

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

FULL FINANCIAL REPORT

30 JUNE 2021

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

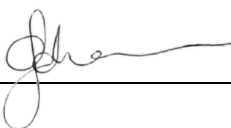
**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

On 29 November 2021, the National Executive of the Finance Sector Union of Australia (the Union) passed the following resolution in relation to the general-purpose financial report (GPFR) for the financial year ended 30 June 2021:

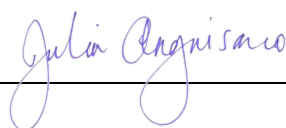
The National Executive declares in relation to the GPFR that in its opinion:

- (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 29th day of November, 2021

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

| | | Consolidated | |
|---|------|--------------|--------------|
| | | 2021 | 2020 |
| | Note | \$ | \$ |
| Income | 2a | 17,969,795 | 14,553,155 |
| Expenses | 2b | | |
| Employee benefits | | (12,074,213) | (11,976,338) |
| Officer benefits | | (1,313,316) | (1,254,356) |
| Building & equipment expenses | | (688,314) | (741,060) |
| Industrial & campaign expenses | | (266,424) | (308,502) |
| Depreciation and amortisation | | (2,077,077) | (2,062,630) |
| Affiliations & levies | | (600,094) | (617,384) |
| Office expenses | | (1,499,690) | (1,382,674) |
| Other expenses | | (632,929) | (619,294) |
| | | (19,152,057) | (18,962,238) |
| NET DEFICIT | | (1,182,262) | (4,409,083) |
| Other Income | | | |
| Net gain/(loss) on disposal of non-current physical asset | 2a | 166,631 | 23,146 |
| | | (1,015,631) | (4,385,937) |
| NET DEFICIT FOR THE YEAR | | | |
| 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 | | 172,424 | (154,513) |
| Gain/(loss) on revaluation of land and building | 5 | - | - |
| | | (843,207) | (4,540,450) |
| TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) FOR THE YEAR | | (843,207) | (4,540,450) |

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 2021**

| | Note | Consolidated | |
|---|--------|--------------|------------|
| | | 2021 | 2020 |
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 13 (a) | 798,584 | 724,057 |
| Financial assets at amortised cost | 4 | 5,306,228 | 5,762,490 |
| Trade and other receivables | 3 | 346,116 | 397,635 |
| Other current assets | | 523,108 | 430,029 |
| TOTAL CURRENT ASSETS | | 6,974,036 | 7,314,211 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 3 | 37,568 | 42,382 |
| Financial assets at fair value through profit or loss | 4 | 21,808,311 | 22,850,893 |
| Financial assets at fair value through other comprehensive income | 4 | 568,951 | 396,527 |
| Right-of-use assets | 12 | 1,619,079 | 2,396,521 |
| Property, plant and equipment | 5 | 32,322,384 | 33,510,220 |
| TOTAL NON-CURRENT ASSETS | | 56,356,293 | 59,196,543 |
| TOTAL ASSETS | | 63,330,329 | 66,510,754 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 6 | 1,209,959 | 1,379,298 |
| Lease liabilities | 12 | 898,648 | 953,908 |
| Provision - employee entitlements | 10 | 1,420,872 | 2,593,945 |
| TOTAL CURRENT LIABILITIES | | 3,529,479 | 4,927,151 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 12 | 849,585 | 1,548,762 |
| Provision - employee entitlements | 10 | 693,456 | 933,825 |
| TOTAL NON-CURRENT LIABILITIES | | 1,543,041 | 2,482,587 |
| TOTAL LIABILITIES | | 5,072,520 | 7,409,738 |
| NET ASSETS | | 58,257,809 | 59,101,016 |
| General funds | | 27,226,217 | 28,241,848 |
| Reserves | | 31,031,592 | 30,859,168 |
| TOTAL ACCUMULATED FUNDS | | 58,257,809 | 59,101,016 |

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 2021**

| | Consolidated | | | Total accumulated funds |
|--|-------------------|---------------------------------|----------------------------------|-------------------------------|
| | General fund | Asset revaluation reserve | Financial assets at FVTOCI | |
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2019 | 32,627,785 | 30,880,398 | 133,283 | 63,641,466 |
| Deficit for the year | (4,385,937) | - | - | (4,385,937) |
| Gain/(loss) on equity instruments designated at FVTOCI | - | - | (154,513) | (154,513) |
| Gain on revaluation of land and building | - | - | - | - |
| 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> |
| Deficit for the year | (1,015,631) | - | - | (1,015,631) |
| Gain/(loss) on equity instruments designated at FVTOCI | - | - | 172,424 | 172,424 |
| Balance as at 30 June 2021 | <u>27,226,217</u> | <u>30,880,398</u> | <u>151,194</u> | <u>58,257,809</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 2021**

| | Consolidated | |
|---|---------------------------|--------------------|
| | 2021 | 2020 |
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from members | 15,611,737 | 15,711,827 |
| Interest received | 84,680 | 148,427 |
| Rent received | 271,169 | 299,418 |
| Other receipts | 228,143 | 192,631 |
| Interest payments and other finance costs | (35,648) | (147,617) |
| Payments to suppliers and employees | (20,136,655) | (18,063,791) |
| CASH FLOW (USED BY) OPERATING ACTIVITIES | 13 (b) (3,976,574) | (1,859,105) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net amelioration fund loans repaid | 36,091 | 4,209 |
| Net Officers Life Insurance bonus payments received / (distributed) | (41,647) | 42,000 |
| Purchase of property, plant and equipment | (44,000) | (353,533) |
| Proceeds from the sale of fixed assets | 300,400 | 27,227 |
| Proceeds from sale of listed shares | - | 805 |
| Payment towards term deposits | - | (471,012) |
| Redemption of term deposits | 456,262 | - |
| Redemption of managed funds | 4,300,000 | 3,000,000 |
| CASH FLOW FROM INVESTING ACTIVITIES | 5,007,106 | 2,249,696 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of lease liabilities | (956,005) | (883,183) |
| CASH FLOW (USED BY) FINANCING ACTIVITIES | (956,005) | (883,183) |
| NET INCREASE (DECREASE) IN CASH HELD | 74,527 | (492,592) |
| CASH AT THE BEGINNING OF THE YEAR | 724,057 | 1,216,649 |
| CASH AT THE END OF THE FINANCIAL YEAR | 13 (a) 798,584 | 724,057 |

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 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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, except for cash flow information 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.

For member subscriptions paid annually in advance, the Union has elected to apply the practical expedient to not adjust the transaction price for the effects of a significant financing component because the period from when the customer pays and the good or services will transfer to the customer will be one year or less.

Interest Income

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

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

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

The net amount of GST recoverable from, or payable to, the 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

Purchase of property is recognised initially at cost in the statement of financial position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Following initial recognition, property is brought to account at fair value 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.

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Property (continued)

Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date. Revaluation adjustments are made on a class basis. 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.

(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.

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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:

| | 2021 | 2020 |
|---------------------|---------------|---------------|
| Land & buildings | 3 to 10 years | 3 to 10 years |
| Plant and equipment | 1 to 3 years | 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) Financial instruments

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

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(i) *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.

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

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

- 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.

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.

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

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.

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.

**FINANCE SECTOR UNION OF AUSTRALIA
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**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(j) 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 and other payables are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(k) 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).

(l) 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.

(m) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required, and they are capable of being measured reliably.

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. Payments to employee superannuation funds are recognised as an expense when employees have rendered service entitling them to the contributions.

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(n) Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(o) Comparative figures

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

(p) 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

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

(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.

(q) 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.

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 and Judgements

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 2021.

ii. 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.

iii. 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.

iv. 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.

(r) Current and non-current classification

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

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Current and non-current classification (continued)

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.

(s) 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 2018-7 Amendments to Australian Accounting Standards – Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of the Union, nor is there expected to be any impact in the future.

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 the Union |
|-------------|---|--|------------------------------|---|--------------------------------|
| AASB 2020-1 | Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current | This Standard amends AASB 101 Presentation of Financial Statements 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 2023 | This standard is not expected to significantly impact the Union’s financial statements. | 1 July 2023 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 2: NET DEFICIT

| | Consolidated | |
|---|----------------|----------------|
| | 2021 | 2020 |
| Net deficit has been determined after: | \$ | \$ |
| <i>(a) Crediting as income</i> | | |
| Membership subscriptions | 14,146,213 | 14,333,921 |
| Interest income | 51,815 | 112,500 |
| Dividend income | 15,056 | 25,953 |
| Increase/(decrease) in market value of managed funds | 3,257,447 | (261,139) |
| Rental revenue - properties | 302,975 | 192,389 |
| Other income | 196,289 | 149,531 |
| Grants / donations received | - | - |
| Income | 17,969,795 | 14,553,155 |
| Net (loss) / gain on disposal of non-current physical asset | 166,631 | 23,146 |
| Other Income | 166,631 | 23,146 |
| Total Income | 18,136,426 | 14,576,301 |

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 | 14,146,213 | 14,333,921 |
| Government | - | - |
| Other parties | 302,975 | 192,389 |
| Total revenue from contracts with customers | 14,449,188 | 14,526,310 |

Timing of revenue recognition

| | | |
|--------------------------------|------------|------------|
| Services transferred over time | 14,449,188 | 14,526,310 |
| | 14,449,188 | 14,526,310 |

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 | 3,687,238 | 49,991 |
| Total income for furthering activities | 3,687,238 | 49,991 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 2: NET DEFICIT (CONTINUED)

| | Consolidated | |
|--|--------------|------------|
| | 2021 | 2020 |
| | \$ | \$ |
| <i>b) Charging as an expense</i> | | |
| Employee benefits: | | |
| Employee salaries | 6,024,999 | 8,511,349 |
| Employee superannuation contributions | 1,082,618 | 1,527,966 |
| Employee redundancy & termination payments | 3,793,152 | 129,111 |
| Employee leave entitlements | 92,450 | 438,227 |
| Employee other expenses | 969,498 | 1,369,685 |
| Total employee benefits | 11,962,717 | 11,976,338 |
| Officer benefits: | | |
| Officer salaries | 1,048,349 | 846,603 |
| Officer allowances | 49,752 | 52,500 |
| Officer superannuation contributions | 151,062 | 138,876 |
| Officer leave entitlements | 43,481 | 63,007 |
| Officer other expenses | 132,168 | 153,370 |
| Total officer benefits | 1,424,812 | 1,254,356 |
| Building and equipment expenses: | | |
| Cleaning | 27,595 | 69,814 |
| Utilities | 48,980 | 72,468 |
| Building maintenance | 155,512 | 43,136 |
| Rates & taxes | 147,692 | 152,903 |
| Strata levies | 298,935 | 385,126 |
| Other office and building expenses | 9,600 | 17,613 |
| Total building & equipment expenses | 688,314 | 741,060 |
| Industrial and campaign expenses: | | |
| Travel and accommodation | 795 | 62,156 |
| Campaigns and projects | 152,091 | 113,806 |
| Member publications | 69,066 | 50,803 |
| Education and training | 15,052 | 49,802 |
| Legal fees: litigation | 24,901 | 14,518 |
| Legal fees: other legal matters | 1,478 | 50 |
| Other expenses | 3,041 | 17,367 |
| Total industrial & campaign expenses | 266,424 | 308,502 |
| Depreciation expenses: | | |
| Land & Building | 804,818 | 804,818 |
| Furniture, Fittings & Equipment | 189,764 | 122,487 |
| Motor Vehicles | 103,485 | 145,992 |
| Right-of-Use Asset | 979,010 | 989,333 |
| Total depreciation expenses | 2,077,077 | 2,062,630 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 2: NET DEFICIT (CONTINUED)

| | Consolidated | |
|--|--------------|-----------|
| | 2021 | 2020 |
| | \$ | \$ |
| Affiliations & levies: | | |
| Affiliations: | | |
| - UNI Global Union | 107,299 | 103,447 |
| - Australian Council of Trade Unions | 173,804 | 179,953 |
| - Unions NSW | 40,117 | 42,175 |
| - Unions ACT | 1,584 | 1,624 |
| - Victorian Trades Hall Council | 62,076 | 60,137 |
| - Unions Tasmania | 3,925 | 2,806 |
| - Queensland Council of Unions | 28,154 | 29,779 |
| - Northern Territory Trades & Labour Council | 1,163 | 1,244 |
| - Unions WA | 24,688 | 24,942 |
| - ALP: NSW Branch | 53,184 | 55,872 |
| -ALP: NSW Branch Left | - | - |
| - ALP: VIC Branch | 43,440 | 43,730 |
| - ALP: QLD Branch | 20,391 | 19,899 |
| - ALP: SA Branch | 6,193 | 6,576 |
| - ALP: WA Branch | 28,081 | 28,269 |
| -McKell Institute | - | 7,000 |
| - Other Affiliations | 2,514 | 2,695 |
| Levies: | | |
| -Unions NSW | | |
| May Day levy | 800 | - |
| -State Election Levy | 2,281 | - |
| -Affiliation Levy | - | 7,236 |
| -State Conference Delegate Fee (Qld) | 400 | - |
| Total affiliations & levies | 600,094 | 617,384 |
| Office expenses: | | |
| Operating lease rentals | - | - |
| Telecommunications | 307,175 | 322,808 |
| Information technology | 887,222 | 685,062 |
| Insurance | 185,071 | 167,742 |
| Education & training | 8,364 | 1,628 |
| Other office expenses | 111,858 | 205,434 |
| Total office expenses | 1,499,690 | 1,382,674 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 2: NET DEFICIT (CONTINUED)

| | Consolidated | |
|---|----------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Other expenses: | | |
| Meeting and conference expenses | 4,438 | 88,698 |
| Auditors remuneration | | |
| - Auditing the financial statements | 55,500 | 57,433 |
| - Other services | 1,000 | 1,000 |
| Legal fees | | |
| - Litigation | 197,908 | 105,159 |
| - Other legal matters | 43,491 | 7,356 |
| Other professional services | | |
| Bank charges – revenue collection | 80,721 | 79,488 |
| Bank charges – other | 10,759 | 13,285 |
| Interest expense – lease liabilities | 100,795 | 147,617 |
| Donations in excess of \$1,000 | 9,727 | 1,136 |
| Donations \$1,000 or less | 528 | 182 |
| Amelioration fund: | | |
| - Mortuary benefits | 65,840 | 71,310 |
| - Grants in excess of \$1,000 | - | - |
| - Grants \$1,000 or less | 1,000 | 778 |
| - Remission of debts | - | 2,409 |
| - Provision for doubtful debts | 9,800 | - |
| Other expenses | 51,422 | 43,443 |
| Total other expenses | 632,929 | 619,294 |
| Total Expenses | 19,152,057 | 18,962,238 |
| <u>NOTE 3: RECEIVABLES</u> | | |
| <i>Current</i> | | |
| Subscriptions income accrued | 126,928 | 162,104 |
| Sundry debtors | 182,415 | 157,679 |
| Less allowance for expected credit losses | - | - |
| | 309,343 | 319,783 |
| Amelioration fund loans to members | 48,723 | 80,002 |
| Less allowance for expected credit losses | (11,950) | (2,150) |
| | 36,773 | 77,852 |
| | 346,116 | 397,635 |
| <i>Non-Current</i> | | |
| Amelioration fund loans to members | 37,568 | 42,382 |
| | 37,568 | 42,382 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 4: FINANCIAL ASSETS

| | Consolidated | |
|---|--------------|------------|
| | 2021 | 2020 |
| | \$ | \$ |
| <i>Current</i> | | |
| Financial assets at amortised cost | | |
| Term deposits | 5,306,228 | 5,762,490 |
| | 5,306,228 | 5,762,490 |
| <i>Non-Current</i> | | |
| Financial assets at fair value through profit or loss | | |
| Managed investments | 21,808,311 | 22,850,864 |
| Units in unlisted trusts | - | 35,935 |
| Less provision for diminution | - | (35,906) |
| | - | 29 |
| | 21,808,311 | 22,850,893 |
| Financial assets at fair value through other comprehensive income | | |
| Shares in listed companies at market value | 568,951 | 396,527 |
| | 568,951 | 396,527 |

NOTE 5: PROPERTY, PLANT & EQUIPMENT

| | | |
|-----------------------------------|-------------|------------|
| Freehold land & buildings | | |
| Fair value | 33,395,000 | 33,395,000 |
| Accumulated depreciation | (1,609,636) | (804,818) |
| Total freehold land and buildings | 31,785,364 | 32,590,182 |

Reconciliation of the Opening and Closing Balances of Freehold Land and Buildings

| | | |
|---|-------------|------------|
| Gross book value 1 July 2020 | 33,395,000 | 33,395,000 |
| Accumulated depreciation | (804,818) | - |
| Net book value 1 July 2020 | 32,590,182 | 33,395,000 |
| Revaluations | - | - |
| Depreciation expense | (804,818) | (804,818) |
| Net book value 30 June 2021 | 31,785,364 | 32,590,182 |
| Net book value as of 30 June 2021 represented by: | | |
| Gross book value | 33,395,000 | 33,395,000 |
| Accumulated depreciation | (1,609,636) | (804,818) |
| Net book value 30 June 2021 | 31,785,364 | 32,590,182 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 5: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

| | Consolidated | |
|---|--------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Furniture, fittings & equipment | | |
| At cost | 5,217,886 | 5,173,886 |
| Accumulated depreciation | (4,974,163) | (4,784,399) |
| Total furniture, fittings & equipment | 243,723 | 389,487 |
| Reconciliation of the Opening and Closing Balances of Furniture, fittings and equipment | | |
| Gross book value 1 July 2020 | 5,173,886 | 4,866,408 |
| Accumulated depreciation | (4,784,399) | (4,661,913) |
| Net book value 1 July 2020 | 389,487 | 204,495 |
| Additions | 44,000 | 307,479 |
| Depreciation expense | (189,764) | (122,487) |
| Net book value 30 June 2021 | 243,723 | 389,487 |
| Net book value as of 30 June 2021 represented by: | | |
| Gross book value | 5,217,886 | 5,173,886 |
| Accumulated depreciation | (4,974,163) | (4,784,399) |
| Net book value 30 June 2021 | 243,723 | 389,487 |
| Motor Vehicles | | |
| At cost | 525,918 | 988,138 |
| Accumulated depreciation | (232,621) | (457,587) |
| Total motor vehicles | 293,297 | 530,551 |
| Reconciliation of the Opening and Closing Balances of Motor Vehicles | | |
| Gross book value 1 July 2020 | 988,138 | 1,000,212 |
| Accumulated depreciation | (457,587) | (364,996) |
| Net book value 1 July 2020 | 530,551 | 635,216 |
| Additions | - | 46,054 |
| Depreciation expense | (103,485) | (145,992) |
| Disposals | (133,769) | (4,727) |
| Net book value 30 June 2021 | 293,297 | 530,551 |
| Net book value as of 30 June 2021 represented by: | | |
| Gross book value | 525,918 | 988,138 |
| Accumulated depreciation | (232,621) | (457,587) |
| Net book value 30 June 2021 | 293,297 | 530,551 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 5: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

| | Consolidated | |
|-------------------------------------|--------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Property, plant & equipment | | |
| Fair value/at cost | 39,138,804 | 39,557,024 |
| Accumulated depreciation | (6,816,420) | (6,046,804) |
| Total property, plant and equipment | 32,322,384 | 33,510,220 |

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

| | | |
|---|-------------|-------------|
| Property, plant & equipment | | |
| Gross book value 1 July 2020 | 39,557,024 | 39,261,620 |
| Accumulated depreciation | (6,046,804) | (5,026,909) |
| Net book value 1 July 2020 | 33,510,220 | 34,234,711 |
| | | |
| Additions | 44,000 | 353,533 |
| Revaluations | - | - |
| Depreciation expense | (1,098,067) | (1,073,297) |
| Disposals | (133,769) | (4,727) |
| Net book value 30 June 2021 | 32,322,384 | 33,510,220 |
| | | |
| Net book value as of 30 June 2021 represented by: | | |
| Gross book value | 39,138,804 | 39,557,024 |
| Accumulated depreciation | (6,816,420) | (6,046,804) |
| Net book value 30 June 2021 | 32,322,384 | 33,510,220 |

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 | 21,595 | 96,954 |
| Employee Benefits | 275,207 | 443,886 |
| Legal Costs: | | |
| -Litigation | 14,669 | - |
| -Other legal matters | 13,313 | - |
| Membership fees collected in advance | 199,994 | 188,895 |
| OLI bonuses payable | 235,378 | 277,025 |
| GST payable | 386,262 | 293,481 |
| Other | 63,541 | 79,057 |
| | 1,209,959 | 1,379,298 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 7: KEY MANAGEMENT PERSONNEL

Key Management Personnel for the reporting period

- J. Angrisano (National Secretary)
- N. Rees (Assistant National Secretary, from 1 July 2020 to 5 March 2021)
- N. McPherson (Local Executive Secretary - VIC/TAS)
- R. Reilly (Local Executive Secretary - NSW/ACT)
- J. Nava (Acting Local Executive Secretary - NSW/ACT, from 1 July 2020)
- W. Streets (Local Executive Secretary - QLD)
- J. Hall (Local Executive Secretary - SA/NT)
- D. Marshall (Local Executive Secretary - WA)
- H. Sapin (Manager Finance & Administration, from 1 July 2020 to 24 December 2020)
- L. Cheong (Acting IT Manager, from 1 July 2020 to 7 October 2020)
- S. Unadkat (Senior Accountant, appointed 30 November 2020)
- L. Barrow (CRM Administrator and Analyst, appointed 1 January 2021)

Key management personnel remuneration for the reporting period

| | Consolidated | |
|---|--------------|-----------|
| | 2021 | 2020 |
| | \$ | \$ |
| Short term employee benefits | | |
| - Salary | 1,205,309 | 1,108,645 |
| - Other short-term benefits | 45,051 | 84,938 |
| - Annual leave accrued | 40,352 | 39,929 |
| - Termination payout annual leave | (112,459) | - |
| Post-employment benefits | | |
| - Superannuation contributions | 187,095 | 183,035 |
| Other long-term benefits | | |
| - Long service leave accrued | 22,488 | 41,447 |
| - Termination payout long service leave | (172,854) | |
| Total | 1,214,982 | 1,457,994 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

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.

| | 2021 | 2020 |
|---|-------------------|-------------------|
| | <u>\$</u> | <u>\$</u> |
| Current assets | | |
| Cash and equivalents | 746,560 | 653,742 |
| Financial assets at fair value through profit or loss | 5,297,728 | 5,762,490 |
| Trade and other receivables | 295,716 | 366,481 |
| Other current assets | <u>494,539</u> | <u>340,254</u> |
| Total current assets | <u>6,834,543</u> | <u>7,122,967</u> |
| Non-current assets | | |
| Trade and other receivables | 37,568 | 42,382 |
| Loan receivable from property trust | 20,500,000 | 20,500,000 |
| Financial assets at fair value through profit or loss | 21,808,311 | 22,850,893 |
| Financial assets at fair value through other comprehensive income | 568,951 | 396,527 |
| Right-of-use asset | 939,654 | 1,499,427 |
| Property, plant & equipment | <u>533,659</u> | <u>915,556</u> |
| Total non-current assets | <u>44,388,143</u> | <u>46,204,785</u> |
| Total assets | <u>51,222,686</u> | <u>53,327,752</u> |
| Current liabilities | | |
| Trade and other payables | 20,255,037 | 19,713,308 |
| Lease liabilities | 566,499 | 540,821 |
| Provision - employee entitlements | <u>1,420,872</u> | <u>2,593,945</u> |
| Total current liabilities | <u>22,242,408</u> | <u>22,848,074</u> |
| Non-current liabilities | | |
| Lease Liabilities | 456,504 | 1,023,003 |
| Provision - employee entitlements | <u>693,457</u> | <u>933,825</u> |
| Total non-current liabilities | <u>1,149,961</u> | <u>1,956,828</u> |
| Total liabilities | <u>23,392,369</u> | <u>24,804,902</u> |
| Net assets | <u>27,830,317</u> | <u>28,522,850</u> |
| General Funds | 27,679,124 | 28,544,080 |
| Reserves | <u>151,193</u> | <u>(21,230)</u> |
| Total accumulated funds | <u>27,830,317</u> | <u>28,522,850</u> |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

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.

| | 2021 \$ | 2020 \$ |
|---|-------------|-------------|
| Net deficit | (1,031,587) | (4,106,849) |
| Other income | | |
| Net gain/(loss) on disposal of non-current physical asset | 166,631 | 23,146 |
| Net Deficit for the year | (864,956) | (4,083,703) |
| Other comprehensive income | | |
| Gain/(loss) on shares held for long term investment | 172,424 | (154,513) |
| Total Comprehensive Deficit | (692,532) | (4,238,216) |

CONTINGENT LIABILITIES

At 30 June 2021, the Finance Sector Union of Australia had a contingent liability for \$313,705 (2020 - \$255,205) relating to 2 guarantees provided to the National Australia Bank on behalf of its subsidiary, in relation to property lease contracts entered into by its subsidiary, and other matter. 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.

| | 2021 | 2020 |
|---|-----------|-----------|
| Country of incorporation | Australia | Australia |
| Percentage owned | 100% | 100% |
| Investment at cost | \$2 | \$2 |
| Contribution to group operating surplus | \$0 | \$0 |

Rent of \$1,418,065 (2020 - \$1,374,412) 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 2021**

NOTE 10: PROVISION – EMPLOYEE ENTITLEMENTS

| | Consolidated | |
|--------------------|--------------|-----------|
| | 2021 | 2020 |
| | \$ | \$ |
| <i>Current</i> | | |
| Office holders: | | |
| Annual leave | 164,755 | 123,020 |
| Long service leave | 252,446 | 222,363 |
| | 417,201 | 345,383 |
| Employees: | | |
| Annual leave | 680,314 | 978,868 |
| Long service leave | 323,357 | 1,269,694 |
| | 1,003,671 | 2,248,562 |
| | 1,420,872 | 2,593,945 |
| <i>Non-Current</i> | | |
| Office holders: | | |
| Long service leave | 125,548 | 83,205 |
| | 125,548 | 83,205 |
| Employees: | | |
| Long service leave | 567,908 | 850,620 |
| | 567,908 | 850,620 |
| | 693,456 | 933,825 |

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 \$37,500 (2020 - \$52,500).

Revenue received from related parties

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

Expenses paid to related parties

There were no expenses paid to related parties in 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 in the current and previous reporting period.

Loans to/from related parties

There were no loans to or from related parties in the current and previous reporting period.

Assets transferred to/from related parties

There were no assets transferred to or from related parties in the current and previous reporting period.

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 12: LEASES

As at 30 June 2021 the Finance Sector Union of Australia has a commitment to leases with the following lessors:-
AGK Properties Pty Ltd - FSU Office Queen Street, Melbourne-remaining term – 1 to 2 years
Tzortz Pty Ltd - FSU Office Cordelia Street, South Brisbane-remaining term – 1 to 2 years
AC SMSF Investments Pty Ltd - FSU Office Markey Street, Eastwood - remaining term – 4 to 5 years,
with an option to renew for a further 5 years.

The Union as a lessee

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

| | Consolidated | |
|----------------------|--------------|-----------|
| | 2021 | 2020 |
| | \$ | \$ |
| As at 30 June 2020 | 2,396,521 | 3,385,854 |
| Additions | 201,568 | - |
| Disposals* | - | - |
| Depreciation expense | (979,010) | (989,333) |
| As at 30 June 2021 | 1,619,079 | 2,396,521 |

* Two leases have expired during the financial year, being the property lease for Greenhill Road, Dulwich, SA, and the Ricoh photocopy machine lease. At the time of expiry, the leases had a right of use asset cost base and accumulated depreciation balance of \$286,058.

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

| | Consolidated | |
|-----------------------|--------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| As at 30 June 2020 | 2,502,670 | 3,385,854 |
| Additions | 201,568 | - |
| Accretion of interest | 100,795 | 147,617 |
| Payments | (1,056,800) | (1,030,801) |
| As at 30 June 2021 | 1,748,233 | 2,502,670 |
| Current | 898,648 | 953,908 |
| Non-current | 849,585 | 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 | 979,010 | 989,333 |
| Interest expense on lease liabilities | 100,795 | 147,617 |
| Total amount recognised in profit or loss | 1,079,805 | 1,136,950 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 | |
| | \$ | \$ | \$ |
| 2021 | | | |
| Extension options expected not to be exercised | 2,187,076 | 1,286,701 | 3,473,777 |
| Termination options expected to be exercised | - | - | - |
| | <u>2,187,076</u> | <u>1,286,701</u> | <u>3,473,777</u> |
| 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> |

NOTE 13: CASH FLOW

| | Consolidated | |
|---|----------------|----------------|
| | 2021 | 2020 |
| | \$ | \$ |
| 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 |
| Cash at bank | 798,584 | 721,922 |
| | <u>798,584</u> | <u>724,057</u> |
| (b) Reconciliation of (deficit) /surplus to net cash from operating activities: | | |
| Deficit for the year | (1,015,631) | (4,385,937) |
| Adjustments for non-cash items | | |
| Depreciation & amortisation | 1,802,027 | 2,062,630 |
| Remission of debts | - | 2,409 |
| Increase in expected credit losses | 9,800 | - |
| (Increase)/decrease in market value of non-current investments | (3,257,418) | 261,139 |
| (Profit)/loss on sale of assets | 108,418 | (23,146) |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 13: CASH FLOW (CONTINUED)

| | Consolidated | |
|--|--------------|-------------|
| | 2021 | 2020 |
| | \$ | \$ |
| Changes in assets & liabilities | | |
| Increase/(decrease) in accounts payable | (396,576) | (28,105) |
| Increase/(decrease) in provision for employee entitlements | (1,413,442) | 246,327 |
| (Increase)/decrease in subscriptions receivable | 35,176 | (21,520) |
| (Increase)/decrease sundry receivables | (31,461) | 106,627 |
| (Increase)/decrease prepayments | 182,533 | (79,529) |
| Cash Flow used in operating activities | (3,976,574) | (1,859,105) |
| CASH FLOW INFORMATION | | |
| Cash inflows from | | |
| FSU Property Trust Pty Ltd | 1,014,172 | 985,873 |
| Total cash inflows | 1,014,172 | 985,873 |
| Cash outflows from | | |
| FSU Property Trust Pty Ltd | 1,023,695 | 993,691 |
| Total cash outflows | 1,023,695 | 993,691 |

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 2021</u> | | | | | |
| <i>Financial assets</i> | | | | | |
| Cash at bank and bank term deposits | | | | | |
| – at amortised cost | 0.76% | 6,104,812 | - | - | - |
| Managed investments at FVTPAL | N/A | - | 21,808,311 | - | - |
| Shares in listed companies at FVTOCI | N/A | - | 568,951 | - | - |
| Receivables—other at amortised cost | N/A | - | 309,343 | - | - |
| Receivables—UCF at amortised cost | 5.00% | - | - | 36,773 | 37,568 |
| Total financial assets | | 6,104,812 | 22,686,605 | 36,773 | 37,568 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 2021</u> | | | | | |
| <i>Financial liabilities</i> | | | | | |
| Accounts payable-at amortised cost | N/A | - | 774,705 | - | - |
| Total financial liabilities | | - | 774,705 | - | - |
| <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 |
| <i>Financial liabilities</i> | | | | | |
| Accounts payable-at amortised cost | N/A | - | 896,922 | - | - |
| Total financial liabilities | | - | 896,922 | - | - |
| <i>Net income/(expense) from financial assets</i> | | | | | |
| | | | Consolidated | | |
| | | | 2021 | 2020 | |
| | | | \$ | \$ | |
| Financial assets at amortised cost | | | | | |
| Interest Revenue – Cash at bank and Term Deposits | | | 47,153 | 107,122 | |
| Interest Revenue – Loans to members | | | 4,662 | 5,378 | |
| | | | 51,815 | 112,500 | |
| Financial assets through profit and loss | | | | | |
| Change in fair value – Managed Investments | | | 3,257,447 | (261,139) | |
| | | | 3,257,447 | (261,139) | |
| Financial assets through other comprehensive income | | | | | |
| Change in fair value – Shares in listed companies | | | 172,424 | (154,513) | |
| Dividend income – Shares in listed companies | | | 15,056 | 25,953 | |
| | | | 187,480 | (128,560) | |
| Total net income from financial assets | | | 3,496,742 | (277,199) | |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 2021 \$ | Past due or impaired 2021 \$ | Not Past Due Nor Impaired 2020 \$ | Past due or impaired 2020 \$ |
|------------------------------------|--|---------------------------------------|--|---------------------------------------|
| Subscriptions income accrued | 126,928 | - | 162,104 | - |
| Sundry debtors | 181,174 | 1,241 | 153,416 | 4,263 |
| Amelioration fund loans to members | 74,341 | 11,950 | 120,234 | 2,150 |
| Total | 382,443 | 13,191 | 435,754 | 6,413 |

Ageing of trade and other receivables that were past due but not impaired for 2021

| | 0 to 30 days \$ | 31 to 60 days \$ | 61 to 90 days \$ | 90+ days \$ | Total \$ |
|----------------|--------------------|---------------------|---------------------|----------------|-------------|
| Sundry debtors | - | - | - | 1,241 | 1,241 |
| Total | - | - | - | 1,241 | 1,241 |

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 |

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 2021**

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 2021 – Consolidated

| | <1year \$ | 1-2years \$ | 2-5 years \$ | > 5 years \$ | Total \$ |
|--------------------|----------------|----------------|-----------------|-----------------|------------------|
| Land and buildings | 965,020 | 699,345 | 74,013 | 135,746 | 1,874,124 |
| Total | 965,020 | 699,345 | 74,013 | 135,746 | 1,874,124 |

Lease liability maturities for 2020 – Consolidated

| | <1year \$ | 1-2years \$ | 2-5 years \$ | > 5 years \$ | Total \$ |
|---------------------|------------------|----------------|-----------------|-----------------|------------------|
| Land and buildings | 1,032,657 | 942,449 | 676,097 | - | 2,651,203 |
| Plant and equipment | 23,388 | - | - | - | 23,388 |
| Total | 1,056,045 | 942,449 | 676,097 | - | 2,674,591 |

Subscription revenue from members for the year ended June 30, 2021 of \$14,146,213 (2020 - \$14,333,921) 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. Sensitivity analysis of the interest rate risk the Union is exposed to:

| | Change in risk variable % | 2021 Effect on profit or loss \$ | 2021 Effect on Equity \$ | 2020 Effect on profit or loss \$ | 2020 Effect on Equity \$ |
|--------------------|--------------------------------------|---|-------------------------------------|---|-------------------------------------|
| Interest rate risk | +0.50% | 27,612 | 27,612 | 29,356 | 29,356 |
| Interest rate risk | - 0.50% | (26,460) | (26,460) | (29,356) | (29,356) |

(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. Sensitivity analysis of the price risk the Union is exposed to:

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 14: FINANCIAL INSTRUMENTS (CONTINUED)

Market Risk (continued)

| | Change in risk variable % | 2021 Effect on profit or loss \$ | 2021 Effect on Equity \$ | 2020 Effect on profit or loss \$ | 2020 Effect on Equity \$ |
|------------|------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Price risk | +1.00% | 141,462 | 141,462 | 143,339 | 143,339 |
| Price risk | - 1.00% | (141,462) | (141,462) | (143,339) | (143,339) |

(d) Changes in liabilities from financing activities

| | Consolidated | |
|---------------------------------------|--------------|-----------|
| | 2021 | 2020 |
| | \$ | \$ |
| As at 30 June 2020 | 2,502,670 | 3,385,854 |
| Net cash used in financing activities | (956,005) | (883,184) |
| Acquisition of leases | 201,568 | - |
| As at 30 June 2021 | 1,748,233 | 2,502,670 |

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 – 2021 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|------------|------------|---------|------------|
| <i>Assets</i> | | | | |
| Managed investments | 21,808,311 | - | - | 21,808,311 |
| Shares in listed companies | 568,951 | - | - | 568,951 |
| Unlisted shares and units | - | - | - | - |
| Land and buildings | - | 31,785,364 | - | 31,785,364 |
| Total assets | 22,377,262 | 31,785,364 | - | 54,162,626 |
| Consolidated – 2020 | | | | |
| <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 |

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

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 15: FAIR VALUE HIERARCHY (CONTINUED)

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 \$2,700/m² and \$3,125/m² in Western Australia, and with estimated ranges between \$7,750/m² to \$12,000/m² in New South Wales. The estimated fair value would increase (decrease) if the estimated price per square meter were higher or lower.

NOTE 16: REMUNERATION OF AUDITORS

| | Consolidated | |
|---------------------------------------|--------------|--------|
| | 2021 | 2020 |
| | \$ | \$ |
| Value of the services provided | | |
| Financial statement audit services | 55,500 | 57,433 |
| Membership and returns audit services | 1,000 | 1,000 |
| Total remuneration of auditors | 56,500 | 58,433 |

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

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

There were no events that occurred after 30 June 2021, 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:

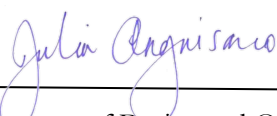
- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, 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 2021**

The Committee of management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 30 June 2021.

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Remuneration and other employment - related costs and expenses - employees | 13,387,529 | 13,230,694 |
| Advertising | - | - |
| Operating Costs | 3,408,947 | 3,539,735 |
| Donations to political parties | 9,727 | 1,136 |
| Legal Costs | 267,777 | 127,083 |
| | <u>17,073,980</u> | <u>16,898,648</u> |



Signature of Designated Officer

Julia Angrisano, National Secretary
Name and title of designated Officer

29 November 2021
Date

FINANCE SECTOR UNION OF AUSTRALIA
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 2021.

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 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 a separation and redundancy provision in respect of employees (other than 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
- 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: 29 November 2021

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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 2021, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended 30 June 2021, 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 2021, 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.

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.

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

- 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.
- 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 PTY LTD****R B MIANO**
Director

Date: 30 November 2021
Melbourne, Victoria

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

OPERATING REPORT

For the year ended 30 June 2021

The committee of management presents its operating report on the reporting unit for the year ended 30 June 2021.

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

During the period 1 July 2020 to 30 June 2021, the Finance Sector Union:

- » Received application for and admitted 2,879 members;
- » Appointed 75 members as FSU workplace representatives;
- » Provided training 81 workplace representatives;
- » Negotiated and had approved 13 enterprise agreements covering approximately 18,384 employees.
- » Made at least 4 submissions to, and appeared before, Commonwealth of Australia Parliamentary Committees and various Federal and State inquiries and consultations.
- » Made approximately 38 applications to Fair Work Commission regarding Industrial disputes, award variations and seeking award coverage of award free employees;
- » Provided representation to 2,454 members at the workplace or enterprise level;
- » Was party to 105 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 where being a member or officer of a registered organisation is a criterion for them holding such position

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 25,853 members at the end of the reporting period.

Number of employees

The union employed 83 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:

| Name | Member 30 June 2020 | Date Appointed | Date Resigned | Member 30 June 2021 |
|-------------------|---------------------|----------------|---------------|---------------------|
| Julia Angrisano | Yes | | | Yes |
| Johanna Tran | Yes | | | Yes |
| Allison Cruze | Yes | | 21/05/2021 | No |
| James Dixon | No | 21/05/2021 | | Yes |
| Julie Engel | Yes | | 17/02/2021 | No |
| Dustin Greenfield | No | 17/02/2021 | | Yes |
| Maurice Farrell | Yes | | | Yes |
| Adam Fay | Yes | | | Yes |
| Paul Ferrari | Yes | | | Yes |
| Peter Tancred | Yes | | | Yes |
| Sacha Hammersley | Yes | | | Yes |
| Susane Pearce | Yes | | 21/05/2021 | No |
| Matthew Rowe | Yes | | | Yes |
| Jason Hall | Yes | | | Yes |
| Wendy Streets | Yes | | | Yes |
| Nicole McPherson | Yes | | | Yes |
| Nathan Rees | Yes | | 05/03/2021 | No |
| Dianne Marshall | Yes | | | Yes |
| Rebecca Reilly | Yes | | | Yes |



Signature of designated officer.

Julia Angrisano, National Secretary

Name and title of designated officer.

29 November 2021

Dated