

FIRST UNION INCORPORATED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

FIRST UNION INCORPORATED
TABLE OF CONTENTS

	Page
Directory	3
Independent Auditor's Opinion	4 - 5
Consolidated Statement of Service Performance	6 - 9
Consolidated Statement of Comprehensive Revenue and Expense	10
Consolidated Statement of Changes in Members Funds	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14 - 32

FIRST UNION INCORPORATED DIRECTORY

FIRST Union Incorporated is an incorporated society registered under the Incorporated Societies Act 1908.

Incorporation Number	508942
Officers	Mark Muller Syd Keepa Dennis Maga Robert Reid (Ceased on 4 December 2023) Greg Fitzpatrick (Ceased on 20 October 2023) Bill Bradford (Appointed on 22 November 2023) Sheryl Cadman (Appointed on 22 November 2023) Roslyn Johnstone (Appointed on 30 October 2023) Paul Watson (Appointed on 22 November 2023)
Registered Office	120 Church Street Level 1 Onehunga Auckland 1061
Independent Auditor	BDO Auckland Level 4 4 Graham Street Auckland 1010
Solicitor	Oakley Morgan 15 Brandon Street Wellington Central Wellington 6011
Banker	Bank of New Zealand Kiwibank Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FIRST UNION INCORPORATED**

Opinion

We have audited the general purpose financial report of First Union Incorporated (“the Union”) and its subsidiary (together, “the Group”), which comprise the consolidated financial statements on pages 10 to 32 and the consolidated statement of service performance on pages 6 to 9. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in members funds, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying general purpose financial report presents fairly, in all material respects:

- the consolidated financial position of the Group as at 30 June 2024 and (of) its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the consolidated service performance for the year ended 30 June 2024 in accordance with the Group’s service performance criteria,

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (“PBE Standards RDR”) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the consolidated statement of service performance in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the area of taxation advice, business advisory and special consultancy projects. The firm has no other relationship with, or interests in, the Union or its subsidiary.

Other Information

The National Executives are responsible for the other information. The other information obtained at the date of this auditor’s report is information contained in the general purpose financial report, but does not include the consolidated statement of service performance and the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated statement of service performance and consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon. In connection with our audit of the consolidated statement of service performance and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated statement of service performance and the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

National Executives' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

(a) the preparation and fair presentation of the consolidated financial statements and consolidated statement of service performance accordance with Public Benefit Entity Standards RDR issued by the New Zealand Accounting Standards Board;

(b) service performance criteria that are suitable in order to prepare consolidated statement of service performance in accordance with Public Benefit Entity Standards RDR; and

(c) such internal control as those charged with governance determine is necessary to enable the preparation of the consolidated financial statements and consolidated statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Group'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 those charged with governance either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated statement of service performance are 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 ISAs (NZ) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at <https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/>

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Union's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Union and the Union's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Auckland

BDO Auckland
Auckland
New Zealand
22 October 2024

FIRST UNION INCORPORATED
 CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2024

Our Vision

Workers, their whanau, and communities are united in solidarity, and organised for better working lives, in Aotearoa and internationally.

Our Mission

FIRST Union exists to strengthen workers' power to organise for decent work and decent lives for themselves and their whanau, and to combat inequality and poverty in society.

Values

- Mana Motuhake - a union that is independent, supports workers' self-actualisation and embraces Te Tiriti o Waitangi.
- Democratic - a union that is directed by, and accountable to, its members.
- Collective - a union that supports members, workers, and the community to take collective action.
- Kotahitanga - a union that acts in solidarity with other unions and like-minded organisations.
- Courageous - a union that is fearless in the pursuit of workers' power, combats injustice and upholds democratic-socialist principles.

FIRST Union's Mahi

Our union is for everyone, and there are members across NZ in sectors including retail, finance, transport, logistics, manufacturing, and ambulance. We fight for social justice, decent work, safe workplaces, decent wages, and the rights of all workers, including labour-hire workers and workers in traditionally non-union industries such as horticulture, farming, and forestry.

Union members receive legal support and advocacy in employment, the right to negotiate wages collectively, and a voice for workers. We have a dedicated strategy team that promotes and lobbies for workers' rights specific to your industry and an in-house legal team. An organiser is appointed for all but the smallest workplaces who can assist you to achieve a better working life.

UNION'S OBJECTIVES

1. To negotiate, protect and improve the wages and conditions of employment in the industries.

A. *BARGAINING*

In the most recent annual report, the Union stated that it planned to release data on the number of collective agreements negotiated and the number of members covered by and benefiting directly from those agreements. However, due to a lack of time and membership system preparation, the Union did not accurately capture all the financial year 2022-2023 data for auditing purposes. As a result, the Union implemented a new system to successfully record the data for the financial year 2023-2024.

Using the new system, the Union is confident in providing the number of collective agreements negotiated and the number of members covered by such agreements every financial year.

	2024	2023
Number of collective agreements negotiated and concluded	143	Not available
Number of members covered by the collective agreements	10,418	Not available

B. *REPRESENTATION*

- (i) Successful monetary claims by members against employers for personal grievances, ERA cases and other legal claims:

	2024	2023
Number of cases resolved between 1 July and 30 June	66	45
Total settlement amount paid to members	\$619,985	\$462,342

FIRST UNION INCORPORATED
 CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2024

UNION'S OBJECTIVES (Continued)

FIRST Union took Bevchain NZ Limited (a multi-national logistic company) to the Employment Relations Authority in early 2024. Bevchain had been providing Warehousing service to Lion at East Tamaki Auckland for years. When they lost their service contract to another logistic company, Bevchain refused to pay its workers redundancy compensation. The Union took a case against Bevchain in the Authority on behalf of nearly 70 union members. On 26 June 2024, the Union received a determination from the Employment Relations Authority and was successful. As a result, Bevchain now has to pay these members their full redundancy compensation, which, in some cases, is a significant sum.

(ii) ACC Advocacy Services provided to members

In the last financial year report, FIRST Union reported that the external advocate the Union utilised passed away in 2023, and the Union could not access the historical data required for the previous financial year. Unfortunately, the family of the late advocate accidentally disposed of many of the case files and financial information as part of closing the firm. As a result, the status of the Union's ACC advocacy work is unclear. The Union has leftover cases that a new external advocate is currently handling. These are cases that the late advocate started but did not finish, and there are not many.

FIRST Union is currently assessing its ACC service to Union members, including whether it continues this service and, if so, to what extent. The National Executive will decide on this matter in 2025.

	2024	2023
Number of cases resolved between 1 July and 30 June	Not available	Not available
Number of workers the Union assisted	Not available	Not available

2. To educate members about issues of concern to their Union.

Employment relations education (ERE) is aimed at improving relationships between unions, employees, and employers, and increasing understanding of employment relations, especially the duty of good faith.

Workers can use ERE leave to attend approved courses without loss of pay. ERE courses are approved by the Minister for Workplace Relations and Safety.

FIRST Union has specific approval to deliver these Employment Relations education courses:

- Introduction to Being a Union Delegate: Course No 495
- Organising in Our Workplace: Course No 494
- Bargaining Skills Training: Course No 483

Additionally, FIRST Union is approved to deliver courses designated for use by any unions affiliated to the New Zealand Council of Trade Unions, including the following:

- Delegate Leadership Development Workshop: Course No 603
- Organising in Our Industries: Course No 526
- Fair Pay - Making Work Better Workshop: Course No 724
- NZCTU Pacific People @ Work Fono: Course No 624
- Industry Leadership Development (2days): Course No 706

FIRST UNION INCORPORATED
CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2024

UNION'S OBJECTIVES (Continued)

Course	2024		2023	
	Number of Courses Run	Total Attendance	Number of Courses Run	Total Attendance
724 - Fair Pay - Making Work Better workshop	1	7	-	-
624 - NZCTU Pacific People @ Work Fono	1	20	-	-
495 - Introduction to Being a Union Delegate	21	264	20	197
494 - Organising in Our Workplace - sector specific courses	1	6	6	89
494 - Organising in Our Workplace - "Delegates Forum"	-	-	21	511
483 - Bargaining Skills Training	4	92	1	6
526 - Organising in Our Industries	2	19	2	69
603 - Delegate Leadership Development Workshop	4	244	1	22
706 - Industry Leadership Development (2 days)	1	8	-	-
TOTAL	35	660	51	894

The number of courses run figure includes all courses that commenced between 1 July and 30 June of each respective year. When a two-day course is run on consecutive days, it will be counted as a single course in the commencing year. But when a course is delivered in distinct parts each part will be counted as a separate course in the year that each part is held.

- To support, publicise and promote worker participation in all decision-making processes affecting the workplace.

Under s.26 of the Employment Relations Act 2000, employers must allow all union members to attend up to two 2-hour Stop Work Meetings each year that will be paid as normal work time.

The right of workers to freely associate and to attend union stop-work meetings is fundamental. FIRST Union regularly holds Stop Work Meetings every two years because they are essential to empowering and enabling union members to participate in the decision-making processes of the union.

In 2023, FIRST Union successfully organised 34 stop-work meetings between August and October. This year, the Union held special May Day stop-work meetings in Auckland, Wellington, and Christchurch, where members attended and successfully passed various resolutions that affect them at work.

Each member who attended the stop-work meetings received an attendance slip from the Union and employers received a list of union members who have attended the stop-work meetings.

Due to a large number of attendees and the Union's internal system/process limitations, the total number of members who attended the stop-work meetings this financial year was based on an overall estimate by the Union and, therefore, did not meet the auditing criteria for inclusion in the statement of service performance. The Union will be putting in place a new system in 2025 to ensure that the overall numbers of attendees in every stop-work meeting will be recorded in accordance with the auditing standard.

Activities	2024		2023	
	No. of meetings	No. of workers attended	No. of meetings	No. of workers attended
Stop Work Meetings	37	Not available	Nil	Nil

FIRST UNION INCORPORATED
 CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE
 FOR THE YEAR ENDED 30 JUNE 2024

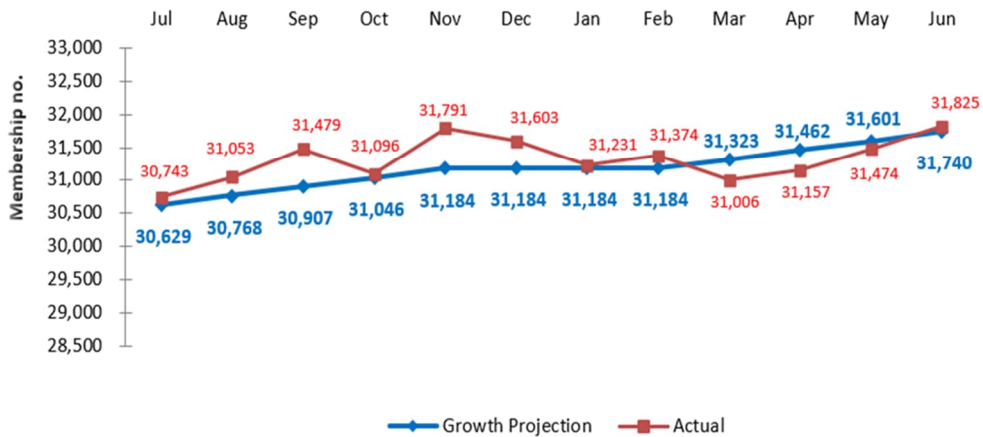
UNION'S OBJECTIVES (Continued)

4. Membership Growth

To build solidarity and extend our influence, membership growth is a FIRST Union strategy. We work within workplaces, and across sectors, supply chains, unions, and like-minded organisations to build worker power.

Number of Members	30-Sep	31-Dec	31-Mar	30-Jun
2024	31,479	31,603	31,006	31,825
2023	28,978	30,153	29,645	30,490

Consolidated Graph for Projected Growth Compared with Actual Membership Numbers



FIRST UNION INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Revenue			
Revenue from exchange transactions	6	11,659,304	10,402,914
Revenue from non-exchange transactions	7	294,006	114,794
Total Revenue		11,953,310	10,517,708
Income from share of associates	8	-	1,496
		11,953,310	10,519,204
Expenses			
Affiliation fees		282,238	256,230
Audit fees - audit of the consolidated financial statements		85,788	109,927
Defined contribution plan		346,530	353,636
Delegate meeting, training and travel		132,477	149,867
Depreciation	17	286,975	275,196
Fighting fund contributions		72,046	68,150
Fringe benefit tax		143,041	156,113
Funeral insurance premiums		706,848	695,860
Legal expenses		67,617	116,202
Loss on disposal of fixed assets		-	11,468
Motor vehicle expenses		282,786	263,488
Net rental loss		8,282	-
Printing, stationery and photocopying		115,494	126,285
Up tempo project expense		119,850	110,142
Rental expense		608,801	510,018
Salaries and wages		6,914,815	6,843,226
Telephone and tolls		159,067	192,550
Travel		301,492	302,060
Other expenses	9	741,334	627,050
Total Expenses		11,375,481	11,167,468
Surplus / (deficit) before net financing income		577,829	(648,264)
Finance income		89,201	49,621
Finance expense		(215)	-
Net finance income	10	88,986	49,621
Surplus / (deficit) before tax		666,815	(598,643)
Income tax expense	16	(36,753)	(28,996)
Surplus / (deficit) for the period		630,062	(627,639)
Total comprehensive revenue and expense for the year		630,062	(627,639)

The above statements should be read in conjunction with the notes to and forming part of the consolidated financial statements.

FIRST UNION INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS FUNDS
FOR THE YEAR ENDED 30 JUNE 2024

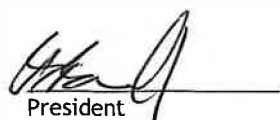
	Members Funds \$	Fair Value Reserve \$	Ambulance Fund \$	Fighting Fund \$	Victory Fund \$	Total \$
2024						
Members Funds as at 1 July 2023	3,546,079	157,808	71,880	404,759	-	4,180,526
Surplus for the year	630,062	-	-	-	-	630,062
Transfers (to)/from Reserves	787	-	(15,551)	14,764	-	-
Members Funds at 30 June 2024	4,176,928	157,808	56,329	419,523	-	4,810,588
2023						
Members Funds as at 1 July 2022	3,837,952	157,808	66,470	397,515	244,046	4,703,791
Deficit for the year	(627,639)	-	-	-	-	(627,639)
Transfers (to)/from Reserves	231,392	-	5,410	7,244	(244,046)	-
Transfer from NCWU	104,374	-	-	-	-	104,374
Members Funds at 30 June 2023	3,546,079	157,808	71,880	404,759	-	4,180,526

The above statements should be read in conjunction with the notes to and forming part of the consolidated financial statements.

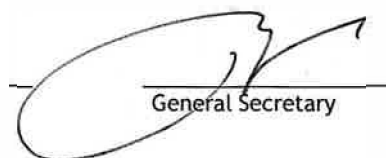
**FIRST UNION INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024**

	Note	2024 \$	2023 \$
ASSETS			
Current assets			
Cash and cash equivalents	11	1,554,319	841,764
Short-term deposits	12	1,004,618	968,581
Trade and other receivables	14	500,845	369,733
Income tax receivable		5,079	18,320
Asset held for sale	26	730,979	
		<u>3,795,840</u>	<u>2,198,398</u>
Non-current assets			
Related party receivables	24	2,000	2,000
Equity accounted investees	15	1,307,856	1,333,807
Property, plant and equipment	17	1,114,618	1,873,651
Investments	13	14,997	196,052
Artwork and Paintings	18	57,000	57,000
		<u>2,496,471</u>	<u>3,462,510</u>
TOTAL ASSETS		<u>6,292,311</u>	<u>5,660,908</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	572,831	522,316
Employee entitlements	20	766,487	753,229
Deferred revenue			58,600
		<u>1,339,318</u>	<u>1,334,145</u>
Non-current liabilities			
Employee entitlements	20	142,405	146,237
		<u>142,405</u>	<u>146,237</u>
TOTAL LIABILITIES		<u>1,481,723</u>	<u>1,480,382</u>
NET ASSETS		<u>4,810,588</u>	<u>4,180,526</u>
MEMBERS FUNDS			
Accumulated funds and reserves	21	4,810,588	4,180,526
NET MEMBERS FUNDS		<u>4,810,588</u>	<u>4,180,526</u>

For an on behalf of the Members c


President


Kaiwhakahaere


General Secretary

The above statements should be read in conjunction with the notes to and forming part of the consolidated financial statements.

FIRST UNION INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Proceeds from:</i>			
Cash inwards from revenue		11,647,863	10,481,165
Interest income		53,163	49,621
<i>Proceeds applied to:</i>			
Cash paid to customers, suppliers and employees		(10,975,467)	(11,293,250)
Taxation (paid)/received		(23,512)	26,626
Net cash inflow/(outflow) from operating activities		<u>702,047</u>	<u>(735,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Proceeds from:</i>			
Sale of property, plant and equipment		65,574	12,252
Disposal/maturity of investments		207,006	779,261
<i>Proceeds applied to:</i>			
Payments for purchase of property, plant and equipment		(261,857)	(283,119)
Interest paid		(215)	-
Net cash inflow from investing activities		<u>10,508</u>	<u>508,394</u>
Net movement in cash and cash equivalents		712,555	(227,444)
Cash and cash equivalents at beginning of year		841,764	878,354
Opening balances of Northern Chemical Workers Union bank accounts		-	190,854
Cash and cash equivalents at the end of year	11	<u>1,554,319</u>	<u>841,764</u>

The above statements should be read in conjunction with the notes to and forming part of the consolidated financial statements.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. Reporting entity

First Union Incorporated is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013.

The consolidated financial statements of First Union Incorporated for the year ended 30 June 2024 comprise of First Union and its subsidiary Hawkes Bay Drivers Charitable Trust (together referred to as the "Union").

2. Basis of preparation

(a) Statement of compliance

The Union is required by its rules to prepare and have audited general purpose financial statements.

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with *Public Benefit Entity Standards Reduced Disclosure Regime* ("PBE Standards RDR"), as appropriate for Tier 2 not-for-profit public benefit entities.

The Union qualifies as a Tier 2 reporting entity for the current and prior periods as it has between \$2m and \$30m operating expenditure.

These consolidated financial statements were authorised for issue on behalf of the Members on the date as stated on the Statement of Financial Position.

(b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Investments in share portfolio
- Long-term employee benefits
- Artworks

(c) Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars (\$) which is the Union's functional and presentation currency.

There has been no change in the functional currency of the Union during the year.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

3. Use of judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements include the following:

(i) Useful lives of Property, plant and equipment ("PPE") and Intangible assets

Management make a judgement on the estimated useful life of all items of PPE and intangible assets at the time of the purchase of the asset. The PPE register is reviewed annually and where there is indication that an asset's life is different, the remaining useful life is adjusted accordingly.

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2024 include the following:

Depreciation

Management have estimated the useful lives of assets and there are no changes for the year ended 30 June 2024. The benefit inherent to each asset may be consumed differently by the Union, leading to assets lasting shorter or longer in service. Management review the fixed asset register regularly and update depreciation rates where there are indications that the depreciation rate is inappropriate.

(c) Changes in accounting judgements and estimates

There have been no significant changes in judgements and estimates during the year.

4. Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Union.

5. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Union.

The significant accounting policies of the Union are detailed below:

- (a) Revenue
- (b) Employee benefits
- (c) Finance income
- (d) Financial instruments
- (e) Investments in associates
- (f) Property, plant and equipment
- (g) Intangible assets
- (h) Artworks and paintings
- (i) Leases
- (j) Provisions
- (k) Taxation
- (l) Basis of consolidation

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(a) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Union and measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Union's revenue streams must also be met before revenue is recognised.

(i) Revenue from exchange transactions

Membership fees and subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs. Where Membership Income is received after reporting date, but relating to the period before, it is recorded as an 'accrued revenue' asset.

Insurance proceeds

Income from insurance proceeds is recognised when the Union's right to receive payment is established, and the amount can be reliably measured.

Rental income from sub-lease of operating leases

Rental income from sub-lease of operating leases is recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(ii) Revenue from non-exchange transactions

Grants and Contract Income

When grants and contracts are received with conditions that specified services are delivered or conditions are fulfilled, revenue is recognised when these services are performed, or conditions fulfilled.

(b) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Union has a legal or constructive obligation to remunerate employees for services provided within 12 months of the reporting date and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

(ii) Long-term employee benefits

Long-term employee benefit obligations are recognised when the Union has a legal or constructive obligation to remunerate employees for services provided beyond 12 months of reporting date. Long-term employee benefit obligations are measured on a discounted basis and expensed in the period in which employment services are provided. The discount rate used is the 10-year Government Bond rate which is an approximate for the long-term risk faced by the Union.

(c) Finance income

Finance income comprises of interest income on financial assets, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through surplus or deficit.

Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(d) Financial instruments

(i) Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Union becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through surplus or deficit (FVTSD), transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

The Union derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or Fair value through other comprehensive revenue and expense (FVOCRE) - debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

Financial assets are not reclassified subsequent to their initial recognition unless the Union changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCRE if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Union may irrevocably elect to present subsequent changes in the investment's fair value in OCRE. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCRE as described above are measured at FVTSD. This includes all derivative financial assets. On initial recognition, the Union may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCRE as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(d) Financial instruments (continued)

Financial assets - Management model assessment

The Union makes an assessment of the objective of the management model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Union's management;
- the risks that affect the performance of the management model (and the financial assets held within that management model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Union's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD.

The Union's cash and cash equivalents, short term deposits, and receivables are classified as financial assets at amortised cost.

The Union's investments are classified as financial assets at FVTSD on the basis they are managed and their performance is evaluated on a fair value basis.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with original maturities of 3 months or less.

Short term deposits are those with an original maturity of more than 3 months.

Financial assets - Subsequent measurement and gains and losses

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.

- Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

Financial liabilities - Classification, subsequent measurement and gains and losses

All of the Union's financial liabilities meet the criteria to be classified as measured at amortised cost. These financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(d) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Union derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Union derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Union also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

(iv) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Union currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Impairment of non-derivative financial assets

The Union recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCRE.

The Union measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Union's historical experience and informed credit assessment and including forward-looking information.

The Union assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Union considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Union in full, without recourse by the Union to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(d) Financial instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Union expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(e) Investments in Associates

Associates are those entities in which the Union has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Union holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognised initially at cost, including directly attributable transaction costs.

The consolidated financial statements include the Union's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted associates, after adjustments to align the accounting policies with those of the Union, from the date that significant influence commences until the date that significant influence ceases.

When the Union's share of losses exceeds its interest in its equity accounted associates, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Union has an obligation or has made payments on behalf of the investee.

The consolidated financial statements of the associate are prepared for the same reporting period as the Union. When necessary, adjustments are made to bring the accounting policies in line with those of the Union.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Union. Ongoing repairs and maintenance is expensed as incurred.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

(iii) Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value, and for buildings is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Union will obtain ownership by the end of the lease term. Land is not depreciated. Assets under construction are not subject to depreciation.

The depreciation rates per class of assets are:

- | | |
|--|-----------------------------|
| • Buildings and leasehold improvements | 2% straight line |
| • Motor vehicles | 20% - 25% diminishing value |
| • Office & computer equipment | 5%-20% straight line |
| • Furniture and fittings | 5%-20% straight line |

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

(g) Intangible assets

Intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development expenditure is capitalised only if development can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Union intends to and has sufficient resources to complete development and to use or sell the assets. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Computer software licences and development costs recognised as assets are amortised over their estimated useful lives, being two to ten years. Costs associated with developing software are held in progress until completed and in use, at which time they are carried at cost less accumulated amortisation and impairment.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(h) Artworks and paintings

Artworks and paintings are carried at fair value.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(i) Leases

(i) Classification and treatment

Leases in terms of which the Union assumes substantially all the risks and rewards of ownership are classified as *finance leases*.

Finance leases

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases

Leases that are not *finance leases* are classified as *operating leases*.

Operating leases are not recognised in the Union's Statement of Financial Position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Determining whether an arrangement contains a lease

At the inception of an arrangement the Union determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific assets or assets, and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Union separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Union concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Union's incremental borrowing rate.

(j) Provisions

A provision is recognised if, as a result of a past event, the Union has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost within surplus or deficit.

(k) Taxation

The Union is not liable for income tax relating to members' activities. Income tax is payable on interest revenue and revenue from other non-member activities. Income tax expense is recognised on the operating surplus derived from these activities under the tax payable method.

(l) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Union. The Union controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. Significant accounting policies (continued)

(I) Basis of consolidation (continued)

First Union Incorporated has one subsidiary which is the Hawkes Bay Drivers Charitable Trust.

- *Investment in Subsidiaries*

Investment in subsidiaries is accounted for at cost less any impairment. Cost includes directly attributable costs of investment.

Transactions eliminated on consolidation

Intra-Union balances and transactions, and any unrealised income and expenses arising from intra-Union transactions, are eliminated in preparing the consolidated financial statements.

6. Revenue from Exchange Transactions

	2024	2023
	\$	\$
Membership fees and subscriptions	10,639,493	9,429,476
Funeral insurance contribution fees	824,688	813,367
Fighting fund contributions	82,568	78,028
Net rental income	-	31,157
Gain on disposal of fixed asset	64,738	-
Sundry income	47,817	50,886
	<u>11,659,304</u>	<u>10,402,914</u>

7. Revenue from Non-exchange Transactions

	2024	2023
	\$	\$
Education funding income	40,000	40,000
Wood sector funding income	7,442	-
Up tempo funding income	150,577	73,924
Work safe funding income	58,600	-
Sundry income	37,387	870
	<u>294,006</u>	<u>114,794</u>

8. Income from Share of Associates

	Ownership Interest	2024	2023
		\$	\$
Trade Union Centre Canterbury Limited ("TUCC")	22.66%	-	1,496
		<u>-</u>	<u>1,496</u>

The union holds a non-controlling interest in Trade Union Centre Canterbury Limited. The union equity accounts its share of the increase in net assets of each associate investee, less any distributions made or unrealised valuations.

As the investments in the associate entities are a non-controlling interest, the income/(loss) recognised and the share of net equity recognised in the consolidated financial statements are not available for use by the Union.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

9. Other Expenses

	Note	2024 \$	2023 \$
ACC		12,738	9,364
Accounting and other consulting		61,474	47,671
Bank fees		8,146	4,461
Campaigns (TPPA, Samoa)		41,758	17,030
Computer expenses		165,537	174,410
Donations and presentations		6,657	12,222
Fighting fund payments		48,880	15,890
Fighting fund transfers		(10,475)	(10,095)
General		20,955	12,162
General election		12,740	(100)
Insurance		102,332	114,393
Library maintenance		3,492	4,630
Loss on investments		107,126	-
Postage		25,448	26,119
R&D - membership system development		56,579	107,398
Repairs and maintenance - equipment		19,498	19,044
Staff recruitment		9,021	14,991
Staff training and education		6,091	21,684
Strategic organising projects		15,596	16,158
Unrealised loss from investments		25,951	16,746
Union publications		1,790	2,872
		<u>741,334</u>	<u>627,050</u>

10. Net Finance Income

	2024 \$	2023 \$
FINANCE INCOME		
<i>Interest income</i>		
Financial assets measured at amortised cost	89,201	49,621
Total finance income	<u>89,201</u>	<u>49,621</u>
FINANCE Expenses		
Interest expense	(215)	-
Total finance income	<u>(215)</u>	<u>-</u>
Net Finance Income	<u>88,986</u>	<u>49,621</u>

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

11. Cash and Cash Equivalents

	2024 \$	2023 \$
Petty Cash on Hand	200	200
Cash at Bank	1,323,324	631,951
BNZ - Fighting Fund Current Account	150,089	113,761
Members Ambulance Levy Account	56,327	71,878
Akarana Current and Call Account	24,188	23,783
TPPA - "It's Our Future" Account	191	191
	<u>1,554,319</u>	<u>841,764</u>

There are no restrictions over any of the cash or cash equivalent balances held by the Union. As at 30 June 2024 the interest rate on the cash accounts is 2.75% (2023: 2.10% - 2.75%).

12. Short-term Deposits

	2024 \$	2023 \$
<i>Financial assets classified as amortised cost</i>		
Current		
Fighting Fund (BNZ/Kiwibank)	419,523	404,760
Term Deposits (BNZ/Kiwibank)	436,112	419,172
Akarana Trust Term Investment	59,577	57,183
First NCWU Term Deposit	89,406	87,466
	<u>1,004,618</u>	<u>968,581</u>
Total Short-term Deposits	<u>1,004,618</u>	<u>968,581</u>

The short-term investments held by the Union in various funds have a maturity date of more than 3 months.

The fair value of the short-term deposits is the realisable value being cost plus interest accrued at balance date. Interest rates as at 30 June 2024 are 6.00% - 6.15% (2023: 4.00% - 5.30%) for the Kiwibank term deposits, 6.00% (2023: 5.80%) for the Akarana Trust term deposit and 5.90% - 6.10% (2023: 2.35% - 5.30%) for the BNZ term deposits.

13. Investments

	2024 \$	2023 \$
<i>Financial assets measured at fair value through surplus or deficit financial assets</i>		
Listed Share Portfolio	8,837	8,837
Waikato Trade Union Centre Limited	-	181,055
Hawkes Bay - Joint Union Services Deposit	1,500	1,500
Trade Union Centre Taranaki Limited	4,660	4,660
Total	<u>14,997</u>	<u>196,052</u>

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

14. Trade and Other Receivables

	2024	2023
	\$	\$
<i>Financial assets classified as amortised cost</i>		
Trade receivables from exchange transactions	73,894	72,309
Allowance for impairment	(2,622)	(2,622)
Net trade receivables from exchange transactions	<u>71,272</u>	<u>69,687</u>
Total financial assets classified as amortised cost	71,272	69,687
Accrued income, prepayments, and sundry debtors	429,573	300,046
Total other receivables	<u>429,573</u>	<u>300,046</u>
Total Trade and Other Receivables	<u>500,845</u>	<u>369,733</u>

15. Equity Accounted Investees

	2024	2023
	\$	\$
Trade Union Centre Canterbury Limited	1,307,856	1,333,807
Total	<u>1,307,856</u>	<u>1,333,807</u>

16. Income Tax

The total charge for the period can be reconciled to the accounting profit as follows:

	2024	2023
	\$	\$
Operating Surplus / (deficit) before tax	<u>666,815</u>	<u>(598,643)</u>
Income tax credit calculated at 28% (2023: 28%)	186,708	167,620
Net effect of non-membership income/expenses	(149,955)	(196,616)
Income tax expense recognised in profit or loss	<u>36,753</u>	<u>(28,996)</u>

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

16. Income Tax (continued)

Income tax is calculated on net non-membership income as follows:

	2024	2023
	\$	\$
Commission	-	3,240
Interest received	83,721	49,621
Net Rental (loss)/income	(27,087)	31,157
Administration fees	47,817	45,038
Total non-membership income assessable for tax	<u>104,451</u>	<u>129,056</u>
Less: Incorporated Society Exemption	(1,000)	(1,000)
Less: Total expenses to claim	(15,196)	(14,283)
Less: rental depreciation expense per schedule	-	(6,999)
Less: use of money interest	-	(14)
Plus: depreciation recovered	7,522	-
Less: legal fees	(350)	-
Net non-membership income assessable for Tax	<u>95,427</u>	<u>106,760</u>
Tax expense at 28%	26,720	(29,893)
Prior year adjustment	10,033	897
Tax Expense	<u>36,753</u>	<u>(28,996)</u>

17. Property, Plant and Equipment

	Note	Buildings & Leasehold Improvements \$	Motor Vehicles \$	Office & Computer Equipment \$	Furniture & Fittings \$	Total \$
Cost or valuation						
Balance as at 1 July 2023		1,530,888	2,121,988	654,716	363,242	4,670,834
Additions		-	201,263	51,076	9,518	261,857
Disposals and adjustments		4,924	(609,760)	13,464	(138,260)	(729,632)
Re-classified to assets held for sale	26	(986,623)	-	-	-	(986,623)
Balance as at 30 June 2024		<u>549,189</u>	<u>1,713,491</u>	<u>719,256</u>	<u>234,500</u>	<u>3,216,436</u>
Accumulated depreciation						
Balance as at 1 July 2023		431,532	1,608,112	405,002	352,537	2,797,183
Depreciation		27,536	176,230	79,709	3,500	286,975
Disposals and adjustments		(19)	(609,772)	16,555	(133,460)	(726,696)
Re-classified to assets held for sale	26	(255,644)	-	-	-	(255,644)
Balance as at 30 June 2024		<u>203,405</u>	<u>1,174,570</u>	<u>501,266</u>	<u>222,577</u>	<u>2,101,818</u>
Net book value						
As at 1 July 2022		<u>1,133,335</u>	<u>471,903</u>	<u>290,394</u>	<u>6,684</u>	<u>1,902,316</u>
As at 30 June 2023		<u>1,099,356</u>	<u>513,876</u>	<u>249,714</u>	<u>10,705</u>	<u>1,873,651</u>
As at 30 June 2024		<u>345,784</u>	<u>538,921</u>	<u>217,990</u>	<u>11,923</u>	<u>1,114,618</u>

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

17. Property, Plant and Equipment (continued)

First Union, and the four other joint owners of Fraser House, have given permission to the Body Corporate to place the property on the market as a single unit.

18. Artwork and Painting

	2024	2023
	\$	\$
Opening balance	57,000	57,000
Carrying amount pre-revaluation	57,000	57,000
Closing balance	57,000	57,000

There are three artworks that were independently valued by James Parkinson of Art+Object Limited on 15 August 2016. James is a qualified in valuation methodology with the New Zealand Property Institute. The methodology employed was replacement cost and was compared to the sale and purchase of comparable artworks by the three individual artists in an active market.

The National Executive have considered the artworks at year-end and concluded that the carrying values are not impaired.

19. Trade and Other Payables

	2024	2023
	\$	\$
<i>Financial liabilities classified as amortised cost:</i>		
Trade creditors and accruals	383,042	464,055
Financial liabilities classified as amortised cost - total	383,042	464,055
GST payable	189,789	58,281
Total other payables	189,789	58,281
Total trade payables and accruals	572,831	522,336

20. Employee Entitlements

	2024	2023
	\$	\$
Current		
Provision for ACC	6,302	7,508
Provision for long service leave	6,247	2,415
Provision for holiday pay	753,908	743,276
PAYE/WHT deductions	30	30
	766,487	753,229
Non-current		
Provision for long service leave	142,405	146,237
Total employee entitlements	908,892	899,466

FIRST UNION INCORPORATED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2024

21. Members' Funds

In accordance with the Union's Rules (Rule 53.3), all assets, liabilities, and surplus funds at the date of dissolution shall be disposed of in such a manner to further pursue the objects of the Union.

The Objects of the Union are:

- to negotiate, protect and improve wages and conditions of employment in the industries to which the rules apply;
- to educate members about issues of concern to their Union;
- to support, publicise and promote worker participation in all decision-making processes affecting the workplace;
- to further the Union's or Unionings of Union's, nationally or internationally; and
- such other objects as are not inconsistent with the above objects.

22. Operating leases

(i) Leases as lessee

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

	2024	2023
	\$	\$
Less than one year	291,232	203,138
Between one and five years	244,358	179,754
Total non-cancellable operating lease payments	<u>535,590</u>	<u>382,892</u>

The Union has entered into a number of operating leases for property as well as for printer and photocopier equipment.

(ii) Leases as lessor

The future non-cancellable minimum lease income arising from operating leases as lessor at reporting date are detailed in the table below:

	2024	2023
	\$	\$
Less than one year	-	48,532
Between one and five years	-	41,802
Total non-cancellable operating lease payments	<u>-</u>	<u>90,334</u>

The Union ceased subleasing part of Level 4, Fraser House, Wellington to independent third parties on December 2023. Level 4, Fraser House, Wellington has been sold post balance date, refer to Note 26.

23. Contingent Liabilities

The Union acts as an advocate for the protection and the rights of its members in workplace environments. The Union also initiates or is required to defend actions that require legal processes in order to further the cause of their membership. It is normal, in the ordinary course of business, for the Union to become an advocate and litigant taking action on behalf of its members which may result in legal fees and court costs.

At balance date, the Union is involved in a number of such actionable causes, but the processes and outcomes are not known and the amount of legal fees and court costs are estimated to be within the range of \$2,000 to \$45,000 (2023: \$4,500 to \$56,000). Despite these uncertainties, the Union considers that the outcomes which will be reflected in the next set of financial statements will not affect the on-going viability of the Union.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

24. Related party transactions

The Union enters into transactions with the following related entities:

Waikato Trade Union Centre / Trade Union Centre Canterbury Limited

The Union has a direct investment in these trade union centres and is also a tenant in these buildings. Members of the National Executive of the Union are Directors of these trade union centres. During the year the Union paid rent of \$39,370 (2023: \$39,370) to the trade union centres.

The Union provides financial administration services to the Trade Union Centre Canterbury Limited and is paid for these services. During the year the Union charged Trade Union Centre Canterbury Limited \$22,144 (2023: \$15,145).

Northern Drivers Charitable Trust

Northern Driver's Charitable Trust ("NDCT") is a separate legal entity to the Union, but one of the First Union's National Executive member's acts as one of the trustees. The NDCT owns the buildings at 120 Church Street, Onehunga and is therefore the Union's landlord and paid rent of \$162,788 (2023: \$151,677). On an annual application, the Union received an education grant from the NDCT of \$40,000 (2023: \$40,000) to be used for Union members' education.

The Union provides financial administration services to the Trust and is paid for these services. During the year the Union charged NDCT \$2,082 (2023: \$8,327) for the services provided.

Industry Retirement and Insurance Services Limited

The Union has a direct investment in Industry Retirement and Insurance Services Limited ("IRIS"). IRIS contracts out the management and administration of the superannuation scheme to SuperLife who receive all superannuation payments from union employees and members and distributes all payments.

Ngongotaha Wood Trust

First Union Inc provides financial administration services to these Trusts and is paid for these services. A Union staff member is a Trustee on the Trust. During the year the Union charged Ngongotaha Wood Trust \$13,044 (2023: \$7,962) for the services provided.

Joint Union Services

No funds have been advanced to Joint Union Services during the year (2022: \$Nil). The funds are interest free and repayable on demand. A Union staff member is a Trustee on the entity. The balance outstanding at year-end is \$2,000 (2023: \$2,000).

Key management personnel remuneration

The Union classifies its key management personnel into the following classes:

- Members of the Governing Body; and
- Senior Executive and Operating Officers responsible for reporting to the governing body

Senior Executive and Operating Officers are employed as employees of the Union, on similar employment terms.

FIRST UNION INCORPORATED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

24. Related party transactions (continued)

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'full-time-equivalents' (FTEs for Senior Executive and Operating Officers) in each class of key management personnel is presented below:

	2024		2023	
	Remuneration \$	Number of individuals	Remuneration \$	Number of individuals
Members of the Governing Body	6,927	7	3,077	6
Senior Executive and Operating Officers	712,445	8 FTEs	783,285	8 FTEs

25. Financial instruments

At 30 June 2024, the Union had the following financial instruments by class of financial instruments:

2024	Note	Financial assets at Amortised Cost \$	Financial assets at FVTSD* \$	Financial liabilities at Amortised Cost \$	Total \$
Cash and cash equivalents	11	1,554,319	-	-	1,554,319
Term deposits	12	1,004,618	-	-	1,004,618
Trade receivables	14	71,272	-	-	71,272
Related party receivables	24	2,000	-	-	2,000
Investments at fair value	13	-	14,997	-	14,997
Trade and other payables	19	-	-	(383,042)	(383,042)
		<u>2,632,209</u>	<u>14,997</u>	<u>(383,042)</u>	<u>2,264,164</u>
2023					
Cash and cash equivalents	11	841,764	-	-	841,764
Term deposits	12	968,581	-	-	968,581
Trade receivables	14	69,687	-	-	69,687
Related party receivables	24	2,000	-	-	2,000
Investments at fair value	13	-	196,052	-	196,052
Trade and other payables	19	-	-	(464,055)	(464,055)
		<u>1,882,032</u>	<u>196,052</u>	<u>(464,055)</u>	<u>1,614,029</u>

*Fair value through surplus or deficit

FIRST UNION INCORPORATED
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2024

26. Assets held for sale

On December 2023, the Union had entered into an agreement to sell Level 4 and Level 5 of 160 Willis Street, Wellington. The Union expects the properties to be sold within the next 12 months.

On April 2024, the properties went unconditional with an initial settlement of the sales in July 2024, but being differed and completed in August 2024. The Union was responsible for the cost of maintaining the properties until the settlement date.

As at reporting date, the carry amount of level 4 and level 5 of 160 Willis Street held for sale was \$730,979, and the gain on disposal in the financial year of settlement will be:

	Note	2024 \$
Assets held for sale		
Level 4 - 160 Willis Street		349,399
Level 5 - 160 Willis Street		381,580
Carrying value as at reporting date	17	<u>730,979</u>
Sales price per sale and purchase agreement		<u>979,532</u>
Gain on disposal in the financial year of settlement		<u>248,553</u>

27. Capital commitments

There were no capital commitments as at 30 June 2024 (2023: \$Nil).

28. Events after reporting date

On August 2024, the Wellington office located at 160 Willis Street has been sold, refer to Note 26.

No other significant events have occurred subsequent to balance date (2023: Nil).