | 2,335,198 | 2,315,995 |
| b) <u>Reconciliation of operating cash flows from operating activities:</u> | | |
| Surplus for the year | 212,888 | 129,568 |
| Adjustments for non-cash items: | | |
| – Depreciation of non-current assets | 74,072 | 73,712 |
| – Gain/loss on sale of plant and equipment | 6,072 | - |
| Changes in assets/liabilities | | |
| – (Increase)/decrease in trade and other receivables | (34,013) | 30,620 |
| – (Increase)/decrease in other current assets | (1,714) | 2,356 |
| – Increase/(decrease) in trade payables | 13,799 | (3,252) |
| – Increase/(decrease) in other payables | (227,494) | (110,000) |
| – Increase/(decrease) in employee provisions | 33,714 | (17,226) |
| Net cash generated from operating activities | 65,180 | 105,778 |

Note 4 Trade and other receivables

| | | |
|--|---------------|---------------|
| Trade receivables | 47,018 | 13,005 |
| Receivables from other reporting units | - | - |
| Less provision for doubtful debts | - | - |
| Total trade and other receivables | 47,018 | 13,005 |

Note 5 Other current assets

| | | |
|-----------------------------------|---------------|---------------|
| Prepayments | 11,155 | 12,909 |
| Accrued income | 8,511 | 5,043 |
| Total other current assets | 19,666 | 17,952 |

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

| | 2019 | 2018 |
|-----------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Note 6 Non-current assets | | |
| Note 6A Land and buildings | | |
| Land and buildings: | | |
| Cost | 927,691 | 927,691 |
| Accumulated depreciation | (161,214) | (151,912) |
| Total land and buildings | <u>766,477</u> | <u>775,779</u> |

| Reconciliation of the opening and closing balances of land and buildings: | Land and Building | Total |
|--|--------------------------|----------------|
| As at 30 June 2018 | | |
| Gross book value | 927,691 | 927,691 |
| Accumulated depreciation and impairment | (151,912) | (151,912) |
| Net book value 30 June 2018 | <u>775,779</u> | <u>775,779</u> |
| Additions: | | |
| By purchase | - | - |
| Depreciation expense | (9,302) | (9,302) |
| Disposals | - | - |
| Net book value 30 June 2019 | <u>766,477</u> | <u>766,477</u> |
| Net book value as of 30 June represented by: | | |
| Gross book value | 927,691 | 927,691 |
| Accumulated depreciation and impairment | (161,214) | (161,214) |
| Net book value 30 June 2019 | <u>766,477</u> | <u>766,477</u> |

Note 6B Plant and equipment

| | | |
|----------------------------------|-----------------------|-----------------------|
| Plant and equipment: | | |
| Cost | 321,521 | 317,457 |
| Accumulated depreciation | (162,703) | (169,726) |
| Total plant and equipment | <u>158,818</u> | <u>147,731</u> |

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

Note 6 Non-current assets (continued)

Note 6B Plant and equipment (continued)

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

| | Fixtures and Fittings | Motor Vehicles | Computer Equipment | Office Furniture and Equipment | Total |
|--|--------------------------------------|---------------------------|-------------------------------|---|--------------|
| As at 30 June 2018 | | | | | |
| Gross book value | 45,786 | 135,506 | 89,090 | 47,075 | 317,457 |
| Accumulated depreciation and impairment | (17,354) | (53,510) | (71,527) | (27,335) | (169,726) |
| Net book value 30 June 2018 | 28,432 | 81,996 | 17,563 | 19,740 | 147,731 |
| Additions: | | | | | |
| By purchase | 4,950 | 73,946 | 2,524 | 2,005 | 83,425 |
| Impairments | - | - | - | - | - |
| Depreciation expense | (1,140) | (26,862) | (7,948) | (2,420) | (38,370) |
| Disposals | (437) | (33,531) | - | - | (33,968) |
| Net book value 30 June 2019 | 31,805 | 95,549 | 12,139 | 19,325 | 158,818 |
| Net book value as of 30 June represented by: | | | | | |
| Gross book value | 50,299 | 130,810 | 91,614 | 48,798 | 321,521 |
| Accumulated depreciation and impairment | (18,494) | (35,261) | (79,475) | (29,473) | (162,703) |
| Net book value 30 June 2019 | 31,805 | 95,549 | 12,139 | 19,325 | 158,818 |

2019 **2018**
\$ **\$**

Note 6C Investment property

Investment property:

| | | |
|----------------------------------|------------------|------------------|
| Cost | 1,445,028 | 1,444,018 |
| Accumulated depreciation | (251,761) | (226,943) |
| Total investment property | 1,193,267 | 1,217,075 |

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

Note 6 Non-current assets (continued)

Note 6C Investment property (continued)

Reconciliation of the opening and closing balances of investment property:

| | Furniture, Fixtures and Fittings | Land and Building | Total |
|--|---|------------------------------|--------------|
| As at 30 June 2018 | | | |
| Gross book value | 92,574 | 1,351,444 | 1,444,018 |
| Accumulated depreciation and impairment | (39,158) | (187,785) | (226,943) |
| Net book value 30 June 2018 | 53,416 | 1,163,659 | 1,217,075 |
| Additions: | | | |
| By purchase | 2,700 | - | 2,700 |
| Impairments | - | - | - |
| Depreciation expense | (6,693) | (19,700) | (26,393) |
| Disposals | - | (115) | (115) |
| Net book value 30 June 2019 | 49,423 | 1,143,844 | 1,193,267 |
| Net book value as of 30 June represented by: | | | |
| Gross book value | 95,274 | 1,349,754 | 1,445,028 |
| Accumulated depreciation and impairment | (45,851) | (205,910) | (251,761) |
| Net book value 30 June 2019 | 49,423 | 1,143,844 | 1,193,267 |

The highest and best use of the investment properties is not considered to be different from its current use. Additions during the year relate to the purchase of new fridges, bathroom renovations, electrical work and carpet replacements.

Rental income earned and received from the investment properties during the year ending 30 June 2019 was \$61,268 (30 June 2018: \$52,604).

Direct expenses incurred in relation to the investment properties that generated rental income during the year ending 30 June 2019 was \$69,802 (30 June 2018: \$63,080). During the financial year, 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.

| | 2019 | 2018 |
|--|---------------------|------------------|
| Reconciliation to Statement of Financial Position | | |
| 6D Property, plant and equipment | | |
| Land & buildings – net book value | 6A 766,477 | 775,779 |
| Plant and equipment- net book value | 6B 158,818 | 147,731 |
| Investment property – net book value | 6C 1,193,267 | 1,217,075 |
| Total property, plant and equipment | 2,118,562 | 2,140,585 |

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Note 7 Current liabilities

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.

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$ | \$ |
| Note 7A Trade payables | | |
| Trade creditors and accruals | 39,904 | 26,298 |
| Payables to other reporting units | | |
| CPSU-SPSF Group Western Australian Prison Officers' Union (WAPOU) Branch | 3,862 | 3,669 |
| | 3,862 | 3,669 |
| Total trade payables | 43,766 | 29,967 |

Settlement is usually made within 30 days.

Note 7B Other payables

| | | |
|-----------------------------|---------------|----------------|
| Superannuation | 9,211 | 7,377 |
| Credit cards | 10,401 | 5,079 |
| Funds held in trust | - | 234,000 |
| Legal costs | | |
| Litigation | - | - |
| Other legal costs | - | - |
| GST payable | 36,165 | 38,607 |
| PAYG payable | 17,632 | 15,840 |
| Total other payables | 73,409 | 300,903 |

Other payables are expected to be settled in no more than 12 months.

Note 8 Employee provisions

Office holders:

| | | |
|---|--------|--------|
| - Annual leave | 20,389 | 16,013 |
| - Long service leave | 66,813 | 55,953 |
| Subtotal employee provisions – office holders | 87,202 | 71,966 |

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

| Note 8 Employee provisions(continued) | 2019 | 2018 |
|--|----------------|----------------|
| | \$ | \$ |
| Employees other than office holders: | | |
| – Annual leave | 31,461 | 39,558 |
| – Long service leave | 92,867 | 66,292 |
| Subtotal employee provisions – employees other than office holders | 124,328 | 105,850 |
| Total employee provisions | 211,530 | 177,816 |
| Current | 119,042 | 94,553 |
| Non current | 92,488 | 83,263 |
| Total employee provisions | 211,530 | 177,816 |

Note 9 Reserves

Other reserves

| | | |
|--|----------------|----------------|
| Provision for Future Funds | - | 190,500 |
| Provision for Vehicles | - | 145,580 |
| Sub-total other reserves | - | 336,080 |
| Funeral and Death benefit fund reserve | 42,143 | 477,696 |
| Crisis Relief fund reserve | 240,184 | - |
| Total reserves | 282,327 | 813,776 |

Note 10 Consideration for employers for payroll deductions

There are no expenses incurred as consideration for employers making payroll deductions of membership subscriptions.

Note 11 Segment information

The Union operates in one business and one geographic segment. Hence no separate segment information has been provided.

Note 12 Contingent liabilities, assets and commitments

Note 12A: Commitments and contingencies

Operating lease commitments – as lessee

The Union has no operating lease commitments for the year ended 30 June 2019.

Operating lease commitments – as lessor

The Union has no operating lease commitments for the year ended 30 June 2019.

Capital commitments

As at 30 June 2019 the Union had not committed to any capital expenditure.

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Note 12 Contingent liabilities, assets and commitments (continued)

Note 12A Commitments and contingencies

Finance lease commitments

The Union has no finance lease commitments for the year ended 30 June 2019.

Other contingent assets and liabilities

The Union has no contingent assets and liabilities for the year ended 30 June 2019.

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$ | \$ |
| Note 13 Remuneration of Auditors | | |
| Value of services provided | | |
| Financial statement audit services | 15,400 | 13,550 |
| Other services and membership audit | 1,100 | 1,709 |
| Total remuneration of auditors | <u>16,500</u> | <u>15,259</u> |

Other services include preparation of financial statements and membership audit.

Note 14 Financial Instruments

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

Note 14A Categories of financial instruments

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 | 2,335,198 | 2,315,995 |
| Trade and other receivables | 47,018 | 13,005 |
| Total financial assets | <u>2,382,216</u> | <u>2,329,000</u> |

Financial liabilities

| | | |
|------------------------------------|----------------|----------------|
| Trade payables | 43,766 | 29,967 |
| Other payables | 73,409 | 300,903 |
| Total financial liabilities | <u>117,175</u> | <u>330,870</u> |

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| Note 14B Net income and expense from financial assets | 2019 | 2018 |
|--|---------------|---------------|
| | \$ | \$ |
| Interest revenue | 47,439 | 41,959 |
| | 47,439 | 41,959 |

The net income/expense from financial assets not at fair value from profit and loss is \$47,439 (2018: \$41,959).

Note 14C Net income and expense from financial liabilities

The Union had no net income and expense from financial liabilities during the year ended 30 June 2019.

Note 14D Credit risk

The Union is exposed to credit risk on account of (a) default by individual members to pay their maximum membership fee; and (b) default by users to pay the service recovery funds 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) service recovery funds 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.

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 |
|-----------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| | 2019 | 2019 | 2018 | 2018 |
| | \$ | \$ | \$ | \$ |
| Trade and other receivables | 47,018 | - | 13,005 | - |
| | 47,018 | - | 13,005 | - |

Ageing of financial assets that were past due but not impaired for 30 June 2019

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|-----------------------------|---------------------|----------------------|----------------------|-----------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| Trade and other receivables | 47,018 | - | - | - | 47,018 |
| | 47,018 | - | - | - | 47,018 |

Ageing of financial assets that were past due but not impaired for 30 June 2018

| | 0 to 30 days | 31 to 60 days | 61 to 90 days | 90+ days | Total |
|-----------------------------|---------------------|----------------------|----------------------|-----------------|---------------|
| | \$ | \$ | \$ | \$ | \$ |
| Trade and other receivables | 13,005 | - | - | - | 13,005 |
| | 13,005 | - | - | - | 13,005 |

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

Note 14E 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).

The Union is not exposed to any significant liquidity risk and is therefore not actively managing its liquidity risk.

Contractual maturities for financial liabilities 30 June 2019

| | On Demand | 1 – 2 years | 2 – 5 years | > 5 years | Total |
|----------------|----------------|-------------|-------------|-----------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Trade payables | 43,706 | - | - | - | 43,706 |
| Other payables | 73,409 | - | - | - | 73,409 |
| | 117,115 | - | - | - | 117,115 |

Contractual maturities for financial liabilities 30 June 2018

| | | | | | |
|----------------|---------------|----------------|----------|----------|----------------|
| Trade payables | 29,967 | - | - | - | 29,967 |
| Other payables | 66,903 | 234,000 | - | - | 300,903 |
| | 96,870 | 234,000 | - | - | 330,870 |

Note 14F Market risk

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.

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.

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.

| | Change in risk variable % | Effect on | |
|----------------------------------|------------------------------|---------------|---------------|
| | | Profit | Equity |
| | | \$ | \$ |
| Year ended 30 June 2019 | | | |
| Interest rate risk | +/-1% | 59,000 | 59,000 |
| Period ended 30 June 2018 | | | |
| Interest rate risk | +/-1% | 56,000 | 56,000 |

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Note 15 Fair value measurements

Note 15A Financial assets and liabilities

Management of the Union assessed that cash and cash equivalents, trade receivables, trade payables, accruals 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 Union'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 2019 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 Union 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 2019 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 Union's financial assets and liabilities:

| | Carrying amount 2019 \$ | Fair value 2019 \$ | Carrying amount 2018 \$ | Fair value 2018 \$ |
|------------------------------------|--|---------------------------------------|--|---------------------------------------|
| Financial Assets | | | | |
| Cash and cash equivalents | 2,335,198 | 2,335,198 | 2,315,995 | 2,315,995 |
| Trade and other receivables | 47,018 | 47,018 | 13,005 | 13,005 |
| Total financial assets | 2,382,216 | 2,382,216 | 2,329,000 | 2,329,000 |
| Financial Liabilities | | | | |
| Trade payables | 43,706 | 43,706 | 29,967 | 29,967 |
| Other payables | 73,409 | 73,409 | 300,903 | 300,903 |
| Total financial liabilities | 117,115 | 117,115 | 330,870 | 330,870 |

Note 15B Description of Significant Unobservable Inputs

There were no significant unobservable inputs for Level 3 assets and liabilities at fair value (i.e investment property, financial assets/liabilities) noted during the reporting period.

Note 16 Business combinations

The Union did not enter into any business combinations during the financial year ended 30 June 2019.

Note 17 Administration of financial affairs by a third party

The Union did not engage a third party to administer their financial affairs during the year ended 30 June 2019.

Note 18 Events after the reporting period

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