

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

FULL FINANCIAL REPORT

30 JUNE 2020

CONTENTS

Statement of the National Executive	1
Statement of Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to and forming part of the accounts	6-37
Report required under subsection 255(2A)	38
Officer Declaration Statement	39
Independent Audit Report	40-42
Operating Report	43

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

On 19 November 2020, the National Executive of the Finance Sector Union of Australia passed the following resolution in relation to the general-purpose financial report (GPFR) for the financial year ended 30 June 2020:

The National Executive declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the union for the financial year to which they relate;
- (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 GPFR relates and since the end of that year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the union have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the union have been kept and maintained in accordance with the RO Act; and
 - (iv) no requests for information have been received from a member of the union or the Commissioner under section 272 of the RO Act during the period; and
 - (v) no orders for inspection of financial records have been made by the Fair Work Commission under section 273 of the RO Act during the period.

This declaration is made in accordance with a resolution of the committee of management.



J. TRAN
NATIONAL PRESIDENT



J. ANGRISANO
NATIONAL SECRETARY

Signed at Sydney this 19th day of November, 2020

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Consolidated		
	Note	2020 \$	2019 \$
Income	2	14,553,155	16,682,926
Expenses	2		
Employee benefits		(11,976,338)	(12,401,513)
Officer benefits		(1,254,356)	(1,202,069)
Building & equipment expenses		(741,060)	(1,837,432)
Industrial & campaign expenses		(308,502)	(588,118)
Depreciation and amortisation		(2,062,630)	(566,325)
Affiliations & levies		(617,384)	(632,061)
Office expenses		(1,382,674)	(1,361,478)
Other expenses		(619,294)	(464,513)
		(18,962,238)	(19,053,509)
NET DEFICIT		(4,409,083)	(2,370,583)
Other Income			
Net gain/(loss) on disposal of non-current physical asset		23,146	29,275
		(4,385,937)	(2,341,308)
Other Comprehensive Income			
Items that will not be subsequently reclassified to profit or loss			
Gain/(loss) on equity instruments designated at fair value through other comprehensive income		(154,513)	9,594
Gain/(loss) on revaluation of land and building	5	-	19,565,442
		(4,540,450)	17,233,728
TOTAL COMPREHENSIVE/SURPLUS (DEFICIT) FOR THE YEAR		(4,540,450)	17,233,728

The above statement should be read in conjunction with the notes

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	Consolidated	
		2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	13 (a)	724,057	1,216,649
Financial assets at amortised cost	4	5,762,490	5,291,479
Trade and other receivables	3	397,635	497,615
Other current assets		430,029	350,500
TOTAL CURRENT ASSETS		7,314,211	7,356,243
NON-CURRENT ASSETS			
Trade and other receivables	3	42,382	34,128
Financial assets at fair value through profit or loss	4	22,850,893	26,112,031
Financial assets at fair value through other comprehensive income	4	396,527	551,199
Right-of-use assets	12	2,396,521	-
Property, plant and equipment	5	33,510,220	34,234,711
TOTAL NON-CURRENT ASSETS		59,196,543	60,932,069
TOTAL ASSETS		66,510,754	68,288,312
CURRENT LIABILITIES			
Trade and other payables	6	1,379,298	1,365,403
Lease liabilities	12	953,908	-
Provision - employee entitlements	10	2,593,945	2,379,704
TOTAL CURRENT LIABILITIES		4,927,151	3,745,107
NON-CURRENT LIABILITIES			
Lease liabilities	12	1,548,762	-
Provision - employee entitlements	10	933,825	901,739
TOTAL NON-CURRENT LIABILITIES		2,482,587	901,739
TOTAL LIABILITIES		7,409,738	4,646,846
NET ASSETS		59,101,016	63,641,466
General funds		28,241,848	32,627,785
Reserves		30,859,168	31,013,681
TOTAL ACCUMULATED FUNDS		59,101,016	63,641,466

The above statement should be read in conjunction with the notes

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2020**

	Consolidated			Total accumulated funds
	General fund	Asset revaluation reserve	Financial assets at FVTOCI	
	\$	\$	\$	\$
Balance as at 1 July 2018	34,969,093	11,314,956	123,689	46,407,738
Deficit for the year	(2,341,308)	-	-	(2,341,308)
Gain/(loss) on equity instruments designated at FVTOCI	-	-	9,594	9,594
Gain on revaluation of land and building	-	19,565,442	-	19,565,442
Balance as at 30 June 2019	<u>32,627,785</u>	<u>30,880,398</u>	<u>133,283</u>	<u>63,641,466</u>
Deficit for the year	(4,385,937)	-	-	(4,385,937)
Gain/(loss) on equity instruments designated at FVTOCI	-	-	(154,513)	(154,513)
Balance as at 30 June 2020	<u>28,241,848</u>	<u>30,880,398</u>	<u>(21,230)</u>	<u>59,101,016</u>

The above statement should be read in conjunction with the notes

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Consolidated	
	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members	15,711,827	15,912,842
Interest received	148,427	154,404
Rent received	299,418	584,139
Other receipts	192,631	191,043
Interest payments and other finance costs	(147,617)	-
Payments to suppliers and employees	(18,063,791)	(20,114,676)
CASH FLOW FROM (USED BY) OPERATING ACTIVITIES	13 (b) (1,859,105)	(3,272,248)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net amelioration fund loans repaid	4,209	32,170
Net Officers Life Insurance bonus payments received	42,000	-
Purchase of property, plant and equipment	(353,533)	(387,868)
Proceeds from the sale of fixed assets	27,227	128,669
Proceeds from sale of listed shares	805	17
Payment towards term deposits	(471,012)	-
Redemption of term deposits	-	588,348
Redemption of managed funds	3,000,000	3,000,000
CASH FLOW FROM (USED BY) INVESTING ACTIVITIES	2,249,696	3,361,336
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(883,183)	-
CASH FLOW FROM (USED BY) FINANCING ACTIVITIES	(883,183)	-
NET INCREASE (DECREASE) IN CASH HELD	(492,592)	89,088
CASH AT THE BEGINNING OF THE YEAR	1,216,649	1,127,561
CASH AT THE END OF THE FINANCIAL YEAR	13 (a) 724,057	1,216,649

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

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

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

The financial report has 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.

The following is a summary of the material accounting policies adopted by the union in the preparation and presentation of the financial report:

(a) *Revenue*

The Union enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of membership subscriptions and grants.

The timing of recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

Revenue from contracts with customers

Where the Union has a contract with a customer, the Union recognises revenue when or as it transfers control of goods or services to the customer. The Union accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

Membership subscriptions

For membership subscription arrangements that meet the criteria to be contracts with customers, revenue is recognised when the promised goods or services transfer to the customer as a member of the Union.

The Union has only one distinct membership service promised in their arrangement. The Union recognises revenue as the membership service is provided, which is typically based on the passage of time over the subscription period to reflect the Union's promise to stand ready to provide assistance and support to the member as required.

Interest Income

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

Rental Income

Leases in which the Union as a lessor, does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the relevant lease term. Contingent rents are recognised as revenue in the period in which they are earned.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Gains from sale of assets

An item of property, plant and equipment is derecognised upon disposal (which is at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

(b) Principles of Consolidation

The consolidated accounts comprise the accounts of the Finance Sector Union of Australia (FSUA) and of its controlled entity. A controlled entity is any entity controlled by the FSUA. Control exists where the FSUA has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so as that other entity operates with the FSUA to achieve the objectives of the FSUA. Details of the controlled entity are contained in note 9 to the financial statements.

All inter-entity balances and transactions between the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

(c) Taxation

No provision for income tax is necessary, as "Trade Unions" are exempt from income tax under Section 50 – 15 of the Income Tax Assessment Act 1997.

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 Australian Taxation Office 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.

(d) Property

Property is brought to account at fair value less any accumulated depreciation or amortisation. The carrying amount of property is reviewed annually by the National Executive to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Freehold land and buildings are revalued every three years. Freehold land and buildings were revalued as at 30 June 2019.

Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation increment of the same class of assets that was previously recognised in the profit or loss. 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 of assets. 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.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(e) 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 the 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 were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(f) Plant & Equipment

Plant and equipment is brought to account at cost less any accumulated depreciation.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives to the economic entity commencing from the date the asset is installed ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

All items of property, plant and equipment other than freehold land are depreciated using the straight-line method at the following rates:

Buildings	2.5% - 3.3%	Computers	33%
Motor vehicles	15%	Furniture	10% - 20%
Plant & equipment	13%	Building Fittings	20%

(g) Leases

The Union assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Union as a lessee

The Union applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Union recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	2020
Land & buildings	3 to 10 years
Plant and equipment	1 to 3 years

If ownership of the leased asset transfers to the Union at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Union recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Union and payments of penalties for terminating the lease, if the lease term reflects the Union exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Union uses the implicit the interest rate or incremental borrowing rate if the implicit lease rate is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(h) *Borrowing costs*

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

(i) *Financial instruments*

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

(j) *Financial assets*

Contract assets and receivables

A contract asset is recognised when the Union's right to consideration in exchange goods or services that has transferred to the customer when that right is conditioned on the Union's future performance or some other condition.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and receivables are subject to impairment assessment. Refer to accounting policies on impairment of financial assets below.

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Union business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Union initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Union's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Union commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Investments in equity instruments designated at fair value through other comprehensive income
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The Union measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Union's financial assets at amortised cost includes trade receivables, term deposits and loans made to members.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the Union can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under *AASB 132 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Union benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Union elected to classify irrevocably its listed equity investments under this category.

This category comprises of shares in listed companies. They are non-derivatives and are included in non-current assets as it is the intention of management to hold these shares as a strategic investment for the longer term. The shares are disclosed at their fair value at year end in accordance with quoted market pricing provided by the Australian Stock Exchange and any gains and losses arising from changes in the fair value are recorded directly to equity and disclosed in the Statement of Changes in Equity and recorded through the Statement of Comprehensive Income.

Financial assets under this category are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Union has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Union has transferred substantially all the risks and rewards of the asset, or
 - b) the Union has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

When the consolidating has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the consolidated continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Impairment of financial assets

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any loss allowance due to expected credit losses at each reporting date. A provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment has been established.

For trade receivables that do not have a significant financing component, the Union applies a simplified approach in calculating expected credit losses (ECLs) which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

Therefore, the Union does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Union has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ECLs are recognised in two stages:

- Where there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses from possible default events within the next 12-months (a 12-month ECL).
- Where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the debt, irrespective of the timing of the default (a lifetime ECL).

The Union considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Union may also consider a financial asset to be in default when internal or external information indicates that the Union is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Financial Liabilities

Financial liabilities are classified, at initial recognition, at amortised cost unless or at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The union's financial liabilities include trade and other payables.

After initial recognition, trade payables and interest-bearing-loans and borrowing are subsequently measured at amortised cost using the effective interest rate method.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities (continued)

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

(l) *Liabilities relating to contracts with customers*

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Union transfers the related goods or services. Contract liabilities include deferred income.

Contract liabilities are recognised as revenue when the Union performs under the contract (i.e., transfers control of the related goods or services to the customer).

(m) *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.

(n) *Employee entitlements*

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provision is made for the liability for employee entitlements arising from services rendered by employees to reporting date. Liabilities for short-term employee benefits (as defined in AASB 119 Employee Benefits) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Other employee entitlements payable after one year, have been measured at the present value of the estimated future outflows to be made for those entitlements using the corporate bonds rate. Contributions made by the economic entity to employee superannuation funds are charged as expenses when incurred.

(o) *Cash*

For the purposes of the statement of cash flows, cash includes cash on hand, at call deposits with financial institutions net of bank overdrafts and term deposits held by banking institutions, with original maturity of three months or less.

(p) *Comparative figures*

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

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(q) Fair Value Measurement

The Union measures financial instruments, such as, financial assets as at fair value through the profit and loss, financial assets at fair value through OCI, and non-financial assets such as land and buildings, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 14.

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

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

The principal or the most advantageous market must be accessible by the 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 level in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the 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.

(r) Critical Accounting Estimates and Judgements

Estimates and judgements made by the Committee of Management for incorporation into the financial statements are based on historical knowledge and best available current information.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Critical Accounting Estimates and Judgements (continued)

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key Estimates

i. *Impairment*

The Union assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. There have been no impairment triggers identified to impact on the Union at 30 June 2020.

Key Judgements

i. *Allowance for expected credit losses*

The collectability of UCF loans was assessed at year end and a provision has been made for allowances for expected credit losses.

ii. *Provision for employee entitlements*

The provision for LSL is measured as the present value of the estimated future cash flows to be made by the union in respect of services provided by employees up to the reporting date.

iii. *Fair value of 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.

(s) *Current and non-current classification*

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(t) *New Australian Accounting Standards*

Adoption of New Australian Accounting Standard Requirements

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

- *AASB 16 Leases* and amending standards, which replaces *AASB 117 Leases*.

AASB 16 Leases supersedes *AASB 117 Leases*, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Union is the lessor.

The Union has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Union elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 July 2019.

Instead, the Union applied the standard only to contracts that were previously identified as leases applying AASB 117 and Interpretation 4 at the date of initial application.

The Union has lease contracts for various items of property, plant and other equipment. Before the adoption of AASB 16, Union classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, the Union applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 1(g) Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Union.

Leases previously classified as finance leases

The Union did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The Union recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

New Australian Accounting Standards (continued)

The Union also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 July 2019:

- Right-of-use assets of \$3,385,854 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of \$3,385,854 (included in lease liabilities) were recognised.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

Operating lease commitments as at 30 June 2019	\$3,692,095
Discounted using the reporting entity's weighted average incremental borrowing rate of 4.94%	<u>\$ 306,241</u>
Lease liability recognised as at 1 July 2019	<u>\$3,385,854</u>

Reporting unit as a lessor

The reporting entity is not required to make any adjustments on transition to AASB 16 where it is a lessor.

- *AASB 15 Revenue from Contracts with Customers*

AASB 15 Revenue from Contracts with Customers supersedes *AASB 111 Construction Contracts*, *AASB 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. AASB 15 also includes implementation guidance to assist not-for-profit entities to determine whether particular transactions, or components thereof, are contracts with customers. If a transaction is outside the scope of AASB 15, the recognition and measurement of income arising from the transaction may instead be specified by another Standard, for example *AASB 1058 Income of Not-for-Profit Entities*.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

New Australian Accounting Standards (continued)

AASB 1058 replaces the income recognition requirements in *AASB 1004 Contributions* that had previously applied to the Union. AASB 1058 provides a more comprehensive model for accounting for income of not-for-profit entities and specifies that:

- the timing of revenue or income recognition will depend on whether a performance obligation is identified or a liability is recognised;
- not-for-profit lessees can elect to recognise assets, including leases provided at significantly less than fair value, at their fair value; and
- all not-for-profit entities can elect to recognise volunteer services at fair value if the fair value of those services can be reliably measured.

The Union adopted AASB 15 and AASB 1058 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. In accordance with the transition approach, the reporting entity recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 July 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income recognition. In addition, the Union has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 July 2019

The adoption of AASB 15 and AASB 1058 did not have a material impact on the financial statements of the Union.

Future Australian Accounting Standards Requirements

New standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting periods that are expected to have a future financial impact on the Union include:

Reference	Title	Summary	Application date of standard	Impact on financial report	Application date for Company
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.	1 January 2022	This standard is not expected to significantly impact the Union's financial statements.	1 July 2022

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: NET DEFICIT

	Consolidated	
	2020	2019
Net deficit has been determined after:	\$	\$
<i>(a) Crediting as income</i>		
Membership subscriptions	14,333,921	14,475,258
Interest income	112,500	159,824
Dividend income	25,953	38,050
Increase/(decrease) in market value of managed funds	(261,139)	1,256,196
Rental revenue - properties	192,389	581,434
Other income	149,531	152,164
Grants / donations received	-	20,000
Income	14,553,155	16,682,926
Net (loss) / gain on disposal of non-current physical asset	23,146	29,275
Other Income	23,146	29,275
 Total Income	 14,576,301	 16,712,201

Disaggregation of revenue from contracts with customers

A disaggregation of the Union's revenue by type of arrangements is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of revenue by type of customer:

Type of customer		
Members	14,333,921	14,475,258
Government	-	20,000
Other parties	192,389	581,434
Total revenue from contracts with customers	14,526,310	15,076,692

Disaggregation of income for furthering activities

A disaggregation of the Union's income by type of arrangement is provided on the face of the Statement of comprehensive income. The table below also sets out a disaggregation of income by funding source:

Income funding services		
Other parties	49,991	1,635,509
Total income for furthering activities	49,991	1,635,509

b) Charging as an expense

Employee benefits:		
Employee salaries	8,511,349	8,940,451
Employee superannuation contributions	1,527,966	1,581,024
Employee redundancy & termination payments	129,111	36,561
Employee leave entitlements	438,227	415,545
Employee other expenses	1,369,685	1,427,932
Total employee benefits	11,976,338	12,401,513

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: NET DEFICIT (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Officer benefits:		
Officer salaries	846,603	830,305
Officer allowances	52,500	48,288
Officer superannuation contributions	138,876	137,847
Officer leave entitlements	63,007	45,413
Officer other expenses	153,370	140,216
Total officer benefits	1,254,356	1,202,069
Building and equipment expenses:		
Office rent	-	976,385
Cleaning	69,814	80,792
Utilities	72,468	89,449
Building maintenance	43,136	44,364
Rates & taxes	152,903	149,657
Strata levies	385,126	469,475
Other office and building expenses	17,613	27,310
Total building & equipment expenses	741,060	1,837,432
Industrial and campaign expenses:		
Travel and accommodation	62,156	99,990
Campaigns and projects	113,806	136,847
Member publications	50,803	55,384
Education and training	49,802	38,112
Legal fees:		
- Litigation	14,518	92,238
- Other legal matters	50	144,797
Other expenses	17,367	20,750
Total industrial & campaign expenses	308,502	588,118
Depreciation expenses:		
Land & Building	804,818	337,692
Furniture, Fittings & Equipment	122,487	81,282
Motor Vehicles	145,992	147,351
Right-of-Use Asset	989,333	-
Total depreciation expenses	2,062,630	566,325

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: NET DEFICIT (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Affiliations & levies:		
Affiliations:		
- UNI Global Union	103,447	98,569
- Australian Council of Trade Unions	179,953	186,744
- Unions NSW	42,175	41,554
- Unions ACT	1,624	1,445
- Victorian Trades Hall Council	60,137	62,417
- Unions Tasmania	2,806	2,838
- Queensland Council of Unions	29,779	31,086
- Northern Territory Trades & Labour Council	1,244	-
- Unions WA	24,942	25,075
- ALP: NSW Branch	55,872	56,864
-ALP: NSW Branch Left	-	640
- ALP: VIC Branch	43,730	44,739
- ALP: QLD Branch	19,899	19,899
- ALP: SA Branch	6,576	6,721
- ALP: WA Branch	28,269	28,053
-McKell Institute	7,000	7,000
- Other Affiliations	2,695	2,795
Levies:		
-Unions NSW		
May Day levy	-	3,136
-Australian Labor Party (QLD)		
Federal Election Levy	-	7,236
Affiliation Levy	7,236	-
-WA Labour		
Union Training Levy	-	5,250
Total affiliations & levies	617,384	632,061
Office expenses:		
Operating lease rentals	-	58,234
Telecommunications	322,808	299,436
Information technology	685,062	674,708
Insurance	167,742	120,159
Education & training	1,628	6,369
Other office expenses	205,434	202,572
Total office expenses	1,382,674	1,361,478

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: NET DEFICIT (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Other expenses:		
Meeting and conference expenses	88,698	51,346
Auditors remuneration		
- Auditing the financial statements	57,433	51,350
- Other services	1,000	3,000
Legal fees		
- Litigation	105,159	6,988
- Other legal matters	7,356	9,688
Other professional services		
Bank charges – revenue collection	79,488	79,113
Bank charges – other	13,285	16,954
Interest expense – lease liabilities	147,617	-
Donations in excess of \$1,000	1,136	90,149
Donations \$1,000 or less	182	100
Amelioration fund:		
- Mortuary benefits	71,310	124,050
- Grants in excess of \$1,000	-	-
- Grants \$1,000 or less	778	-
- Remission of debts	2,409	(12,377)
Other expenses	43,443	44,152
Total other expenses	619,294	464,513
 Total Expenses	 18,962,238	 19,053,509

NOTE 3: RECEIVABLES

Current

Subscriptions income accrued	162,104	140,584
Sundry debtors	157,679	264,306
Less allowance for expected credit losses	-	-
	319,783	404,890
Amelioration fund loans to members	80,002	94,875
Less allowance for expected credit losses	(2,150)	(2,150)
	77,852	92,725
	397,635	497,615

Non-Current

Amelioration fund loans to members	42,382	34,128
	42,382	34,128

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 4: FINANCIAL ASSETS

	Consolidated	
	2020	2019
	\$	\$
<i>Current</i>		
Financial assets at amortised cost		
Term deposits	5,762,490	5,291,479
	5,762,490	5,291,479
<i>Non-Current</i>		
Financial assets at fair value through profit or loss		
Managed investments	22,850,864	26,112,002
Units in unlisted trusts	35,935	35,935
Less provision for diminution	(35,906)	(35,906)
	29	29
	22,850,893	26,112,031
Financial assets at fair value through other comprehensive income		
Shares in listed companies at market value	396,527	551,199
	396,527	551,199
<u>NOTE 5: PROPERTY, PLANT & EQUIPMENT</u>		
Freehold land & buildings		
Fair value	33,395,000	33,395,000
Accumulated depreciation	(804,818)	-
Total freehold land and buildings	32,590,182	33,395,000
Reconciliation of the Opening and Closing Balances of Freehold Land and Buildings		
Gross book value 1 July 2019	33,395,000	14,710,000
Accumulated depreciation	-	(542,750)
Net book value 1 July 2019	33,395,000	14,167,250
Revaluations	-	19,565,442
Depreciation expense	(804,818)	(337,692)
Net book value 30 June 2020	32,590,182	33,395,000
Net book value as of 30 June 2020 represented by:		
Gross book value	33,395,000	33,395,000
Accumulated depreciation	(804,818)	-
Net book value 30 June 2020	32,590,182	33,395,000

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 5: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Furniture, fittings & equipment		
At cost	5,173,886	4,866,408
Accumulated depreciation	(4,784,399)	(4,661,913)
Total furniture, fittings & equipment	389,487	204,495
Reconciliation of the Opening and Closing Balances of Furniture, fittings and equipment		
Gross book value 1 July 2019	4,866,408	4,809,364
Accumulated depreciation	(4,661,913)	(4,581,316)
Net book value 1 July 2019	204,495	228,048
Additions	307,479	57,729
Depreciation expense	(122,487)	(81,282)
Net book value 30 June 2020	389,487	204,495
Net book value as of 30 June 2020 represented by:		
Gross book value	5,173,886	4,866,408
Accumulated depreciation	(4,784,399)	(4,661,913)
Net book value 30 June 2020	389,487	204,495
Motor Vehicles		
At cost	988,138	1,000,212
Accumulated depreciation	(457,587)	(364,996)
Total motor vehicles	530,551	635,216
Reconciliation of the Opening and Closing Balances of Motor Vehicles		
Gross book value 1 July 2019	1,000,212	933,194
Accumulated depreciation	(364,996)	(381,372)
Net book value 1 July 2019	635,216	551,822
Additions	46,054	330,139
Depreciation expense	(145,992)	(147,351)
Disposals	(4,727)	(99,394)
Net book value 30 June 2020	530,551	635,216
Net book value as of 30 June 2020 represented by:		
Gross book value	988,138	1,000,212
Accumulated depreciation	(457,587)	(364,996)
Net book value 30 June 2020	530,551	635,216

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 5: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Property, plant & equipment		
Fair value/at cost	39,557,024	39,261,620
Accumulated depreciation	(6,046,804)	(5,026,909)
Total property, plant and equipment	33,510,220	34,234,711

Reconciliation of the Opening and Closing Balances of Property, Plant & Equipment

Property, plant & equipment		
Gross book value 1 July 2019	39,261,620	20,452,558
Accumulated depreciation	(5,026,909)	(5,505,438)
Net book value 1 July 2019	34,234,711	14,947,120
Additions	353,533	387,868
Revaluations	-	19,565,442
Depreciation expense	(1,073,297)	(566,325)
Disposals	(4,727)	(99,394)
Net book value 30 June 2020	33,510,220	34,234,711
Net book value as of 30 June 2020 represented by:		
Gross book value	39,557,024	39,261,620
Accumulated depreciation	(6,046,804)	(5,026,909)
Net book value 30 June 2020	33,510,220	34,234,711

The revaluations of freehold land and buildings as at 30 June 2019 were based on the assessment of their market value as at that date.

The valuations were performed by Charter Keck Cramer and Herron Todd White, both are accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued. Refer to note 15 for revaluation methodology applied.

NOTE 6: TRADE AND OTHER PAYABLES

Trade creditors and accruals	96,954	164,306
Employee Benefits	443,886	266,007
Legal Costs:		
-Litigation	-	98,800
-Other legal matters	-	-
Membership fees collected in advance	188,895	217,817
OLI bonuses payable	277,025	235,025
GST payable	293,481	298,531
Other	79,057	84,917
	1,379,298	1,365,403

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 7: KEY MANAGEMENT PERSONNEL

Key Management Personnel for the reporting period

- J. Angrisano (National Secretary)
- N. Rees (Assistant National Secretary)
- D. Scanlon (Local Executive Secretary - VIC/TAS, from 1 July 2019 to 20 February 2020)
- N. McPherson (Local Executive Secretary - VIC/TAS, appointed 10 March 2020)
- R. Reilly (Local Executive Secretary - NSW/ACT)
- W. Streets (Local Executive Secretary - QLD)
- J. Hall (Local Executive Secretary - SA/NT)
- D. Marshall (Local Executive Secretary - WA)
- H. Sapin (Manager Finance & Administration)
- L. Cheong (Acting IT Manager)

Key management personnel remuneration for the reporting period

	Consolidated	
	2020	2019
	\$	\$
Short term employee benefits		
- Salary	1,108,645	1,055,926
- Other short-term benefits	84,938	79,720
- Annual leave accrued	39,929	35,826
Post-employment benefits		
- Superannuation contributions	183,035	202,998
Other long-term benefits		
- Long service leave accrued	41,447	45,863
Total	1,457,994	1,420,333

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 8: PARENT INFORMATION

STATEMENT OF FINANCIAL POSITION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with accounting standards.

	2020	2019
	<u>\$</u>	<u>\$</u>
Current assets		
Cash and equivalents	653,742	1,138,515
Financial assets at fair value through profit or loss	5,762,490	5,291,479
Trade and other receivables	366,481	383,746
Other current assets	<u>340,254</u>	<u>213,787</u>
Total current assets	<u>7,122,967</u>	<u>7,027,527</u>
Non-current assets		
Trade and other receivables	20,542,382	20,534,128
Financial assets at fair value through profit or loss	22,850,893	26,112,031
Financial assets at fair value through other comprehensive income	396,527	551,199
Right-of-use asset	1,499,427	-
Property, plant & equipment	<u>915,556</u>	<u>834,108</u>
Total non-current assets	<u>46,204,785</u>	<u>48,031,466</u>
Total assets	<u>53,327,752</u>	<u>55,058,993</u>
Current liabilities		
Trade and other payables	19,713,308	19,016,484
Lease liabilities	540,821	-
Provision - employee entitlements	<u>2,593,945</u>	<u>2,379,704</u>
Total current liabilities	<u>22,848,074</u>	<u>21,396,188</u>
Non-current liabilities		
Lease Liabilities	1,023,003	-
Provision - employee entitlements	<u>933,825</u>	<u>901,739</u>
Total non-current liabilities	<u>1,956,828</u>	<u>901,739</u>
Total liabilities	<u>24,804,902</u>	<u>22,297,927</u>
Net assets	<u>28,522,850</u>	<u>32,761,066</u>
General Funds	28,544,080	32,627,783
Reserves	<u>(21,230)</u>	<u>133,283</u>
Total accumulated funds	<u>28,522,850</u>	<u>32,761,066</u>

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 8: PARENT INFORMATION (CONTINUED)

STATEMENT OF COMPREHENSIVE INCOME

The following information has been extracted from the books and records of the parent and has been prepared in accordance with accounting standards.

	2020 \$	2019 \$
Net deficit	(4,106,849)	(2,896,313)
Other income		
Net gain/(loss) on disposal of non-current physical asset	23,146	29,275
Net Deficit for the year	(4,083,703)	(2,867,038)
Other comprehensive income		
Gain/(loss) on shares held for long term investment	(154,513)	9,594
Total Comprehensive Deficit	(4,238,216)	(2,857,444)

CONTINGENT LIABILITIES

At 30 June 2020, the Finance Sector Union of Australia had a contingent liability for \$255,205 (2019 - \$255,205) relating to a guarantee provided to the National Australia Bank on behalf of its subsidiary, in relation to a property lease contract entered into by its subsidiary. At the end of the reporting period the subsidiary, FSU Property Pty Ltd, is in a satisfactory financial position and is not likely to default on lease rental payment obligations.

NOTE 9: CONTROLLED ENTITIES

Subsidiary of Finance Sector Union of Australia:

FSU Property Pty. Ltd. as trustee for the FSU Property Trust.

	2020	2019
Country of incorporation	Australia	Australia
Percentage owned	100%	100%
Investment at cost	\$2	\$2
Contribution to group operating surplus	\$0	\$525,730

Rent of \$1,374,412 (2019 - \$1,395,799) was invoiced by the Property Trust to the FSUA during the year at commercial rates.

The FSU Property Trust did not make a trust distribution to FSUA, its sole beneficiary, at the end of the year.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 10: PROVISION – EMPLOYEE ENTITLEMENTS

	Consolidated	
	2020	2019
	\$	\$
<i>Current</i>		
Office holders:		
Annual leave	123,020	77,345
Long service leave	222,363	209,935
	345,383	287,280
Employees:		
Annual leave	978,868	911,105
Long service leave	1,269,694	1,181,319
	2,248,562	2,092,424
	2,593,945	2,379,704
<i>Non-Current</i>		
Office holders:		
Long service leave	83,205	59,742
	83,205	59,742
Employees:		
Long service leave	850,620	841,997
	850,620	841,997
	933,825	901,739

NOTE 11: RELATED PARTY TRANSACTIONS

Disclosure in relation to officers' remuneration are set out in Note 2.

There were no other related party transactions with any members of National Executive during the year, except for honorarium payments to members of the National Executive totalling \$52,500 (2019 - \$48,288).

Revenue received from related parties

There was no revenue from related parties at the current and previous reporting period.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 12: LEASES

As at 30 June 2020 the Finance Sector Union of Australia has a commitment to six leases, with the following four lessors:-

Ricoh Australia Pty Ltd-Lease of Photocopy machine-remaining term – less than 1 year
AGK Properties Pty Ltd-FSU Office Queen Street, Melbourne-remaining term – 2 to 3 years
Tzortz Pty Ltd-FSU Office Cordelia Street, South Brisbane-remaining term – 2 to 3 years
Automotive, Food, Metals, Engineering, Printing and Kindred Industries Unions -FSU Office Greenhill Road, Dulwich-remaining term – less than 1 year

The Union as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Total \$
As at 30 June 2019 (restated)	3,385,854
Depreciation expense	<u>989,333</u>
As at 30 June 2020	<u>2,396,521</u>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Consolidated	
	2020	2019
	\$	\$
As at 1 July (Restated)	3,385,854	-
Accretion of interest	147,617	-
Payments	<u>(1,030,801)</u>	-
As at 30 June 2020	<u>2,502,670</u>	-
Current	953,908	-
Non-current	1,548,762	-

The maturity analysis of lease liabilities is disclosed in Note 14.

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	989,333	-
Interest expense on lease liabilities	<u>147,617</u>	-
Total amount recognised in profit or loss	<u>1,136,950</u>	-

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 12: LEASES (CONTINUED)

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Consolidated		Total
	Within five years	More than five years	
	\$	\$	\$
2020			
Extension options expected not to be exercised	1,486,757	1,987,020	3,473,777
Termination options expected to be exercised	-	-	-
	<u>1,486,757</u>	<u>1,987,020</u>	<u>3,473,777</u>
2019			
Extension options expected not to be exercised	811,750	2,662,027	3,473,777
Termination options expected to be exercised	-	-	-
	<u>811,750</u>	<u>2,662,027</u>	<u>3,473,777</u>

NOTE 13: CASH FLOW

	Consolidated	
	2020	2019
	\$	\$
CASH FLOW RECONCILIATION		
(a) Reconciliation of cash and cash equivalents		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	2,135	2,135
Cash at bank	721,922	1,214,514
	<u>724,057</u>	<u>1,216,649</u>
(b) Reconciliation of (deficit) /surplus to net cash from operating activities:		
Deficit for the year	(4,385,937)	(2,341,308)
Adjustments for non-cash items		
Depreciation & amortisation	2,062,630	566,325
Remission of debts	2,409	(12,377)
(Increase)/decrease in market value of non-current investments	261,139	(1,256,196)
(Profit)/loss on sale of assets	(23,146)	(29,275)

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 13: CASH FLOW (CONTINUED)

	Consolidated	
	2020	2019
	\$	\$
Changes in assets & liabilities		
Increase/(decrease) in accounts payable	(28,105)	(19,495)
Increase/(decrease) in provision for employee entitlements	246,327	(64,670)
(Increase)/decrease in subscriptions receivable	(21,520)	(2,355)
(Increase)/decrease sundry receivables	106,627	(84,994)
(Increase)/decrease prepayments	(79,529)	(27,903)
Cash Flow used in operating activities	(1,859,105)	(3,272,248)
 CASH FLOW INFORMATION		
Cash inflows		
FSU Property Trust Pty Ltd	985,873	1,238,808
Total cash inflows	985,873	1,238,808
Cash outflows		
FSU Property Trust Pty Ltd	993,691	1,204,259
Total cash outflows	993,691	1,204,259

NOTE 14: FINANCIAL INSTRUMENTS

The Union's financial instruments consist mainly of deposits with banks, investment funds managed on behalf of the Union in a range of investment trusts, shares in listed companies and accounts receivable and payable.

Funds on deposit with banks are monitored on a daily basis and are utilised and invested in a manner which ensures that the Union has adequate funding for day-to-day operations. Managed funds are mostly managed by Jana Investment Advisers Pty Ltd (JANA). Funds are placed in various investment trusts, collectively known as the JANA Investment Trusts, within the JANA Implemented Consulting Investment Platform. MLC Investments Limited and Channel Investment Management Limited are the responsible entity and trustee of the Trusts and are ultimately responsible for all aspects of operating the Trusts. The funds are invested in Australian Equities, International Equities (Hedged and Unhedged), Property, Low Correlation Strategy, Fixed Interest and Cash products. Henderson Global Investors managed our Cash Management Trusts.

	Weighted Average Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate Maturing	
				Within 1 Year	Within 1 to 5 Years
<u>Consolidated 2020</u>					
<i>Financial assets</i>					
Cash at bank and bank term deposits					
– at amortised cost	1.73%	6,484,412	-	-	-
Managed investments at FVTPAL	N/A	-	22,850,864	-	-
Shares in listed companies at FVTOCI	N/A	-	396,527	-	-
Unlisted shares and units at FVTPAL	N/A	-	29	-	-
Receivables—other at amortised cost	N/A	-	319,783	-	-
Receivables—UCF at amortised cost	5.00%	-	-	77,852	42,382
Total financial assets		6,484,412	23,567,203	77,852	42,382

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: FINANCIAL INSTRUMENTS (CONTINUED)

	Weighted Average Interest Rate	Floating Interest Rate	Non Interest Bearing	Fixed Interest Rate Maturing	
				Within 1 Year	Within 1 to 5 Years
<u>Consolidated 2020</u>					
<i>Financial liabilities</i>					
Accounts payable-at amortised cost	N/A	-	896,922	-	-
Total financial liabilities		-	896,922	-	-
<u>Consolidated 2019</u>					
<i>Financial assets</i>					
Cash at bank and bank term deposits – at amortised cost	2.20%	6,505,993	-	-	-
Managed investments at FVTPAL	N/A	-	26,112,002	-	-
Shares in listed companies at FVTOCI	N/A	-	551,199	-	-
Unlisted shares and units at FVTPAL	N/A	-	29	-	-
Receivables-other at amortised cost	N/A	-	404,890	-	-
Receivables-UCF at amortised cost	5.00%	-	-	92,725	34,128
Total financial assets		6,505,993	27,068,120	92,725	34,128
<i>Financial liabilities</i>					
Accounts payable-at amortised cost	N/A	-	849,055	-	-
Total financial liabilities		-	849,055	-	-

Net income/(expense) from financial assets

	Consolidated	
	2020	2019
	\$	\$
Financial assets at amortised cost		
Interest Revenue – Cash at bank and Term Deposits	107,122	152,732
Interest Revenue – Loans to members	5,378	7,092
	<u>112,500</u>	<u>159,824</u>
Financial assets through profit and loss		
Change in fair value – Managed Investments	(261,139)	1,256,196
	<u>(261,139)</u>	<u>1,256,196</u>
Financial assets through other comprehensive income		
Change in fair value – Shares in listed companies	(154,513)	9,594
Dividend income – Shares in listed companies	25,953	38,050
	<u>(128,560)</u>	<u>47,644</u>
Total net income from financial assets	<u>(277,199)</u>	<u>1,463,664</u>

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(a) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of allowance for expected credit loss, as disclosed in the balance sheet and notes to and forming part of the financial statements.

Tenants of Union properties are required to pay their rental on a monthly basis in advance, by direct credit to the FSU Property Trust bank account

Loans made to members through the Amelioration Fund of the Union are unsecured, but loans are required to be repaid within 4 years by fortnightly direct debit and are subject to a maximum amount of \$3,000.

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

Credit quality of trade and other receivables not past due or individually determined as impaired

	Not Past Due Nor Impaired 2020 \$	Past due or impaired 2020 \$	Not Past Due Nor Impaired 2019 \$	Past due or impaired 2019 \$
Subscriptions income accrued	162,104	-	140,584	-
Sundry debtors	153,416	4,263	260,425	3,881
Amelioration fund loans to members	120,234	2,150	126,853	2,150
Total	435,754	6,413	527,862	6,031

Ageing of trade and other receivables that were past due but not impaired for 2020

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Sundry debtors	-	-	-	4,263	4,263
Total	-	-	-	4,263	4,263

Ageing of trade and other receivables that were past due but not impaired for 2019

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Sundry debtors	-	-	-	3,881	3,881
Total	-	-	-	3,881	3,881

The Management of the Union believe that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour of the debtors.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 14: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity Risk

Liquidity arises when the Union is unable to meet its financial obligations as they fall due. The Union operates under a policy of settling financial obligations within 30 days. In the event of a dispute, payments are made within 30 days of the date of resolution. The Union manages liquidity risk by continuously monitoring future cash flows and maturities, and planning to ensure adequate holding of cash and cash equivalents. The Union's exposure to liquidity risk is deemed insignificant based on data from prior periods and current assessment of risk. The maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

Lease liability maturities for 2020 – Consolidated

	<1year \$	1-2years \$	2-5 years \$	Total \$
Land and buildings	931,067	885,639	663,123	2,479,829
Plant and equipment	22,841	-	-	22,841
Total	953,908	885,639	663,123	2,502,670

Lease liability maturities for 2019 – Consolidated

	<1year \$	1-2years \$	2-5 years \$	Total \$
Land and buildings	1,003,944	740,046	1,898,065	3,642,055
Plant and equipment	26,688	23,352	-	50,040
Total	1,030,632	763,398	1,898,065	3,692,095

Subscription revenue from members for the year ended June 30, 2020 of \$14,333,921 (2019 - \$14,475,258) is the major income source of the Union. Consequently, the future liquidity of the Union will be impacted by the level of membership.

(c) Market Risk

(i) Interest Rate Risk

Interest rate risk is dependent on short-term interest rates offered by banking institutions. Most deposits are made with National Australia Bank, with a smaller amount deposited with Members Equity Bank.

Accounts receivable, subject to interest rates, are loans made to members through the Amelioration Fund of the Union. The interest rate is reviewed and set by the National Executive.

(ii) Foreign Currency Risk

Foreign currency risk is limited to the managed funds which are invested in Overseas Equities - Unhedged. These risks are managed by JANA.

(iii) Price Risk

Subscription revenue from members is the major income source of the Union, and the price risk relates to members maintaining their membership at the subscription rates set by the National Executive on an annual basis.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 15: FAIR VALUE HIERARCHY

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

Fair value hierarchy

The following tables detail the Union's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

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

Consolidated – 2020	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Managed investments	22,850,893	-	-	22,850,893
Shares in listed companies	396,527	-	-	396,527
Unlisted shares and units	-	-	29	29
Land and buildings	-	32,590,182	-	32,590,182
Total assets	23,247,420	32,590,182	29	55,837,631
Consolidated – 2019				
<i>Assets</i>				
Managed investments	26,112,002	-	-	26,112,002
Shares in listed companies	551,199	-	-	551,199
Unlisted shares and units	-	-	29	29
Land and buildings	-	33,395,000	-	33,395,000
Total assets	26,663,201	33,395,000	29	60,058,230

There were no transfers between levels during the financial year.

The descriptions of the significant unobservable inputs are as follows:

The valuation technique utilised in the determination of the fair value of land and buildings is the direct comparison approach. The significant unobservable inputs relate to the direct cost/value per square meter with estimated ranges between \$3,000/m² to \$12,000/m². The estimated fair value would increase (decrease) if the estimated price per square meter were higher or lower.

NOTE 16: REMUNERATION OF AUDITORS

	Consolidated	
	2020	2019
	\$	\$
Value of the services provided		
Financial statement audit services	57,433	51,350
Other services	1,000	3,000
Total remuneration of auditors	58,433	54,350

No other services were provided by the auditors of the financial statements.

**FINANCE SECTOR UNION OF AUSTRALIA
AND CONTROLLED ENTITY**

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

The Union has announced re-structuring of its operations post reporting date. The impact of restructuring costs to the financial position of the union is estimated to be \$3.6m.

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the union is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the union.

There were no other events that occurred after 30 June 2020, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the union.

NOTE 18: SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of subsections (1), (2) and (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

- (1) A member of a reporting unit, or the Commissioner, 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).

FINANCE SECTOR UNION OF AUSTRALIA

**EXPENDITURE REPORT REQUIRED UNDER SUBSECTION 255(2A)
for the year ended 30 June 2020**

The Committee of management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2020.

	2020	2019
	\$	\$
Remuneration and other employment - related costs and expenses - employees	13,230,694	13,603,582
Advertising	-	-
Operating Costs	3,539,735	4,539,742
Donations to political parties	1,136	39,721
Legal Costs	127,083	253,711
	<u>16,898,648</u>	<u>18,436,756</u>



Signature of Designated Officer

Julia Angrisano, National Secretary
Name and title of designated Officer

19 November 2020

Date

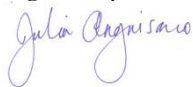
OFFICER DECLARATION STATEMENT

I, Julia Angrisano, being the National Secretary of the Finance Sector Union of Australia, declare that the following activities did not occur during the reporting period ending 30 June 2020.

The reporting unit did not:

- agree to receive financial support from another reporting unit to continue as a going concern (refers to agreement regarding financial support not dollar amount)
- agree to provide financial support to another reporting unit to ensure they continue as a going concern (refers to agreement regarding financial support not dollar amount)
- acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination or revocation by the General Manager, Fair Work Commission
- receive capitation fees or any other revenue amount from another reporting unit
- receive revenue via compulsory levies
- receive revenue from undertaking recovery of wages activity
- incur fees as consideration for employers making payroll deductions of membership subscriptions
- pay capitation fees or any other expense to another reporting unit
- pay separation and redundancy to holders of office
- pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- pay a penalty imposed under the RO Act or the Fair Work Act 2009
- have a receivable with other reporting unit(s)
- have a payable with other reporting unit(s)
- have a payable to an employer for that employer making payroll deductions of membership subscriptions
- have a separation and redundancy provision in respect of holders of office
- have other employee provisions in respect of holders of office
- have other employee provisions in respect of employees (other than holders of office)
- have a fund or account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity
- have another entity administer the financial affairs of the reporting unit
- make a payment to a former related party of the reporting unit

Signed by the officer:



Dated: 19 November 2020

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INDEPENDENT AUDITOR'S REPORT To the Members of Finance Sector Union of Australia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Finance Sector Union of Australia (the Union) and its controlled entity (the reporting unit), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended 30 June 2020, notes to the financial statements, including a summary of significant accounting policies, the statement of the National Executive, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the reporting unit as at 30 June 2020, and its financial performance and its cash flows for the year ended on that date in accordance with:

- (i) The Australian Accounting Standards; and
- (ii) Any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act).

We declare that management's use of the going concern basis in the preparation of the financial statements of the reporting unit is appropriate.

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 National Executive is responsible for the other information. The other information obtained at the date of the auditor's report is in the operating report accompanying the financial report.

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.

Other Information (Continued)

If, based on the work we have performed, 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.

National Executives' Responsibilities for the Financial Report

The National Executive of the reporting unit are responsible for the preparation of the financial report that gives a true and fair view with Australian Accounting Standards and the RO Act and for such internal control as the National Executive determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the National Executive are responsible for assessing the reporting unit'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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 reporting unit's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Executive.
- Conclude on the appropriateness of the National Executive'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 reporting unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the reporting unit 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.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the reporting unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the reporting unit audit. We remain solely responsible for our audit opinion.

We communicate with the National Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We declare that we are an auditor as registered under the RO Act.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to section 252 and 257(2) of the RO Act. In relation to these matters, we have nothing to report.

**RSM AUSTRALIA PARTNERS****R B MIANO**
Partner

Date: 23 November 2020
Melbourne, Victoria

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/58

OPERATING REPORT

For the year ended 30 June 2020

The National Executive presents its report on the reporting unit for the financial year ended 30 June 2020.

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

Review of Activities

The Finance Sector Union is a member based, federally registered trade union, representing finance sector workers who are actively pursuing better working lives and stronger communities.

The union's activities are directed by its National Executive in pursuit of this aim and in accordance with its rules of registration.

Principally, the union's activities consist of:

- » Organising finance sector employees;
- » Training and education of members;
- » Providing individual members with informed and expert representation in workplace related matters;
- » Maintaining and monitoring the compliance with relevant industrial awards and agreements;
- » Collectively bargaining with employers on behalf of and in the interests of members;
- » Representing and assisting members in all matters pursuant to the Fair Work (Registered Organisations) Act 2009;
- » Representing and assisting members in all matters pursuant to the relevant national and state Work, Health and Safety Acts;
- » Advocating on behalf of members and in the interests of finance sector employees in all relevant tribunals, courts of law, parliamentary committees and inquiries;
- » Administering union resources;
- » Other matters as directed by the National Executive.

Results of Activities

During the period 1/7/19–30/6/20, the Finance Sector Union:

- » Received application for and admitted 4686 members;
- » Appointed 275 members as FSU workplace representatives;

- » Provided training to 178 workplace representatives;
- » Negotiated and had approved 22 enterprise agreements covering approximately 16,759 employees.
- » Made at least 3 submissions to, and appeared before, Commonwealth of Australia Parliamentary Committees and various Federal and State inquiries and consultations.
- » Made approximately 29 applications to Fair Work Commission regarding Industrial disputes, award variations and seeking award coverage of award free employees;
- » Provided representation to 3947 members at the workplace or enterprise level;
- » Was party to 99 collective agreements in current operations across the finance sector

Significant changes in financial affairs

There was no significant change to the nature of the activities of the union during the reporting period. There were no significant changes to the union's financial affairs during the reporting period.

Right of members to resign

In accordance with Section 174 of the Fair Work (Registered Organisations) Act 2009, members of the union may resign from membership by written notice addressed and delivered to the National Secretary or the relevant Local Executive Secretary.

Officers or members who are superannuation fund trustee(s) (include position details) or director of a company that is a superannuation fund trustee

No officer or member of the reporting unit holds a position as a trustee or director of a superannuation entity or exempt public sector superannuation scheme where the criterion for holding such position is that they are an officer or member of an organisation.

Number of members

In accordance with Section 230 of the Fair Work (Registered Organisations) Act 2009, the union had a recorded 27,641 members at the end of the reporting period.

Number of employees

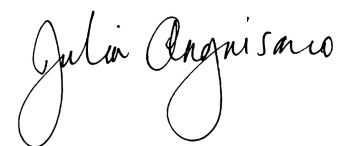
The union employed 122 employees nationally at the end of the reporting period.

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

The name of each person holding a position on the National Executive of the union during the reporting period is as follows:

Julia Angrisano
Allison Cruze
Julie Engel
Maurice Farrell
Adam Fay
Paul Ferrari
Jason Hall
Sacha Hammersley
Dianne Marshall
Nicole McPherson (from 10 March 2020)
Matthew Rowe
Susanne Pearce
Nathan Rees
Rebecca Reilly
David Scanlon (till 20 February 2020)
Wendy Streets
Peter Tancred
Johanna Tran

All members held their position for the entire financial year unless indicated otherwise.



Signature of designated officer

Julia Angrisano

Name of designated officer

National Secretary

Title of designated officer

19/11/2020

Date