

**AUTOMOTIVE, FOOD, METALS, ENGINEERING, PRINTING & KINDRED
INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

		2017	2016
		\$	\$
INCOME			
Contributions		568,773	619,806
Interest Received		<u>37,418</u>	<u>47,049</u>
TOTAL INCOME		<u>606,191</u>	<u>666,855</u>
EXPENDITURE			
Affiliation Fees	4	396,627	423,875
Audit and Accountancy Fees		19,600	4,750
Bank and Government Charges		240	241
Consultancy		-	-
Delegation Expenses – Employees		25,000	-
Donations – over \$1000		96,620	569,687
Donations – \$1000 or less		3,493	2,374
General Office		2,159	1,600
Marginal seat election expenses		3,873	81,895
Postage, Printing & Stationery		<u>-</u>	<u>102,656</u>
TOTAL EXPENDITURE		<u>562,913</u>	<u>1,187,078</u>
SURPLUS/(DEFICIT) FOR YEAR		<u>43,278</u>	<u>(520,223)</u>
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income for the year		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>43,278</u>	<u>(520,223)</u>

(The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	2017	2016
	\$	\$
ASSETS		
Cash at Bank	2,276	97
Receivable from: Cash Investments National Council	1,602,197	1,553,721
Prepayments	<u>23,043</u>	<u>26,170</u>
TOTAL ASSETS	<u>1,627,516</u>	<u>1,579,988</u>
LIABILITIES		
Trade and other payable	<u>4,250</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,250</u>	<u>-</u>
NET ASSETS	<u>1,623,266</u>	<u>1,579,988</u>
ACCUMULATED FUNDS		
Accumulated Funds	<u>1,623,266</u>	<u>1,579,988</u>
TOTAL ACCUMULATED FUNDS	<u>1,623,266</u>	<u>1,579,988</u>

(The above statement of financial position should be read in conjunction with the accompanying notes)

AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL POLITICAL FUND

STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Accumulated Funds
	\$
Balance at 30 September 2015	2,100,211
Total comprehensive loss for the year	(520,223)
Balance at 30 September 2016	<u>1,579,988</u>
Total comprehensive profit for the year	43,278
Balance at 30 September 2017	<u>1,623,266</u>

(The above statement of changes in accumulated funds should be read in conjunction with the accompanying notes)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

	Note	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions		568,773	619,806
Interest Received		37,418	47,049
Payments to Suppliers		(604,012)	(666,795)
		<hr/>	<hr/>
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	5(b)	2,179	60
		<hr/>	<hr/>
NET INCREASE/ (DECREASE) IN CASH HELD		2,179	60
Cash at Beginning of Year		97	37
		<hr/>	<hr/>
CASH AT END OF YEAR	5(a)	2,276	97
		<hr/>	<hr/>

(The above statement of cash flows should be read in conjunction with the accompanying notes)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund is a not-for-profit entity.

The financial report is for the Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union is an organisation registered under the RO Act. The Automotive, Food, Metals, Engineering, Printing & Kindred Industries Union National Council Political Fund is a Branch of the registered organisation. In accordance with the RO Act the Union is a body corporate and has perpetual succession. By virtue of this method of incorporation, the Union and the Branch are not subject to the Corporations Act 2001.

The financial report has been prepared on an accrual basis and in accordance with historical cost. 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue

Contributions are recognised as income when National council transfers the monies it receives from members for the Political Fund.

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

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Income Tax

No provision for Income Tax is necessary as the Union is exempt from Income Tax under Section 50 - 15 of the Income Tax Assessment Act.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables on the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to the Australian Tax Office is included as part of receivables or payables as appropriate.

Cash flows are included in the statement of cash flows on a gross basis.

New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 September 2017. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for the company
AASB 1058	Income of Not-for-Profit Entities	This standard establishes principles and guidance when accounting for: a. Transactions where the consideration given to acquire an asset is significantly less than its fair value, in order to enable the entity to further its objectives; and b. The receipt of volunteer services.	For financial years commencing after 1 January 2019	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)
AASB 15	Revenue from contracts with customers	This standard provides a single comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of the standard is that an entity will recognise revenue when control of goods or services is transferred rather than on transfer of risks and rewards as is currently the case under AASB118: Revenue.	For financial years commencing after 1 January 2019	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

New Australian Accounting Standards (Cont'd)

AASB 16 (issued February 2016)	Leases	This standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It requires the entity to bring most leases onto its balance sheet in a similar way to how existing leases are treated under AASB117. An entity will be required to recognise a lease liability and a right of use of the asset in its balance sheet. There are some exemptions such as leases with a period of 12 months or less and low value leases are exempted .	For financial years commencing on or after 1 January 2019.	The company is yet to assess its full impact.	1 October 2019* *(comparatives from 1 October 2018)
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2. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The National Council Political Fund makes estimates and assumptions concerning the future. The resulting accounting estimates by definition seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

Critical judgments in applying the National Council Political Fund's accounting principles

There are no critical judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

**3. INFORMATION TO BE PROVIDED TO MEMBERS OR THE GENERAL MANAGER OF
FAIR WORK COMMISSION**

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of Section 272 of Fair Work (Registered Organisations) Act 2009 which read as follows:

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

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

4. AFFILIATION FEES

	2017	2016
	\$	\$
Australian Labor Party NSW	74,744	82,757
Australian Labor Party Victoria	131,367	132,974
Australian Labor Party Queensland	76,995	92,523
Australian Labor Party Northern Territory	2,800	2,399
Australian Labor Party South Australia	34,070	36,978
Australian Labor Party Western Australia	70,457	69,528
Australian Labor Party Tasmania	6,194	6,716
	<u>396,627</u>	<u>423,875</u>

5. CASH FLOW INFORMATION

	2017	2016
	\$	\$
(a) For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks and other financial institutions.		
Cash and Bank Balances	<u>2,276</u>	<u>97</u>
(b) Reconciliation of Cash Flow from Operations with (Deficit)/Surplus		
(Deficit)/Surplus	43,278	(520,223)
Changes in Assets and Liabilities		
(Increase)/Decrease in Prepayments	3,127	7,650
(Increase)/Decrease in National Council General Fund	(48,476)	512,633
Increase/(Decrease) in Trade and other payables	<u>4,250</u>	<u>-</u>
CASH FLOWS USED IN OPERATING ACTIVITIES	<u>2,179</u>	<u>60</u>

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

6. FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

The National Council Political Fund is exposed to risks that arise from its use of financial instruments. This note describes the National Council Political Fund's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the National Council Political Fund's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The National Council Political Fund's financial instruments consist mainly of deposits with banks and receivables. The main risks the National Council Political Fund is exposed to through its financial instruments are interest rate risk (see section (e) below), liquidity risk and credit risk.

The National Council have overall responsibility for the determination of the National Council Political Fund's risk management objectives and policies.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the National Council Political Fund incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the National Council Political Fund.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed below:

	2017	2016
	\$	\$
Cash and cash equivalents	2,276	97
	<hr/>	<hr/>
National Council General Fund	1,602,197	1,553,721
	<hr/>	<hr/>

The cash and cash equivalents are held in a high quality Australian financial institution.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)**

6. FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Credit Risk (Cont'd)

There has been no history of default, no amounts are past due and all receivables are likely to be repaid within the expected terms.

(c) Liquidity Risk

Liquidity risk is the risk that the National Council Political Fund may encounter difficulties raising funds to meet commitments associated with financial instruments.

The National Council Political Fund is not significantly exposed to this risk; as at 30 September 2017 it had \$2,276 (2016: \$97) of cash and cash equivalents to meet these obligations as they fall due. The financial liabilities recorded in the financial statements at 30 September 2017 and 30 September 2016 was \$4,250 and nil respectively.

The National Council Political Fund manages liquidity risk by monitoring cash flows.

(d) Market Risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk).

(e) Interest Rate Risk

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

AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL POLITICAL FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

6. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest Rate Risk (Cont'd)

30 September 2017	Floating/fixed interest rate	Non-interest bearing	Total
Financial Assets	\$	\$	\$
Cash and cash equivalents	2,276	-	2,276
Receivable	<u>1,602,197</u>	<u>-</u>	<u>1,602,197</u>
	<u>1,604,473</u>	<u>-</u>	<u>1,604,473</u>
Weighted average Interest rate	2.33%	-	
Financial Liabilities			
Payables	<u>(4,250)</u>	<u>-</u>	<u>(4,250)</u>
Net Financial Assets	<u>1,600,223</u>	<u>-</u>	<u>1,600,223</u>
30 September 2016	Floating/fixed interest rate	Non-interest bearing	Total
Financial Assets	\$	\$	\$
Cash and cash equivalents	97	-	97
Receivable	<u>1,553,721</u>	<u>-</u>	<u>1,553,721</u>
	<u>1,553,818</u>	<u>-</u>	<u>1,553,818</u>
Weighted average Interest rate	2.52%		
Financial Liabilities			
Payables	<u>-</u>	<u>-</u>	<u>-</u>
Net Financial Assets	<u>1,553,818</u>		<u>1,553,818</u>

AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION

NATIONAL COUNCIL POLITICAL FUND

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (Cont'd)

6. FINANCIAL RISK MANAGEMENT (Cont'd)

(e) Interest Rate Risk (Cont'd)

Sensitivity Analysis

2017	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Cash and cash equivalents	2,276	11	(11)

2017	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Receivable	1,602,197	8,011	(8,011)

2016	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Cash and cash equivalents	97	-	-

2016	Carrying Amount	+0.50% (50 basis points) Profit	-0.50% (50 basis points) Loss
	\$	\$	\$
Receivable	1,553,721	7,768	(7,768)

7. SUBSEQUENT EVENTS

There were no events that occurred after 30 September 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Branch.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL POLITICAL FUND

8. CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

The National Council Political Fund is not aware of any contingent liabilities that would require disclosure in this financial report.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation has been disclosed in the National Council's financial report.

**AUTOMOTIVE, FOOD, METALS, ENGINEERING,
PRINTING AND KINDRED INDUSTRIES UNION**

NATIONAL COUNCIL

Signed in accordance with a resolution of National Council



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National Secretary – Paul Bastian



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National President – Andrew Dettmer

13th December 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council Political Fund.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union, National Council Political Fund (National Council Political Fund), which comprises the statement of financial position as at 30 September 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the Committee of Management Statement.

In our opinion the accompanying financial report of National Council Political Fund, presents fairly, in all material respects the National Council Political Fund's financial position as at 30 September 2017 and of its financial performance and its cash flows for the year then ended in accordance with

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of the *Fair Work (Registered Organisations) Act 2009*.

Basis for opinion

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

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

Other information

The Committee of Management are responsible for the other information. The other information obtained at the date of this auditor's report is information included in National Council Political Fund's operating report, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of National Council Political Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Fair Work (Registered Organisations) Act 2009*, and for such internal control as the Committee of Management determine 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 are responsible for assessing the registered entity'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

Declaration by the auditor

I, Grant Saxon, declare that I am an approved auditor, a member of the Institute of Chartered Accountants in Australia and hold a current Public Practice Certificate.

BDO East Coast Partnership



Grant Saxon
Partner

Sydney, 13 December 2017

Registration number (as registered by the RO Commissioner under the Act): AA2017/103