11 July 2017

Mr David McKinley
Branch Secretary
CEPU, Electrical, Energy and Services Division, New South Wales Divisional Branch

By e-mail: davem@etunsw.asn.au

Dear Mr McKinley

CEPU, Electrical, Energy and Services Division, New South Wales Divisional Branch
Financial Report for the year ended 31 December 2016 - FR2016/374

I acknowledge receipt of the amended financial report for the year ended 31 December 2016 for the CEPU, Electrical, Energy and Services Division, New South Wales Divisional Branch. The financial report was lodged with the Registered Organisations Commission (ROC) on 11 July 2017.

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

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 9603 0707 or by email at ken.morgan@roc.gov.au

Yours faithfully

K.Morgan

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Financial Statements

For the Year Ended 31 December 2016

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Contents

For the Year Ended 31 December 2016

PAM
PINKER - ARNOLD - McLOUGHLIN
Chartered Accountants
RICHARD PINKER B.Ec FCA
CA SMSF Specialist
GRANT ARNOLD B.Com FCA

Independent Audit Report to the members of C.E.P.U. Electrical Division (NSW Branch)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of C.E.P.U. Electrical Division (NSW Branch) (the Reporting Unit), which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Committee of Management.

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

(i) giving a true and fair view of the Reporting Unit's financial position as at 31 December 2016 and of its financial performance and its cash flows for the year ended; and

(ii) complying with Australian Accounting Standards; and

(iii) complying with the Fair Work (Registered Organisations) Act 2009; and

(iv) managment's use of the going concern basis of accounting in the preparation of the reporting unit's financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Reporting Unit in accordance with the auditor independence requirements of 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.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with the Fair Work (Registered Organisations) Act 2009, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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 management either intends to liquidate the Reporting Unit or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Reporting Unit's financial reporting process.

PAM PINKER - ARNOLD - McLOUGHLIN
Chartered Accountants

RICHARD PINKER B.Ec FCA
CA SMSF Specialist
GRANT ARNOLD B.Com FCA

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Declarations

The auditor:

1) is a member of a firm where at least one member is an approved auditor;

2) is a member of the Chartered Accountants Australia & New Zealand;

3) holds a current Public Practice Certificate.

4) declares there were no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

5) declares there were no contraventions of any applicable code of professional conduct in relation to the audit.

Pinker Arnold & McLoughlin Chartered Accountants

Richard Pinker
Chartered Accountant & Approved Auditor #AA2017/4

2-4 Merton St, Sutherland NSW 2232

Dated this TENTH day of JULY 2017

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Certificate by Prescribed Designated Officer

s268 Fair Work (Registered Organisations) Act 2009

Certificate for the period ended 31 December 2016

I, Dave McKinley, being the Secretary of the Communications Electrical Electronic Energy Information Postal and Allied Services Union of Australia Electrical Division NSW Branch (C.E.P.U. Electrical Division NSW) certify:

- that the documents lodged herewith are copies of the full report for the C.E.P.U. Electrical Division NSW for the period ended 31st December 2016 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 ...10TH... day of ......JULY.........2017; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on ...10TH... day of ......JULY.........2017 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:..

Name of prescribed designated officer:....DAVID MCKINLEY...

Title of prescribed designated officer: .....SECRETARY...

Dated: ....10/7/17...

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Operating Report

31 December 2016

The committee presents its report on the reporting unit for the year ended 31st December 2016.

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

The principal activity of the C.E.P.U. Electrical Division NSW was that of a registered Trade Union. There has been no significant change to the way the Union has carried out these activities during the last year. The operating surplus (deficit) of C.E.P.U. Electrical Division NSW for the year ended 31st December 2016 was $37,145 and then after adding gains on re-valued land and buildings, $2,037,145. Prior year: ($791,295) and ($266,295).

Significant changes in financial affairs.

There have been no significant changes to the financial affairs of the Branch in the last year. A review of the operations of the Union during the financial year found that there was no significant change in the nature or the results of the operations during the year.

Right of members to resign.

Members have the right to resign their membership of the union by giving written notice of resignation to the Branch Secretary. The written notification is accepted subject to the rules of the branch and in accordance with section 174 of the Fair Work (Registered Organisations) Act 2009.

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

Nil.

Number of members.

As at 31st December 2016 the organisation had 17,754 members. The number of financial members of the Union as at 31st December 2016 was 15,305.

Number of employees.

Nil.

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

Name	Period of service From:	To:	Office:
James MacFadyen	1st January 2016	31st December 2016	President
Stephen Butler	1st January 2016	31st December 2016	Secretary
Mary Stylli	1st January 2016	31st December 2016	
Phillip Oswald	1st January 2016	31st December 2016	Treasurer
Glen Potter	1st January 2016	31st December 2016	
Peter Henne	1st January 2016	31st December 2016	
Peter Johnston	1st January 2016	31st December 2016	
Colin Harris	1st January 2016	31st December 2016	
Malcolm Hoy	1st January 2016	31st December 2016	

Signature of designated officer: ....

Name and title of designated officer: DAVID MCKINLEY, SECRETARY

Dated: 10/7/17

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Committee of Management Statement

for the period ended 31st December 2016

On the .... day of .... 2017 the committee of management of the C.E.P.U. Electrical Division NSW passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31st December 2016:

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 the reporting guidelines of the General Manager;

(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 General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and
- (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.

(f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Signature of designated officer: ....

Name and title of designated officer: DAVID MCKINLEY, SECRETARY

Dated: 10/7/17

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 $	2015 $
Revenue			
Member subscription	3(a)	**6,989,902**	7,493,774
Capitation fees	3(b)	**-**	-
Levies	3(c)	**30,300**	65,071
Interest	3(d)	**387,454**	479,108
Total Revenue		**7,407,656**	8,037,953
Other Income			
Grants and/or donations	3(e)	**-**	-
Total Other Income		**-**	-
Total Income		**7,407,656**	8,037,953
Expenses			
Service agreement expense	4(a)	**(5,548,907)**	(6,843,987)
Employee expenses	4(b)	**-**	-
Capitation fees	4(c)	**(814,356)**	(891,870)
Affiliation fees	4(d)	**-**	-
Administration expenses	4(e)	**(737,219)**	(1,033,753)
Grants or donations	4(f)	**(68,100)**	(107,700)
Depreciation & amortisation	4(g)	**(34)**	(43)
Finance costs	4(h)	**(180,895)**	(180,895)
Legal costs	4(i)	**-**	250,000
Audit fees	16	**(21,000)**	(21,000)
Other expenses	4(j)	**-**	-
Total Expenses		**(7,370,511)**	(8,829,248)
Profit (loss) for the year		**37,145**	(791,295)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land & buildings		**2,000,000**	525,000
Total comprehensive income (loss) for the year		**2,037,145**	(266,295)

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

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Statement of Financial Position

31 December 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**8,834,844**	9,078,707
Trade and other receivables	6	**589,258**	666,825
TOTAL CURRENT ASSETS		**9,424,102**	9,745,532
NON-CURRENT ASSETS			
Property, plant and equipment	7	**6,450,137**	4,450,170
Other non-current assets	8	**1,300,000**	1,300,000
TOTAL NON-CURRENT ASSETS		**7,750,137**	5,750,170
TOTAL ASSETS		**17,174,239**	15,495,702
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**1,973,358**	2,340,150
Employee provisions	11	**-**	-
TOTAL CURRENT LIABILITIES		**1,973,358**	2,340,150
NON-CURRENT LIABILITIES			
Trade and other payables	9	**8,184**	-
Other non-current liabilities	10	**1,573,000**	1,573,000
Employee provisions	11	**-**	-
TOTAL NON-CURRENT LIABILITIES		**1,581,184**	1,573,000
TOTAL LIABILITIES		**3,554,542**	3,913,150
NET ASSETS		**13,619,697**	11,582,552
EQUITY			
Reserves	12	**4,591,713**	2,591,713
Retained earnings	12	**9,027,984**	8,990,839
		13,619,697	11,582,552
TOTAL EQUITY		**13,619,697**	11,582,552

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

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Statement of Changes in Equity

For the Year Ended 31 December 2016

2016

	Note	Retained Earnings $	Asset Realisation Reserve $	Total $
Balance at 1 January 2016		8,990,839	2,591,713	11,582,552
Profit (loss) attributable to members		37,145	-	37,145
Other comprehensive income		-	2,000,000	2,000,000
Balance at 31 December 2016		9,027,984	4,591,713	13,619,697

2015

	Note	Retained Earnings $	Asset Realisation Reserve $	Total $
Balance at 1 January 2015		9,030,293	2,818,554	11,848,847
Profit (loss) attributable to members		(791,295)	-	(791,295)
Other comprehensive income		-	525,000	525,000
Transfer to/from asset revaluation reserve		751,841	(751,841)	-
Balance at 31 December 2015		8,990,839	2,591,713	11,582,552

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

Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received			
Membership fees		**6,233,041**	6,591,038
Levies		**30,300**	65,071
Receipts from other reporting units	13(c)	**-**	-
Interest		**387,454**	479,108
Other		**-**	20,625
Cash Used			
Suppliers		**(5,631,953)**	(6,740,847)
Payments to other reporting units	13(c)	**(1,355,281)**	(593,261)
Grants or donations		**(68,100)**	(107,700)
Interest		**(180,895)**	(180,895)
Net cash provided by/(used in) operating activities	13(b)	**(585,434)**	(466,861)
CASH FLOWS FROM INVESTING ACTIVITIES:			
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash Received			
ETU of Aust - NSW Branch		**341,571**	819,497
Net cash used by financing activities		**341,571**	819,497
Net increase/(decrease) in cash and cash equivalents held		**(243,863)**	352,636
Cash and cash equivalents at beginning of year		**9,078,707**	8,726,071
Cash and cash equivalents at end of financial year	5	**8,834,844**	9,078,707

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

Notes to the Financial Statements
For the Year Ended 31 December 2016

NOTE CONTENTS

PAGE

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies

(a) 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 C.E.P.U. Electrical Division NSW is a not-for-profit reporting unit.

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.

(b) Comparative Amounts

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

The following comparative figures were adjusted:

1) The amount recognised as Property Plant & Equipment in the Statement of Financial Position includes both Land & Buildings and Plant & Equipment which were recognised separately in the 2015 financial statements.

2) The amount recognised as Trade & Other Payables in the Statement of Financial Position includes both Trade Payables and Other Payables which were recognised separately in the 2015 financial statements.

3) The amount recognised in the Statement of Changes in Equity as retained earnings at 1 January 2015 was adjusted by $1 due to a rounding variance in the 2015 financial statements.

4) The financial assets in the categories of financial instruments in note 16 have been restated to their carrying amount. The 2015 financial statements recognised their value at the gross amount.

(c) Significant accounting judgement & estimates

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

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

1) The fair value of real property is taken to be the market value of similar properties as determined by an independent valuer and is reviewed periodically with adjustments shown in other comprehensive income.

2) Receivables are reviewed periodically and at reporting date. Provisions for doubtful debts are made for any amounts that management believes are likely to be un-recoverable.

(d) Adoption of new and revised accounting standards

Adoption of New Australian Accounting Standard requirements

1 **Summary of Significant Accounting Policies**

(d) Adoption of new and revised accounting standards

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

Future Australian Accounting Standards Requirements

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are expected to have a future financial impact on C.E.P.U. Electrical Division NSW.

(e) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Revenue from the sale of goods is recognised when, the risks and rewards of ownership have been transferred to the buyer, the reporting unit retains no managerial involvement or effective control over the goods, the revenue and transaction costs incurred can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the reporting unit.

Donation income is recognised when it is received.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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

Gain on disposal of non-current assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

(f) Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

1 Summary of Significant Accounting Policies

(g) Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The C.E.P.U. Electrical Division NSW currently has a lease agreement commencing on 1 Sep 2016 with Colliers International for its Wollongong property. The lease agreement incorporates a rent free period which ceases on 31 Dec 2016.

(h) Borrowing costs

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

(i) Cash and cash equivalents

Cash and cash equivalents are recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 6 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(j) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

1 Summary of Significant Accounting Policies

(j) Financial instruments

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

1 **Summary of Significant Accounting Policies**

(j) **Financial instruments**

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was

1 **Summary of Significant Accounting Policies**

(j) **Financial instruments**

recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss..

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; orr

1 Summary of Significant Accounting Policies

(j) Financial instruments

- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) 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.

(l) Property, plant and equipment

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position.

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

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. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. 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.

1 **Summary of Significant Accounting Policies**

(l) Property, plant and equipment

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 their useful lives.

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.

(m) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(n) 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 C.E.P.U. Electrical Division NSW were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(o) Taxation

C.E.P.U. Electrical Division NSW 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.

1 Summary of Significant Accounting Policies

(o) Taxation

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

(p) Fair value measurement

The C.E.P.U. Electrical Division NSW measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16.

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 C.E.P.U. Electrical Division NSW. 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 C.E.P.U. Electrical Division NSW 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 C.E.P.U. Electrical Division NSW 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

Notes to the Financial Statements
For the Year Ended 31 December 2016

1 **Summary of Significant Accounting Policies**

(p) **Fair value measurement**
whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the C.E.P.U. Electrical Division NSW has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

(q) **Going concern**

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

C.E.P.U. Electrical Division NSW has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

C.E.P.U. Electrical Division NSW is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

2 **Events after the reporting period**

There were no other events that occurred after 31st December 2016, and prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the C.E.P.U. Electrical Division NSW.

3 **Income**

(a) **Membership fees**

	2016	2015
	$	$
Member subscription	6,989,902	7,493,774
Total	6,989,902	7,493,774

(b) **Capitation fees**

	2016	2015
	$	$
Capitation fees	-	-
Total	-	-

(c) **Levies**

	2016	2015
	$	$
Distress & mortality fund levy (i)	30,300	63,713

Notes to the Financial Statements

For the Year Ended 31 December 2016

3 Income

(c) Levies

	2016	2015
	$	$
Poles & wires campaign levy (ii)	-	1,358
Total	**30,300**	65,071

(i) The C.E.P.U. Electrical Division NSW maintains a Distress and Mortality Fund for the benefit of members. Grants are made to members from the fund as per the rules of the C.E.P.U. Electrical Division NSW.

(ii) The Poles and Wires Campaign levy raised funds for a 2013-2014 campaign to raise public awareness of the impact of any sale of the poles and wires infrastructure owned by the government of the State of New South Wales. The levy ceased to apply from 1st July 2014 but small sums have been received after that date.

(d) Interest

	2016	2015
	$	$
Deposits	**237,954**	329,608
Loans	**149,500**	149,500
Total	**387,454**	479,108

(e) Grants or donations

	2016	2015
	$	$
Grants	-	-
Donations	-	-
Total	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Expenses

(a) Service agreement expense

	2016 $	2015 $
Electrical Trades Union of Aust (NSW Branch)	5,548,907	6,843,987
Total	5,548,907	6,843,987

(b) Employee expenses

	2016 $	2015 $
Holders of office	-	-
Employees other than office holders	-	-
Total	-	-

(c) Capitation fees

	2016 $	2015 $
CEPU Electrical Energy & Services Division	814,356	891,870
Total	814,356	891,870

(d) Affiliation fees

	2016 $	2015 $
Affiliation fees	-	-
Total	-	-

(e) Administration expenses

	2016 $	2015 $
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meetings & conferences	-	-
Conference & meeting expenses	-	-
Doubtful debts provision	672,820	1,033,753
Bank charges	27,067	-
Research costs	36,738	-
Postage	336	-
Sundry expenses	258	-
Total	737,219	1,033,753

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Expenses

(f) Grants or donations

	2016	2015
	$	$
Grants		
Total paid $1,000 or less	58,100	107,700
Total paid that exceeded $1,000	-	-
Donations		
Total paid $1,000 or less	-	-
Total paid that exceeded $1,000	10,000	-
Total	68,100	107,700

(g) Depreciation & amortisation

	2016	2015
	$	$
Land & buildings	-	-
Plant & equipment	34	43
Total	34	43

(h) Finance costs

	2016	2015
	$	$
Overdrafts/loans	180,895	180,895
Total	180,895	180,895

(i) Legal costs

	2016	2015
	$	$
Other legal matters	-	(250,000)
Litigation	-	-
Total	-	(250,000)

(j) Other expenses

	2016	2015
	$	$
Penalties via RO Act or RO regulations	-	-
Total	-	-

5 Cash and Cash Equivalents

	2016	2015
	$	$
Cash at bank	1,149,524	622,636
Cash on hand	100	100
Short-term deposits	7,685,220	8,455,971
Total	8,834,844	9,078,707

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2016	2015
	$	$
Cash and cash equivalents	8,834,844	9,078,707
Balance as per statement of cash flows	8,834,844	9,078,707

6 Trade and Other Receivables

	2016	2015
	$	$
CURRENT		
Trade receivables	96,110	74,651
Less provision for doubtful debts	(64,680)	(64,680)
Net trade receivables	31,430	9,971
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
Net Receivable	-	-
Income in arrears	2,457,746	1,423,710
Less provision for doubtful debts	(1,899,918)	(1,054,378)
Net income in arrears	557,828	369,332
Related party receivables	-	287,522
Total current trade and other receivables	589,258	666,825

Notes to the Financial Statements

For the Year Ended 31 December 2016

7 Property, plant and equipment

	2016	2015
	$	$
Buildings		
At independent valuation	**6,450,000**	4,450,000
Office equipment		
At cost	**366**	366
Accumulated depreciation	**(229)**	(196)
Total office equipment	**137**	170
Total property, plant and equipment	**6,450,137**	4,450,170

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Office Equipment	Total
	$	$	$
Year ended 31 December 2016			
Balance at the beginning of the year	**4,450,000**	**170**	**4,450,170**
Depreciation expense	**-**	**(33)**	**(33)**
Revaluations	**2,000,000**	**-**	**2,000,000**
Balance at the end of the year	**6,450,000**	**137**	**6,450,137**

	Buildings	Office Equipment	Total
	$	$	$
Year ended 31 December 2015			
Balance at the beginning of the year	3,925,000	213	3,925,213
Depreciation expense	-	(43)	(43)
Revaluations	525,000	-	525,000
Balance at the end of the year	4,450,000	170	4,450,170

The revalued buildings consist of two properties: 1) level 5, 370 Pitt St, Sydney NSW; 2) Unit 4, 63 Market St, Wollongong NSW. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Notes to the Financial Statements

For the Year Ended 31 December 2016

7 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation in October 2016, the properties' fair values are based on valuations performed by Keen Property, an accredited independent valuer.

Significant unobservable valuation input: 1) Pitt St valuation used $5,900 per square metre; 2) Market St valuation used $4,000 per square metre. A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

8 Other Non-Current Assets

	2016	2015
	$	$
Loan - Related party receivables	**1,300,000**	1,300,000
	1,300,000	1,300,000

9 Trade and Other Payables

	2016	2015
	$	$
CURRENT		
Trade payables		
Trade payables	**950**	106
Related party payables	**921,822**	867,773
Payables to other reporting unit - CEPU Electrical Energy & Services Division	**474,130**	930,154
Total	**1,396,902**	1,798,033
Other payables		
Consideration to employers for payroll deductions	**-**	-
Legal costs	**-**	-
Deferred income	**519,200**	520,974
Current tax payable	**57,256**	21,143
Total	**1,973,358**	2,340,150

	2016	2015
	$	$
NON-CURRENT		
Deposits	**8,184**	-
Total	**8,184**	-

Notes to the Financial Statements
For the Year Ended 31 December 2016

10 Other Non-Current Liabilities

	2016	2015
	$	$
Loan - Related party payables	**1,573,000**	1,573,000
	1,573,000	1,573,000

11 Employee Provisions

	2016	2015
	$	$
CURRENT		
Office holders	-	-
Employees other than office holders	-	-
Total employee provisions	-	-

	2016	2015
	$	$
NON-CURRENT		
Office holders	-	-
Employees other than office holders	-	-
Total employee provisions	-	-

Notes to the Financial Statements

For the Year Ended 31 December 2016

12 Equity

	2016 $	2015 $
Asset revaluation reserve		
Balance at start of year	**2,591,713**	2,818,554
Transfer to reserve - valuation increase	**2,000,000**	525,000
Transfer from reserve - correction	**-**	(751,841)
Balance at end of year	**4,591,713**	2,591,713
General funds		
Balance at start of year	**8,990,839**	9,030,293
Profit (loss) for year	**37,145**	(791,295)
Transfer to reserve - correction	**-**	751,841
Balance at end of year	**9,027,984**	8,990,839
Other specific disclosures - Funds		
Distress & mortality supplementary fund	**116,881**	116,881
Sustenance assistance fund	**402,660**	387,163
General fund	**8,508,443**	8,486,795
Total	**9,027,984**	8,990,839

Notes to the Financial Statements

For the Year Ended 31 December 2016

13 Cash Flow Information

(a) Cash Flow Reconciliation

	2016 $	2015 $
Cash and cash equivalents as per:		
Statement of Financial Position	**8,834,844**	9,078,707
Statement of Cash Flows	**(8,834,844)**	(9,078,707)
Difference	-	-

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016 $	2015 $
Profit for the year	**37,145**	(791,295)
Non-cash flows in profit:		
- depreciation	**34**	43
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(209,957)**	(358,305)
- increase/(decrease) in trade and other payables	**(412,656)**	682,696
Cashflows from operations	**(585,434)**	(466,861)

(c) Cash Flow Information

	2016 $	2015 $
Cash inflows		
CEPU Electrical Energy & Services Division	-	-
Total cash inflows	-	-
Cash outflows		
CEPU Electrical Energy & Services Division - paid directly	**1,355,281**	593,261
CEPU Electrical Energy & Services Division - paid through ETU of Aust - NSW Branch	-	113,445
Total cash outflows	**1,355,281**	706,706

Notes to the Financial Statements

For the Year Ended 31 December 2016

14 Contingent liabilities, assets & commitments

Operating lease commitments - as lessor

	2016	2015
	$	$
Within one year	**541,037**	-
After one year but not more than five years	**936,137**	-
More than five years	**-**	-
Total	**1,477,174**	-

The amounts above are exclusive of GST. The lease term is for three year with two further options for a further three years each (nine years in total). The lease term commenced on 1st Sept 2016 and expires on 31st Aug 2019. The rent will increase by 3% each year on the anniversary of the lease commencement. The lease agreement included a rent free period which expired on 31st Dec 2016.

15 Related Parties

Transactions with related parties

The financial affairs of the C.E.P.U. Electrical Division NSW (the Branch) are administered under a service agreement with the Electrical Trades Union of Australia NSW Branch (the T&I). Refer to note:- Note 18 Administration of financial affairs by a third party.

The following transactions occurred with the related party Electrical Trades Union of Aust NSW Branch

	2016	2015
	$	$
Interest received	**149,500**	149,500
Interest expense	**180,895**	180,895
Service agreement expense	**5,548,907**	6,843,987
Accounts receivable	**-**	287,522
Related party payables	**921,822**	867,773
Loan - Related party receivables	**1,300,000**	1,300,000
Loan - Related party payables	**1,573,000**	1,573,000

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. For the year ended 31st December 2016, the C.E.P.U. Electrical Division NSW has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2015: $Nil). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

16 Auditors' Remuneration

	2016 $	2015 $
- Financial statement audit services	**21,000**	21,000
- other services	**-**	-
Total	**21,000**	21,000

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

17 Financial Instruments

The reporting unit's financial instruments comprise cash and cash equivalents, amounts receivable from trade and other debtors and amounts payable to trade and other creditors.

The main risks arising from the reporting unit's financial instruments are liquidity risk, credit risk and market price risk. The reporting unit does not use derivative instruments to manage risks associated with its financial instruments.

The committee of management has overall responsibility for risk management, including risks associated with financial instruments.

This note presents information about the reporting unit's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The following are the categories of financial instruments:

	2016 $	2015 $
Financial Assets		
Fair value through profit or loss		
Cash on hand	**100**	100
Cash at bank	**1,149,524**	622,636
	1,149,624	622,736
Held to maturity		
Short-term deposits	**7,685,220**	8,455,971
	7,685,220	8,455,971
Available for sale assets		
Available for sale assets	**-**	-
	-	-
Loans & receivables		
Trade and other receivables	**589,258**	666,825
Related party receivables	**1,300,000**	1,300,000
	1,889,258	1,966,825

Notes to the Financial Statements

For the Year Ended 31 December 2016

17 Financial Instruments

	2016	2015
	$	$
Carrying amount of financial assets	**10,724,102**	11,045,532

	2016	2015
	$	$
Financial liabilities		
Fair value through profit or loss		
Trade and other payables	**1,973,358**	2,340,150
	1,973,358	2,340,150
Other financial liabilities		
Trade and other payables	**8,184**	-
Related party payables	**1,573,000**	1,573,000
	1,581,184	1,573,000
Carrying amount of financial liabilities	**3,554,542**	3,913,150

	2016	2015
	$	$
Net income & expenses from financial assets		
Held to maturity		
Interest revenue	**237,954**	329,608
	237,954	329,608
Loans & receivables		
Interest revenue	**149,500**	149,500
Impairment	**(672,820)**	(1,033,753)
	(523,320)	(884,253)
Net gain(loss) from financial assets	**(285,366)**	(554,645)

The net income/expense from financial assets not at fair value from profit and loss in $0 (2015: $Nil)

	2016	2015
	$	$
Net income & expenses from financial liabilities		
At amortised cost		
Interest expense	**(180,895)**	(180,895)
Net gain(loss) from financial liabilities	**(180,895)**	(180,895)

Notes to the Financial Statements
For the Year Ended 31 December 2016

17 Financial Instruments

The net income/expense from financial liabilities not at fair value from profit and loss in $0 (2015: $Nil)

Liquidity risk

Liquidity risk arises from reporting unit's management of working capital. It is the risk that reporting unit will encounter difficulty in meeting its financial obligations as they fall due.

The reporting unit manages liquidity risk by monitoring cash inflows versus cash outflows and preparing a budget to ensure that adequate liquid funds will be available to meet normal operating expenses for the year.

At the reporting date, these reports indicate that the reporting unit expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Contractual maturities for financial liabilities 2016:

	On Demand $	< 1 year $	1-2 years $	2-5 years $	> 5 years $	Total $
Trade & other payables	-	520,150	-	8,184	-	528,334
CEPU Electrical Division	-	474,130	-	-	-	474,130
GST payable	-	57,256	-	-	-	57,256
ETU of Aust NSW	1,573,000	921,822	-	-	-	2,494,822
	1,573,000	1,973,358	-	8,184	-	3,554,542

Contractual maturities for financial liabilities 2015:

	On Demand $	< 1 year $	1-2 years $	2-5 years $	> 5 years $	Total $
Trade & other payables	-	942,449	-	-	-	942,449
CEPU Electrical Division	-	508,785	-	-	-	508,785
GST payable	-	21,143	-	-	-	21,143

17 Financial Instruments

Liquidity risk

	On Demand $	< 1 year $	1-2 years $	2-5 years $	> 5 years $	Total $
ETU of Aust NSW	1,573,000	867,773	-	-	-	2,440,773
Total	1,573,000	2,340,150	-	-	-	3,913,150

Credit risk

Credit risk is the risk of financial loss to the reporting unit if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The reporting unit is exposed to two sources of credit risk: amounts receivable in respect of trade and other debtors, and counterparty risk in respect of funds deposited with banks and other financial institutions.

The majority of amounts receivable from trade and other debtors are from members who are unfinancial at year-end. These fees have been impaired to the Committee's best estimate. Where management has determined a specific risk of default in accounts receivable, a provision for doubtful debts has been created / increased. Where debts previously provided for have been collected, a provision for doubtful debts has been removed / decreased.

Funds are deposited only with those banks and financial institutions approved by the Board. Such approval is only given in respect of banks that hold investment grade ratings from a reputable ratings agency.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due or impaired $	Past due or impaired $
2016		
Cash & cash equivalents	**8,834,844**	**-**
Trade receivables	**589,258**	**1,964,598**
ETU of Aust NSW Branch	**1,300,000**	**-**
Total	**10,724,102**	**1,964,598**
2015		
Cash & cash equivalents	9,078,707	-
Trade receivables	379,303	1,119,058
ETU of Aust NSW Branch	1,587,522	-
Total	11,045,532	1,119,058

No financial assets were past due and not impaired.

Market risk

The C.E.P.U. Electrical Division NSW is exposed to interest rate risk, but not to price risk or currency risk.

Notes to the Financial Statements

For the Year Ended 31 December 2016

17 Financial Instruments

Market risk

(i) Interest rate risk

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

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2015: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2016		2015	
	+1.00%	-1.00%	+1.00%	-1.00%
	$	$	$	$
Net results	83,938	(83,938)	84,560	(84,560)
Equity	-	-	-	-

18 Fair Value Measurement

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

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 31st December 2016 was assessed to be insignificant.
- Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group 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 31st December 2016 the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The following table contains the carrying amounts and related fair values for the C.E.P.U. Electrical Division NSW financial assets and liabilities:

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Fair Value Measurement

	Carrying amount		Fair value	
	2016	2015	2016	2015
	$	$	$	$
Financial assets				
Cash & cash equivalents	**8,834,844**	9,078,707	**8,834,844**	9,078,707
Loans & receivables	**3,853,856**	3,085,883	**1,889,258**	1,966,825
Total	**12,688,700**	12,164,590	**10,724,102**	11,045,532
Financial liabilities				
Loans & payables	**3,554,542**	(3,913,150)	**3,554,542**	(3,913,150)
Total	**3,554,542**	(3,913,150)	**3,554,542**	(3,913,150)

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the reporting unit.

	Level 1	Level 2	Level 3	Total
31 December 2016	$	$	$	$
Recurring fair value measurements				
Property, plant and equipment				
Sydney NSW CBD - valued 11/10/2016	-	**5,800,000**	-	**5,800,000**
Wollongong NSW CBD - valued 31/10/2016	-	**650,000**	-	**650,000**
	-	**6,450,000**	-	**6,450,000**

There have been no transfers between levels during the year.

	Level 1	Level 2	Level 3	Total
31 December 2015	$	$	$	$
Recurring fair value measurements				
Property, plant and equipment				
Sydney NSW CBD - valued 5/12/2014	-	3,900,000	-	3,900,000
Wollongong NSW CBD -- valued 30/1/2015	-	550,000	-	550,000
	-	4,450,000	-	4,450,000

18 Fair Value Measurement

Fair value hierarchy

There have been no transfers between levels during the year.

19 Administration of financial affairs by a third party

The terms and conditions of the arrangement are that all administrative and operational costs incurred in the day to day running of the Branch and the T&I including affiliation fees to other organisations or associations having objects similar to the T&I, other than sustentation fees to be paid by the Branch to the C.E.P.U Electrical Energy and Services Division (the CEPU) pursuant to the Rules of the CEPU, will be met by the T&I from its own funds and thereafter reimbursed by the Branch to the T&I from the funds of the Branch.

At the end of each financial year any surplus which may exist between those entrance fees or subscriptions collected from joint members and the said administrative and operational costs will be divided equally between the Branch and the T&I and any deficit will be met equally by the Branch and the T&I.

20 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).