



8 December 2021

Greg Rayner
Divisional Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia - Communications Division
Sent via email: grayner@cwu.org.au
CC: gwebb@hallchadwick.com.au

Dear Greg Rayner,

**Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Communications Division
Financial Report for the year ended 31 March 2021 – (FR2021/15)**

I acknowledge receipt of the financial report for the year ended 31 March 2021 for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Communications Division (**the reporting unit**). The financial report was lodged with the Registered Organisations Commission (**ROC**) on 14 September 2021.

The financial report has now been filed. You are not required to take any further action in respect of the report lodged.

I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

Non-compliance with previous requests

While we filed last year's financial report, we raised certain issues for the reporting unit to address in the preparation of future financial reports. I note that the same errors have appeared in the current report, namely:

Disclosure relating to other reporting units

A comparison made between the disclosures of the reporting unit and the divisional branches identified various discrepancies. On 7 October 2021, Joanne Fenwick, the ROC's Financial Reporting Specialist contacted Avinash Pala, the reporting unit's Financial Controller with a copy of the discrepancies. On 29 October 2021, a meeting was held between Avinash, Joanne and myself to discuss the differences and resolve future reporting issues between the reporting unit and its branches.

During the meeting, an agreement was reached regarding the following:

- Avinash will communicate with secretaries and the auditors of the branches to inform them that the ROC will be reviewing the financial reports closely for the next financial year;
- Avinash will review the draft financial reports of the branches and resolve any differences prior to lodgement with the ROC; and
- If there continue to be reporting issues, the ROC will require the financial reports to be corrected and reissued.

References to legislation and the ROC

Following the enactment of the Fair Work (Registered Organisations) Amendment Act 2016, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the ROC and Commissioner except in relation to declaration (e)(vi) in the committee of management statement. I note that Note 16 refers to the General Manager instead of the Commissioner. Please ensure in the next financial year that this note is amended accordingly.

The ROC aims to assist reporting unit comply with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports. Please ensure that these errors are addressed in next year's report.

Nil activities disclosure RG

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement. The officer's declaration statement contained nil activity information for all prescribed reporting guideline categories except the following:

- Revenue received from undertaking recovery of wages activity; and
- Fees incurred as consideration for employers making payroll deductions or membership subscriptions

Please ensure in future years that the above-mentioned items are disclosed in either the financial statements, the notes or in the officer's declaration statement as per the reporting guidelines.

Related party disclosures

Please note that the table showing the revenue and expenditure items with related parties under Note 11A: *Related party transactions for the reporting period* within the notes to the financial statements is the same as the table disclosed in Note 9B: *Cash flow information*.

Please ensure in future reports that revenue and expenditure items are presented on an accrual rather than cash basis.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the section 253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the section 253 reporting guidelines and Australian Accounting Standards. Access to this information may be obtained via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0841 or by email at Mihiri.jayawardane@roc.gov.au.

Yours sincerely,



Mihiri Jayawardane
Registered Organisations Commission

S.268 Fair Work (Registered Organisations) Act 2009

Certificate by prescribed designated officer

Certificate for the year ended 31 March 2021

I, Gregory Rayner, being the Divisional Secretary of the CEPU Communications Division, certify:

that the documents lodged herewith are copies of the full report for the CEPU Communications Division for the year ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and

that the full report was provided to members of the reporting unit on the 19 August 2021; and

that the full report was presented to the Divisional Executive of the reporting unit on 09 September 2021 in accordance with s266 of the Fair Work (Registered Organisations) Act 2009.

If you require further information, please do not hesitate to contact me on 0409 651 992.



Gregory Rayner
Divisional Secretary

Signature of Prescribed designated officer:

Name of Prescribed designated officer:

Title of the prescribed designated officer:

Dated: 09 September 2021

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ABN 22 401 014 998 A Division of CEPU

Shane Murphy Divisional President
James Perkins Divisional Assistant Secretary (Telecommunications)
Bernie Clarke Divisional Vice-President

Greg Rayner Divisional Secretary
Nicole Robinson Divisional Assistant Secretary (Postal)
Lisa-Maree Bahls Divisional Vice-President (AA)

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL,**

**PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA,
COMMUNICATIONS DIVISION,**

DIVISIONAL CONFERENCE

ABN 22 401 014 998

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2021**

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA, COMMUNICATIONS DIVISION,
DIVISIONAL CONFERENCE
ABN 22 401 014 998**

OPERATING REPORT FOR THE PERIOD ENDED 31 MARCH 2021

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("Act") the Committee of Management present their Operating Report on Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference ("the Union"), the relevant Reporting Unit, for the financial year ended 31 March 2021.

Principal Activities

The principal activities of the Union during the financial year were to provide industrial and organising services to each of the Branches of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communications division, Divisional Conference and their members, consistent with the objectives of the National Council and particularly the objective of protecting and improving the interests of the various Branches and their members.

Operating Result

The operating surplus of the Union for the financial year was \$156,933 (2020: \$101,567). No provision for tax was necessary as the Union is exempt from income tax. The Divisional Office accounts remain in good order and barring unexpected expenditure, the budget (with restricted income and expenditure due to the ongoing Covid 19 situation) for the year 2022 projects a surplus.

Significant change

There were no significant changes in the principal activities or financial affairs of the Union during the financial year.

Rights of Members

Pursuant to the Reporting Unit Rule 21 and Section 174 of the Fair Work (Registered Organisations) Act 2009, members have the right to resign from membership by providing written notice addressed to and delivered to the Secretary of the Reporting Unit.

A notice of resignation from membership of the Union takes effect:

- (a) where the member ceases to be eligible to become a member of the Union
 - (i) on the day on which the notice is received by the Union
 - (ii) on the day specified in the notice which is a day not earlier than the day when the member ceases to be eligible to become a member;whichever is the later, or
- (b) in any other case:
 - (i) at the end of two weeks after the notice is received by the Union, or
 - (ii) on the day specified in the noticewhichever is the later.

Superannuation Officeholders

The following officers and members of the Union held a Directorship of an Australian Superannuation Fund during the financial year:

Name	Fund Name	Fees received by the officer	Fees included in the union's revenue
Greg Rayner	Australian Post Superannuation Sche	-	51,127
James Perkins	Telstra Superannuation Scheme	-	21,830
Dahlia Khatab	Telstra Superannuation Scheme	-	80,901

No other officer or member of the Union is:

- (a) is a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (b) a director of a company that is a trustee of a superannuation entity or an exempt public sector superannuation scheme.

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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OPERATING REPORT FOR THE PERIOD ENDED 31 MARCH 2021 (continued)

Other Prescribed Information

In accordance with Regulation 159 of the Fair Work (Registered Organisations) Regulations 2009 ("Regulations"):

- (a) the number of persons that were, at the end of the financial year to which the report relates, recorded in the register of members for Section 230 of the Act and who are taken to be members of the Union under section 244 of the Act was 20,204 (2020: 21,004).
- (b) the number of persons who were, at the end of the financial year to which the report relates, employees of the Union, where the number of employees includes both full-time and part-time employees, measured on a full-time equivalent basis was 6 (2020: 6).
- (c) the names of each person who have been a member of the Committee of Management (Divisional Executive) of the Union at any time during the reporting period, and the period for which he or she held such a position were;

Name	Position	Period
S. Murphy	Divisional President (Honorary)	01/04/2020 – 31/03/2021
G. Rayner	Divisional Secretary	01/04/2020 – 31/03/2021
B. Clarke	Divisional Vice-President (Honorary)	01/04/2020 – 31/03/2021
J. Perkins	Divisional Assistant Secretary	01/04/2020 – 31/03/2021
N. Robinson	Divisional Assistant Secretary	01/04/2020 – 31/03/2021
E. Huttly	Divisional Vice President - Affirmative Action (Honorary)	01/04/2020 – 31/03/2021
S. Riley	Telecommunication and Services	01/04/2020 – 31/03/2021
F. Crouch	Telecommunication and Services	01/04/2020 – 31/03/2021
L. Walkington	Telecommunication and Services	01/04/2020 – 31/03/2021
J. King	Telecommunication and Services	01/04/2020 – 31/03/2021
P. Chaloner	Postal and Telecommunications	01/04/2020 – 31/03/2021
P. O'Connell	Postal and Telecommunications	01/04/2020 – 31/03/2021
L. Lazaro	Postal and Telecommunications	01/04/2020 – 31/03/2021
V. Butler	Postal and Telecommunications	01/04/2020 – 31/03/2021
C. Bird	Communications Division	01/04/2020 – 31/03/2021
M. Templeman	Communications Division	01/04/2020 – 31/03/2021
B. McVee	Communications Division	01/04/2020 – 31/03/2021
C. Thomas	Communications Division	01/04/2020 – 31/03/2021
N. Townsend	Communications Division	01/04/2020 – 31/03/2021
G. Lorrain	Communications Division	01/04/2020 – 31/03/2021

Signed in accordance with a resolution of the Committee of Management.

For Committee of Management: Greg Rayner
Title of Office held: Divisional Secretary

Signature:



Dated: 19 August 2021
Melbourne

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA, COMMUNICATIONS DIVISION,
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REPORT REQUIRED UNDER SUBSECTION 255(2A) for the year ended 31 March 2021

The Committee of Management presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2021

Categories of Expenditure	31 March 2021	31 March 2020
Remuneration and other employment-related costs and expenses - employees	1,020,734	963,299
Advertising	36,371	-
Operating costs	554,016	576,911
Donations to political parties	1,000	-
Legal costs	67,501	113,600



Signature of designated officer: GREG RAYNER
Divisional Secretary

Dated:19 August 2021.....

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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COMMITTEE OF MANAGEMENT STATEMENT FOR
THE YEAR ENDED 31 MARCH 2021

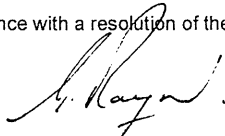
On the 19 August 2021 the Committee of Management of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Communication Division, Divisional Conference passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31 March 2021:

The Committee of Management declares 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 reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit 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 reporting unit 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 reporting unit have been kept and maintained in accordance with the RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or Commissioner duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) Where the reporting unit has undertaken recovery of wages activity:
 - (i) the financial report on recovery of wages activity has been fairly and accurately prepared in accordance with the requirements of the reporting guidelines of the General Manager; and
 - (ii) the committee of management instructed the auditor to include in the scope of the audit required under subsection 257(1) of the RD Act all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and
 - (iii) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in the financial report on recovery of wages activity and the notes to the financial statements; and
 - (iv) that prior to engaging in any recovery of wages activity, the organization has disclosed to members by way of a written policy all fees to be charged in acting for a worker in recovery of wages activity; and
 - (v) no fees or reimbursements of expenses in relation to recovery of wages activity or donations or other contributions were deducted from monies recovered from employers on behalf of workers until distributions of recovered money were made to the workers."

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

Signature of designated officer:



Name and title of designated officer: Greg Rayner - Divisional Secretary

Dated: 19 August 2021

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
YEAR ENDED 31 MARCH 2021**

	Notes	2021 \$	2020 \$
Revenue			
Revenue from contracts with customers			
Capitation fees and other revenue from another reporting unit	3A	1,662,843	1,626,173
Levies	3B	-	-
Total revenue from contracts with customers		1,662,843	1,626,173
Income for furthering objectives			
Grants and/or donations	3E	-	-
Total income for furthering objectives		-	-
Other Income			
Interest	3C	65,988	152,026
Other revenue	3D	207,009	141,077
Net gains from sale of assets	3F	-	100
Total other income		272,997	293,203
Total income		1,935,840	1,919,376
Expenses			
Employee expenses	4A	1,020,734	963,299
Capitation fees	4B	-	-
Affiliation fees	4C	139,566	135,249
Administration expenses	4D	414,450	441,662
Grants or donations	4E	1,000	23,800
Depreciation	4F	103,985	109,999
Legal costs	4G	67,501	113,600
Audit fees	12	31,671	30,200
Total expenses		1,778,907	1,817,809
Surplus for the year		156,933	101,567
Other comprehensive income			
Gain on revaluation of buildings		-	-
Total comprehensive income for the year		156,933	101,567

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

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA, COMMUNICATIONS DIVISION,
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**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	8,294,897	7,901,336
Trade and other receivables	5B	449,339	412,726
Other current assets	5C	8,555	14,557
Total current assets		8,752,791	8,328,620
Non-Current Assets			
Buildings	6A	3,802,500	3,900,000
Plant and equipment	6B	19,264	25,749
Total non-financial assets		3,821,764	3,925,749
Total assets		12,574,555	12,254,369
LIABILITIES			
Current Liabilities			
Trade payables	7A	199,042	160,900
Other payables	7B	169,525	122,538
Employee provisions	8A	636,860	558,277
Total current liabilities		1,005,427	841,715
Non-Current Liabilities			
Employee provisions	8A	-	-
Total non-current liabilities		-	-
Total liabilities		1,005,427	841,715
Net assets		11,569,128	11,412,654
EQUITY			
Asset revaluation reserve		1,872,604	1,872,604
Retained earnings		9,696,524	9,540,050
Total equity		11,569,128	11,412,654

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

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Retained earnings	Asset revaluation reserve	Total equity
	\$	\$	\$
Balance as at 31 March 2019	9,438,482	1,872,604	11,311,087
Surplus for the year	101,567	-	101,567
Closing balance as at 31 March 2020	9,539,591	1,872,604	11,412,195
Surplus for the year	156,933	-	156,933
Closing balance as at 31 March 2021	9,696,524	1,872,604	11,569,128

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

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 \$	2020 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	9B	2,325,657	2,452,831
Interest		65,988	152,026
Other		207,009	141,077
Cash used			
Employees		(863,570)	(1,043,759)
Suppliers		(932,927)	(1,224,277)
Payment to other reporting units	9B	(408,595)	(469,667)
Net cash from operating activities	9A	393,562	8,231
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		-	100
Cash used			
Purchase of plant and equipment		-	(1,038)
Net cash used by investing activities		-	(938)
Net increase in cash held		393,560	7,293
Cash & cash equivalents at the beginning of the reporting period		7,901,336	7,894,043
Cash & cash equivalents at the end of the reporting period	5A	8,294,897	7,901,336

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

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

The financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the *Fair Work (Registered Organisation) Act 2009*. For the purpose of preparing the general purpose financial statements, the reporting unit is a not-for-profit entity.

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

1.2 Comparative amounts

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

1.3 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.
- AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions.
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.
- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business.

No new accounting standard has been adopted earlier than the application date stated in the standard.

Impact on adoption of 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, nor is these expected to be any future impact to the CWU Communications Division.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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 period that are expected to have a future financial impact on the reporting unit include:

AASB 2020-1 – Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. This Standard applies to annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. CWU Communications Division does not expect the adoption of this amendment to have an impact on its financial statements.

1.4 Revenue

The union enters into various arrangements where it receives consideration from another party. These arrangements comprise of consideration in the form of capitation fees.

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.

Capitation fees

Where the Union's arrangement with a branch or another reporting unit meets the criteria to be a contract with a customer, the Union recognises the capitation fees promised under that arrangement when or as it transfers the other reporting unit's participation and voting rights that will transfer as part of its sufficiently specific promise to the Divisional Executive Council.

In circumstances where the criteria for a contract with a customer are not met, the Union will recognise capitation fees as income upon receipt (as specified in the income recognition policy below).

Income of the Union as a Not-for-Profit Entity

Consideration is received by the Union to enable the entity to further its objectives. The Union recognises each of these amounts of consideration as income when the consideration is received (which is when the Union obtains control of the cash) because, based on the rights and obligations in each arrangement:

- the arrangements do not meet the criteria to be contracts with customers because either the arrangement is unenforceable or lacks sufficiently specific promises to transfer goods or services to the customer; and
- the Union's recognition of the cash contribution does not give rise to any related liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

During the year, the Union received cash consideration from the following arrangements whereby that consideration will be recognised as income upon receipt:

- government grants (cash flow boost as part of the government's economic stimulus package for COVID-19)

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.

Interest income

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

1.5 Employee benefits

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.

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 long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the reporting unit in respect of services provided by employees up to reporting date.

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

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

1.7 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.

The Union as a lessee

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

Right-of-use assets

The Union recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

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.

1.8 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include 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.

1.10 Financial Instruments

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

1.11 Financial Assets

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's 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.

Subsequent measurement

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

- (Other) financial assets at amortised cost
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss.

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Financial assets at amortised cost

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

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

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

The union's financial assets at amortised cost includes trade receivables.

Derecognition

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 union 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 union continues to recognise the transferred asset to the extent of its continuing involvement together with associated liability.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment

- (i) Trade receivables

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 ECL's 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. Historically, all CEPU branches have paid their capitation/ACTU affiliation fees and the union expects this trend to continue and has therefore not recognised any loss allowance.

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(ii) Debt instruments other than trade receivables

For all debt instruments other than trade receivables and debt instruments not held at fair value through profit or loss, the union recognises an allowance for expected credit losses using a general approach. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the union expects to receive, discounted at an approximation of the original effective interest rate.

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 180 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.

1.12 Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, at amortised cost 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.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, trade payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

1.13 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.

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1.14 Land, buildings, plant and equipment

Asset recognition threshold

Purchase of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations - Buildings

Following initial recognition at cost, the buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus / deficit. 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.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

Asset Class	2021	2020
Buildings	40 years	40 years
Plant and equipment	2 to 10 years	2 to 10 years

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

1.15 Impairment of non- financial assets

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

The recoverable amount of an asset is the higher of its fair value less costs of disposal 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.

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1.16 Taxation

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

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office is classified within operating cash flows.

1.17 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 building, at fair value at each balance sheet date. The union restated its building at fair value as at 31 March 2020. Previously it was reported at cost. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 14A.

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 CEPU Communications Division determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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External valuers are involved for valuation of significant assets, such as buildings. 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 the risks of the assets or liability and the level of the fair value hierarchy.

1.18 Going Concern

The union is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis. The reporting unit has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

Note 2 Events after the reporting period

As a result of the evolving nature of the COVID-19 outbreak and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Union is not in a position to reasonably estimate the financial effects of the COVID-19 outbreak on the future financial performance and financial position of the Union. Other than the current disclosures, there has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Union, the results of those operations, or the state of affairs of the Union in subsequent financial periods.

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	2021	2020
	\$	\$
Note 3 Revenue		
Note 3A: Capitation fees		
Postal and Telecommunications:		
- New South Wales	655,271	628,264
- Victoria	343,380	333,720
Telecommunications and Services:		
- New South Wales	49,886	56,521
- Victoria	125,512	128,657
Communications Divisional Branches		
- Queensland	247,277	238,547
- South Australia/Northern Territory	104,024	106,122
- Tasmania	-	-
- Western Australia	137,493	134,343
Total capitation fees	1,662,843	1,626,173
 Note 3B: Levies		
Levies	-	-
Total Levies	-	-
 Note 3C: Interest		
Deposits	65,988	152,026
Loans	-	-
Total interest	65,988	152,026
 Note 3D: Other Revenue		
Board Positions	153,858	89,771
Other	53,151	51,306
Total other revenue	207,009	141,077
 Note 3E: Grants or donations		
Grants	-	-
Donations	-	-
Total grants or donations	-	-
 Note 3F: Net gains from sale of assets		
Plant and equipment	-	100
Total net gain from sale of assets	-	100

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	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Holders of office:		
Wages and salaries	468,866	425,368
Superannuation	78,783	71,575
Leave and other entitlements	19,993	(13,433)
Separation and redundancies	-	22,784
Other employee expenses	-	-
Subtotal employee expenses holders of office	567,642	506,294
Employees other than office holders:		
Wages and salaries	306,480	356,067
Superannuation	46,155	53,740
Leave and other entitlements	58,589	(26,797)
Separation and redundancies	-	31,838
Other employee expenses	-	-
Subtotal employee expenses employees other than office holders	411,224	414,847
Other employee expenses		
Payroll tax	41,868	42,157
Subtotal other employee expenses	41,868	42,157
Total employee expenses	1,020,734	963,299
Note 4B: Capitation fees		
Capitation fees	-	-
Total capitation fees	-	-
Note 4C: Affiliation fees		
Affiliation fees – ACTU*	132,777	128,681
Affiliation - G.T.U.F.	6,789	6,568
Total affiliation fees/subscriptions	139,566	135,249

*ACTU Industrial Relations Levy Levy imposed by the Australian Council of Trade Unions for purposes of funding action for Industrial relations.

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	2021	2020
	\$	\$
Note 4D: Administration expenses		
Fees/allowances - meeting and conferences expenses	4,463	49,499
Contractors/consultants	258,904	167,648
Property expenses	25,302	21,555
Office expenses	100,471	121,786
Information communications technology	24,080	18,746
Travel expenses	960	59,990
Other	270	2,439
Total administration expenses	414,450	441,662
Note 4E: Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	118
Total paid that exceeded \$1,000	1,000	23,682
Total grants or donations	1,000	23,800
Note 4F: Depreciation		
Depreciation		
Buildings	97,500	100,000
Plant and equipment	6,485	9,999
Total depreciation	103,985	109,999
Note 4G: Legal costs		
Litigation	64,536	94,460
Other legal matters	2,965	19,140
Total legal costs	67,501	113,600

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	\$	\$
Note 5		
Current assets		
Note 5A: Cash and cash equivalents		
Cash at bank	199,156	61,336
Short term deposits	8,095,741	7,840,000
Total cash and cash equivalents	8,294,897	7,901,336
Note 5B: Trade and other receivables		
Receivables from other reporting units		
Postal and Telecommunications:		
- New South Wales	112,602	46,477
- Victoria	49,751	34,929
Telecommunications and Services:		
- New South Wales	5,285	4,420
- Victoria **	159,388	155,274
Communications Divisional Branches		
- Queensland	27,920	37,901
- South Australia/Northern Territory	11,951	8,545
- Tasmania	-	-
- Western Australia	9,391	16,288
Electrical Divisional Branches		
- Victoria	22,148	27,119
Plumbing Divisional branches		
- Victoria	46,543	50,924
- Federal		
National Council	183	183
Total receivables from other reporting units	445,162	382,060
Less allowance for expected credit losses	-	-
Receivable from other reporting units (net)	445,162	382,060
** Included in this balance is an amount of \$145,288 receivable which is in excess of 180 days. Following court proceedings and discussions with the Registered Organization Commission (ROC) as to the nature of the transaction, this balance has been deemed to be recoverable in full and remains expected to be repaid within the next twelve months.		
Other receivables:		
Other receivables	4,177	30,666
Total other receivables	4,177	30,666
Total trade and other receivables (net)	449,339	412,726
Note 5C: Other current assets		
Prepayments	8,555	14,557
Total other current assets	8,555	14,557

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	\$	\$
Note 6		
Non-current assets		
Note 6A: Buildings		
Buildings		
at Fair value	4,000,000	4,000,000
accumulated depreciation	(197,500)	(100,000)
Total Buildings	3,802,500	3,900,000
Reconciliation of the opening and closing balances of buildings		
As at 1 April		
Gross book value	3,900,000	4,000,000
Accumulated depreciation	-	-
Net book value 1 April	3,900,000	4,000,000
Additions / Revaluations	-	-
Depreciation expense	(97,500)	(100,000)
Net book value 31 March	3,802,500	3,900,000
Net book value as of 31 March represented by:		
Gross book value	4,000,000	4,000,000
Accumulated depreciation	(197,500)	(100,000)
Net book value 31 March	3,802,500	3,900,000
Note 6B: Plant and equipment		
Plant and equipment		
at cost	149,500	149,500
accumulated depreciation	(130,236)	(123,751)
Total plant and equipment	19,264	25,749
Reconciliation of the opening and closing balances of plant and equipment		
As at 1 April		
Gross book value	149,500	149,500
Accumulated depreciation	(123,751)	(114,789)
Net book value 1 April	25,749	34,711
Additions by purchase	-	-
Depreciation expense	(6,485)	(8,962)
Net book value 31 March	19,264	25,749
Net book value as of 31 March represented by:		
Gross book value	149,500	149,500
Accumulated depreciation	(130,236)	(123,751)
Net book value 31 March	19,264	25,749

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Note 7 Current liabilities		
Note 7A: Trade payables		
Trade creditors and accruals	199,042	160,900
Subtotal trade creditors	199,042	160,900
Payables to other reporting units		
National Council	22,316	28,009
Postal and Telecommunications - New South Wales	-	9,969
Telecommunications and Services - New South Wales	-	-
Telecommunications and Services - Victoria	-	-
Communications Divisional Branches		
- Queensland	-	-
- South Australia/Northern Territory	-	-
- Western Australia	-	-
Subtotal payables to other reporting units	22,316	37,978
Total trade payables	199,042	160,900

Settlement is usually made within 30 days.

Note 7B: Other payables

Wages and salaries	-	-
Superannuation	-	-
Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	-	-
Other legal matters	-	-
GST payable	139,015	99,248
Sundry creditors	30,510	23,290
Total other payables	169,525	122,538

Total other payables are expected to be settled in:

No more than 12 months	169,525	122,538
More than 12 months	-	-
Total other payables	169,525	122,538

No liabilities have been acquired during the year as part of an amalgamation, restructure, and change in the reporting unit or determination or revocation.

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Note 8 Provisions		
Note 8A: Employee provisions		
Office Holders:		
Annual leave	56,303	33,323
Long service leave	46,928	37,892
Separations and redundancies	-	-
Other - sick leave	-	-
Subtotal employee provisions-office holders	103,231	71,255
Employees other than office holders		
Annual leave	129,661	101,243
Long service leave	144,411	134,899
Separations and redundancies	-	-
Other - sick leave	259,557	250,920
Subtotal employee provisions- employees other than office holders	533,629	487,062
Total employee provisions	636,860	558,277
Current	636,860	558,277
Non-current	-	-
Total employee provisions	636,860	558,277

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	2021	2020
	\$	\$
Note 9 Cash flow		
Note 9A: Cash flow reconciliation		
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	8,294,897	7,901,336
Balance sheet	8,294,897	7,901,336
Difference	<u>-</u>	<u>-</u>
Reconciliation of surplus to net cash from operating activities:		
Surplus for the year	156,933	101,567
Profit on disposal of plant and equipment	-	(100)
Adjustments for non-cash items		
Depreciation	103,985	109,999
Changes in assets/liabilities		
Increase in net receivables	(36,612)	1,004
Decrease in prepayments	6,002	(1,988)
Increase in payables	37,685	(159,889)
Increase in other payables	46,987	(2,132)
Increase in employee provisions	78,582	(40,230)
Net cash from operating activities	<u><u>393,562</u></u>	<u><u>8,231</u></u>

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	\$	\$
Note 9B: Cash flow information		
Cash inflows		
Postal and Telecommunications:		
- New South Wales	654,672	709,551
- Victoria	399,005	411,719
Telecommunications and Services:		
- New South Wales	54,010	66,049
- Victoria	148,672	156,780
Communications Divisional Branches		
- Queensland	279,973	246,207
- South Australia/Northern Territory	111,011	123,746
- Western Australia	117,140	144,018
- Electrical Divisional Victoria Branch	308,055	318,821
- Plumbing Divisional Victoria Branch	250,813	273,864
- Plumbing Divisional Federal Office	2,306	2,076
- National Council	-	-
Total cash inflows	2,325,657	2,452,831
Cash outflows		
National Council	237,642	149,841
Plumbing Division	-	-
Postal and Telecommunications:		
- New South Wales	170,953	312,605
- Victoria	-	-
Telecommunications and Services:		
- New South Wales	-	-
- Victoria	-	-
Communications Divisional Branches		
- Queensland	-	951
- South Australia/Northern Territory	-	60
- Tasmania	-	-
- Western Australia	-	6,210
Total cash outflows	408,595	469,667

Note 10 Contingent liabilities, assets and commitments

Capital commitments

At 31 March 2021 the Union has commitments of \$Nil (2020: \$Nil).

Contingent assets

On 11 August 2016, the Fair Work Commission approved the alteration of the rules of communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia.

Under the rule changes it allowed the Communication Division, Tasmania Branch to merge with the Electrical, Energy and Services Division – Tasmanian Branch (CEPU Tasmania)

In addition, a Memorandum of Understanding was agreed between the Electrical Division and the Communications Division detailing that:

In the event that the sale of the real property transferred from the CWU Tasmania (the building located at 105 New Town Road, New Town), the proceeds (after any debts and liabilities) shall divided evenly between the respective Divisional Funds of the Electrical Divisions and the Communications Division.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Note 11 Related party disclosures

Note 11A: Related party transactions for the reporting period

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	2021	2020
	\$	\$
Revenue received from related branches includes the following:		
Postal and Telecommunications:		
- New South Wales	654,672	709,551
- Victoria	399,005	411,719
Telecommunications and Services:		
- New South Wales	54,010	66,049
- Victoria	148,672	156,780
Communications Divisional Branches		
- Queensland	279,973	246,207
- South Australia/Northern Territory	111,011	123,746
- Tasmania	-	-
- Western Australia	117,140	144,018
Electrical Divisional Victoria Branch	308,055	318,821
Plumbing Divisional Victoria Branch	250,813	273,864
Plumbing Divisional Federal Office	2,306	2,076
Expenses paid to related parties and branches includes the following:		
National Council	237,642	149,841
Postal and Telecommunications:		
- New South Wales	170,953	312,605
- Victoria	-	-
Telecommunications and Services:		
- New South Wales	-	-
- Victoria	-	-
Communications Divisional Branches		
- Queensland	-	951
- South Australia/Northern Territory	-	60
- Tasmania	-	-
- Western Australia	-	6,210
Plumbing Division	-	-
Assets transferred from/to related parties includes the following	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Note 11 Related party disclosures (continued)

Note 11A: Related party transactions for the reporting period continued

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the yearend are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Impairment of receivables relating to amounts owed by related parties and declared person or body are as disclosed in Note 5B to the financial statements. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

No property was transferred to related parties during the financial year ended 31 March 2021 (2020: \$Nil).

	2021	2020
Fees paid by NSW branch for services provided	-	-

Note 11B: Key management personnel remuneration for the reporting period

	2021	2020
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	468,866	425,368
Annual leave accrued	15,444	(15,492)
Performance bonus	-	-
Total short-term employee benefits	484,310	409,876
Post-employment benefits:		
Superannuation	78,783	71,575
Total post-employment benefits	78,783	71,575
Other long-term benefits:		
Long-service leave	4,549	2,059
Total other long-term benefits	4,549	2,059
Termination benefits	-	22,784
Total	567,642	506,294

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Note 11C: Transactions with key management personnel and their close family members

	2021	2020
	\$	\$
There were no Loans to/from key management personnel	-	-
Other transactions with key management personnel	-	-

Note 12 Remuneration of auditors

Value of the services provided		
Financial statement audit services	31,671	30,200
Total remuneration of auditors	31,671	30,200

Note 13 Financial instruments

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from related unions.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Note 13A: Categories of financial instruments

Financial assets

Held-to-maturity investments:

Cash and cash equivalents	8,294,897	7,901,336
Total	8,294,897	7,901,336

Loans and receivables:

Receivables - refer to Note 5B	449,339	412,726
Total	449,339	412,726

Carrying amount of financial assets	8,744,236	8,314,062
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Financial liabilities

Trade and other payables	368,567	283,438
Total	368,567	283,438

Carrying amount of financial liabilities	368,567	283,438
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Note 13B: Net income and expense from financial assets

	2021	2020
	\$	\$
Held-to-maturity		
Interest revenue	65,988	152,026
Gain/loss on disposal	-	100
Net gain/(loss) from financial assets	65,988	152,126

The net income/expense from financial assets not at fair value through profit and loss is \$65,988 (2020: \$152,126).

Note 13C: Net income and expense from financial liabilities

The net income/expense from financial liabilities not at fair value through profit and loss is Nil (2020 Nil).

Note 13D: Credit risk

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There is no collateral held by the entity securing trade and other receivables.

The union has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 5B.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5B.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 13D: Credit risk continued

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2021	2020
	\$	\$
Financial assets		
Trade and other receivables	449,339	412,726
Total	449,339	412,726
Financial liabilities		
Trade and other payables	368,567	283,438
Total	368,567	283,438

In relation to the entity's gross credit risk the following collateral is held: Nil

Currently the union does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

Set out below is the information about the credit risk exposure on financial assets using a provision matrix:

	Trade and other receivables						Total
	Days past due						
	Current	<30 days	30-60 days	61-90 days	>91 days	>180 days	
	\$	\$	\$	\$	\$	\$	
Expected credit loss rate	-0%	-0%	-0%	-0%	-0%	-0%	-0%
Estimate total gross carrying amount at default			-	-	-	-	-
Expected credit loss			-	-	-	-	-

	Trade and other receivables						Total
	Days past due						
	Current	<30 days	30-60 days	61-90 days	>91 days	>180 days	
	\$	\$	\$	\$	\$	\$	
Expected credit loss rate	-0%	-0%	-0%	-0%	-0%	-0%	-0%
Estimate total gross carrying amount at default			-	-	-	-	-
Expected credit loss			-	-	-	-	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Note 13E: Liquidity risk

Contractual maturities for financial liabilities 2021

	On Demand	<1 year \$	1-2 years \$	2-5 years \$	>5 years \$	Total \$
Trade and other payables	-	368,567	-	-	-	368,567
Total	-	368,567	-	-	-	368,567

Contractual maturities for financial liabilities 2020

	On Demand	<1 year \$	1-2 years \$	2-5 years \$	>5 years \$	Total \$
Trade and other payables	-	283,438	-	-	-	283,438
Total	-	283,438	-	-	-	283,438

Note 13F: Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

Sensitivity analysis of the risk that the entity is exposed to for 2021

	Risk Variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Interest rate risk	-	+1%	83,000	83,000
Interest rate risk	-	-1%	(83,000)	(83,000)

Sensitivity analysis of the risk that the entity is exposed to for 2020

	Risk Variable	Change in risk variable %	Effect on	
			Profit and loss \$	Equity \$
Interest rate risk	-	+1%	79,000	79,000
Interest rate risk	-	-1%	(79,000)	(79,000)

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Note 14 Fair value measurement

Note 14A: Financial assets and liabilities

Management of the reporting unit assessed that cash; trade receivables and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31 March 2021 was assessed to be insignificant.
- Fair value of financial assets is derived from quoted market prices in active markets.
 - Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the reporting entity based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 March 2021 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Note 14A: Financial assets and liabilities continued

The following table contains the carrying amounts and related fair values for the reporting unit's financial assets and liabilities:

	Carrying amount	Fair value	Carrying amount	Fair value
	2021	2021	2020	2020
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	8,294,897	8,294,897	7,901,336	7,901,336
Trade and other receivables	449,339	449,339	412,726	412,726
Total	8,744,236	8,744,236	8,314,062	8,314,062
Financial Liabilities				
Trade payables	368,567	368,567	283,438	283,438
Total	368,567	368,567	283,438	283,438

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 14B: Fair value Measurement

No financial and non-financial assets and liabilities are measured at a fair value that is different to their carrying amount as at 31 March 2021.

Note 14B: Financial and non-financial assets and liabilities fair value hierarchy

The following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 31 March 2021

	Level 1	Level 2	Level 3
	\$	\$	\$
Assets measured at fair value			
Property	3,802,500	-	-
Total	3,802,500	-	-
Liabilities measured at fair value			
NIL	-	-	-
Total	-	-	-

Property, plant and equipment was classified as level 1 due to independent valuation obtained.

Fair value hierarchy – 30 June 2020

	Level 1	Level 2	Level 3
	\$	\$	\$
Assets measured at fair value			
Property	3,900,000	-	-
Total	3,900,000	-	-
Liabilities measured at fair value			
NIL	-	-	-
Total	-	-	-

Note 15 Administration of financial affairs by a third party

Name of entity providing service:	N/A
Terms and conditions:	N/A
Nature of expenses/consultancy service:	N/A

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Note 16 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) to (3) of section 272, which reads as follows:

Information to be provided to members or General Manager:

1. A member of a reporting unit, or the General Manager, 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).

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Officer declaration statement

I, Greg Rayner, being the Divisional Secretary of the Communications, Electrical, Electronic, Energy, Information Postal, Plumbing and Allied Services Union of Australia, Communications Division, Divisional Conference, declare that the following activities did not occur during the reporting period ending 31 March, 2021.

The reporting unit did not:

- * 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 periodic or membership subscriptions
- * incur expenses due to holding a meeting as required under the rules of the organisation
- * pay a penalty imposed under the RO Act or the Fair Work Act 2009
- * 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
- * make a payment to a former related party of the reporting unit



Signed by the officer:

Dated: 19 August 2021

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF
AUSTRALIA, COMMUNICATIONS DIVISION, DIVISIONAL CONFERENCE**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9243 2600
F: (612) 9243 2800

Opinion

We have audited the financial report of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing And Allied Services Union Of Australia, Communications Division, Divisional Conference, which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2021, notes to the financial statements, including a summary of significant accounting policies; and the committee of management statement, 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 Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing And Allied Services Union Of Australia, Communications Division, Divisional Conference as at 31 March 2021, and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) 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 Union in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to 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.

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

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

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.

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**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
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Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the reporting unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management 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 Committee of Management is 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 Committee of Management either intend to liquidate the reporting unit or to cease operations, or have 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, 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 our 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 Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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THE MEMBERS OF COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
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- 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 Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an approved auditor 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 in section 252 and 257(2) of the RO Act.

Our opinion on the financial report is not modified in respect of section 252 and 257(2) of the RO Act because, in our opinion, it has been appropriately addressed by the reporting unit and is not considered material in the context of the audit of the financial report as a whole.

Hall Chadwick

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

Graham Webb
Partner
Dated: 19 August 2021

Registration Number: AA2017/22