



2 August 2018

Mr Allen Hicks  
National Secretary  
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied  
Services Union of Australia

By e-mail: [admin@etuaustralia.org.au](mailto:admin@etuaustralia.org.au)

Dear Mr Hicks

**Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied  
Services Union of Australia**  
**Financial Report for the year ended 31 March 2017 - FR2017/26**

The 31 March 2017 financial report for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU) has now been filed. You are not required to take any further action in respect of the report lodged.

Whilst the 2017 report has been filed the following timescale requirements should be addressed in the preparation of future financial reports.

Reports must be presented to Committee of Management within 6 months after end of financial year

Section 266(3) of the RO Act allows for the full report to be presented to a meeting of the Committee of Management when the rules of the organisation provide for this. The timing of this meeting must be in accordance with section 266(1), that is, within 6 months after the end of the financial year.

Under section 266(1) the CEPU financial report was required to be presented to the Committee of Management by 30 September 2017. The CEPU Designated Officer's Certificate states that the financial report was presented to this meeting on 6 April 2018 which is 6 months and 6 days after the required date.

Please note that section 266(1) carries a civil penalty provision.

Reports must be provided to members within 5 months of end of financial year where report is presented before Committee of Management meeting

Section 265(5)(b) of the RO Act requires that where the report is presented to a Committee of Management meeting, that the report must be provided to members within 5 months of the end of the financial year.

Under section 265(5)(b) the CEPU financial report was required to be provided to members by 31 August 2017. The CEPU Designated Officer's Certificate states that the financial report was provided to members on 28 March 2018 which is 6 months and 28 days after the required date.

Please note that section 265(5)(b) carries a civil penalty provision.

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](mailto:ken.morgan@roc.gov.au)

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Morgan', written in a cursive style.

**KEN MORGAN**  
Financial Reporting Advisor  
Registered Organisations Commission

**Communications, Electrical, Electronic, Energy Information Postal Plumbing and Allied  
Services Union of Australia, (CEPU)**

**Section 268 Fair Work (Registered Organisations) Act 2009 (RO Act)**

**CERTIFICATE PRESCRIBED DESIGNATED OFFICER**

I, Allen Hicks, being the National Secretary of the Communications, Electrical, Electronic, Energy Information Postal Plumbing and Allied Services Union of Australia, (CEPU) declare:

- that the documents lodged herewith are copies of the full report referred to in s.268 of the RO Act for the Communications, Electrical, Electronic, Energy Information Postal Plumbing and Allied Services Union of Australia, (CEPU) National Council for the period ended 31 March 2017; and
- the full report was provided to members of the reporting unit on the 28 March 2018 in accordance with s.265 of the RO Act; and
- the full report was presented to the committee of management of the reporting unit on the date of 6 April 2018 in accordance with s.266 of the RO Act.

Signed:



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Name: Mr Allen Hicks  
Date: 12 April 2018  
Office Held: National Secretary, CEPU

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**ABN 78 117 032 302**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**COMMITTEE OF MANAGEMENT'S OPERATING REPORT**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Operating Report**

The Committee of Management presents its report on the operations of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council (the Union) for the financial year ended 31 March 2017

**Principal Activities**

The principal operating activities of the Union include

- 1 *Implementation of the decisions of the National Executive and National Council*
- 2 *Implementation of the union's organising agenda, including direct assistance and strategic advice on particular sector or site organising projects, the training and development of officials and assistance to Divisions and branches on planning and resourcing campaigns*
- 3 *Industrial support including representation of industry grievances, advice on legal and legislative matters, pursuing relevant changes to the conditions of eligibility rules of the union, and responding to other unions' rules applications where they impact on membership of the CEPU*
- 4 *The administration of federal industrial relations system, industrial returns, advising peak Councils on major test cases (such as living wage) and making submissions to Government and industry on behalf of the CEPU*
- 5 *National media and communications to members via Divisions and to the broader community via media releases in support of campaigns, video and film development, and targeted publications*
- 6 *National bargaining in key multi Divisional national industries, and assistance to Divisions on legal and industrial relations matters by request*

The national office has consulted with the ACTU on the development of claims on behalf of all Australian workers and their families. Where appropriate, the national office has assisted branches in the implementation of relevant decisions via the variation of awards.

The national office has also been involved in lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to CEPU members.

**Operating Result**

The deficit for the financial year amounted to \$24,650 (2016 surplus - \$36,057). No provision for tax was necessary as the Union is considered exempt.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Significant Changes in Financial Affairs**

On 6 March 2017, the Fair Work Commission approved the rule change allowing for the financial year to end on 31 December. As a result, this is the final financial report that will have a reporting date of 31 March. The preceding financial report will therefore be for a 9 month period for the period 1 April 2017 to 31 December 2017.

Apart from the above matter, there were no other significant changes to the financial affairs of the Union during the year.

**After Balance Date Events**

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

**Future Developments**

Likely developments in the operations of the Union or the expected result of those operations in future financial years have not been included in this report as such information is likely to result in unreasonable prejudice to the Union.

**Environmental Issues**

The Union's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Members Right to Resign**

The right of members to resign from the Union is set out in the Rules of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council. Each member must provide written notice addressed and delivered to the secretary of the relevant Divisional Branch.

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**COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Officer or Members who are superannuation Fund Trustees/ Directors of a Company that is a Superannuation fund Trustee**

Those who hold a position of trustee or director of an entity, scheme or company as described in s 254 (2) (d) of the *Fair Work (Registered Organisations) Act 2009*, where a criterion of such entity is that the holder of such position must be a member or official of a registered organisation are as follows

<b>Name</b>	<b>Position</b>	<b>Superannuation Fund</b>
<b>Communications Division</b>		
Greg Rayner	Divisional Secretary	Australia Post Superannuation Scheme
Shane Murphy	Secretary NSW P&T Branch	Telstra Superannuation Scheme
<b>Electrical Division</b>		
Allen Hicks	Divisional Secretary	CBUS Construction & Building Industry Superannuation Scheme (Alternate Director)
Steve Butler	Member, NSW Branch	EISS - Energy Industries Superannuation Scheme
John Adley	Secretary, SA Branch	Electricity Industry Superannuation Scheme
<b>Plumbing Division</b>		
Earl Setches	Divisional Secretary	CBUS Construction & Building Industry Superannuation Scheme



**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
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**COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Number of Employees**

The number of persons who were, at the end of the period to which the report relates, employees of the consolidated group, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis is 0 8 (March 2016 Nil)

**Wages Recovery Activity**

The Union has not undertaken any recovery of wages activity for the financial years ended 31 March 2017

**Number of Members**

Total number of members at 31 March 2017 103,573

**Members of the Committee of Management**

The name of each person who has been a member of the Committee of Management of the Union at any time during the reporting period, and the period for which he or she held such as position is as follows

<b>Name</b>	<b>Position</b>	<b>Period of Office</b>
Allen Hicks	National Secretary	1/04/2016 to 31/03/2017
Greg Rayner	National President	1/04/2016 to 31/03/2017
Earl Setches	Assistant National Secretary	1/04/2016 to 31/03/2017
Shane Murphy	National Vice President	1/04/2016 to 31/03/2017
<b>ELECTRICAL DIVISION</b>		
Peter Simpson	National Councillor/ QLD Branch Secretary	1/04/2016 to 31/03/2017
Steve Butler	National Councillor/ NSW Branch Secretary	1/04/2016 to 28/02/2017
Dave McKinley	National Councillor/ NSW Branch Secretary	28/02/2017 to 31/03/2017
Troy Gray	National Councillor/ VIC Branch Secretary	1/04/2016 to 31/03/2017
Trevor Gauld	National Councillor/ TAS Branch Secretary	1/04/2016 to 31/03/2017
Jim MacFadyen	National Councillor/ NSW Branch President	1/04/2016 to 31/03/2017
John Adley	National Councillor/ SA Branch Secretary	1/04/2016 to 31/03/2017
Les McLaughlan	National Councillor/ WA Branch Secretary	1/04/2016 to 31/03/2017
Gary Carruthers	National Councillor/ VIC Branch President	1/04/2016 to 31/03/2017
<b>PLUMBING DIVISION</b>		
Patrick McCrudden	National Councillor/ VIC Branch Assistant Secretary	1/04/2016 to 31/03/2017
David Broadley	National Councillor/ NSW Branch Secretary	1/04/2016 to 31/03/2017
Gary O'Halloran	National Councillor/ QLD Branch Secretary	1/04/2016 to 31/03/2017
Michael Wiech	National Councillor/ QLD Branch Assistant Secretary	1/04/2016 to 31/03/2017
Theo Samartzopoulos	National Councillor/ NSW Branch Assistant Secretary	1/04/2016 to 31/03/2017
Glenn Menzies	National Councillor/ VIC Branch	1/04/2016 to 31/03/2017
Brian Bintley	National Councillor/WA Branch Secretary	1/04/2016 to 31/03/2017

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
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**COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Members of the Committee of Management (Continued)**

<b>Name</b>	<b>Position</b>	<b>Period of Office</b>
<b>COMMUNICATIONS DIVISION</b>		
Nicole Robinson	National Councillor/ Assistant Divisional Secretary	1/04/2016 to 31/03/2017
John O'Donnell	National Councillor/ Assistant Divisional Secretary	1/04/2016 to 31/03/2017
Lisa Bahls	National Councillor Divisional VP Affirmative Action	1/04/2016 to 23/01/2017
Elly Huttly	National Councillor Divisional VP Affirmative Action	15/02/2017 to 31/03/2017
Jim Metcher	National Councillor/ NSW P&T Branch Secretary	1/04/2016 to 07/03/2017
Peter Chaloner	National Councillor/ Assistant Secretary NSW P&T Branch	07/03/2017 to 31/03/2017
Joan Doyle	National Councillor VIC P&T Branch	1/04/2016 to 31/03/2017
Shane Murphy	National Councillor NSW P&T Branch	1/04/2016 to 22/03/2017
Peter O'Connell	National Councillor NSW P&T Branch	22/03/2017 to 31/03/2017
Alex Jansen	National Councillor/ NSW T&S Branch Secretary	1/04/2016 to 31/03/2017
James Perkins	National Councillor NSW T&S Branch	1/04/2016 to 31/03/2017
Val Butler	National Councillor VIC P&T Branch	1/04/2016 to 31/03/2017
Maureen Parker	National Councillor VIC P&T Branch	1/04/2016 to 31/03/2017
John Ellery	National Councillor/ Secretary VIC T&S Branch	1/04/2016 to 31/03/2017
Phil Hughes	National Councillor/ Secretary QLD Branch	1/04/2016 to 15/02/2017
Cameron Bird	National Councillor/ Secretary QLD Branch	15/02/2017 to 31/03/2017
Brian Kershaw	National Councillor/ Vice President QLD Branch	1/04/2016 to 31/03/2017
Barry McVee	National Councillor/ WA Branch Secretary	1/04/2016 to 31/03/2017
Norman (John) Tredrea	National Councillor WA Branch	1/04/2016 to 31/03/2017
Nick Townsend	National Councillor/ SA Branch Secretary	1/04/2016 to 31/03/2017
Peter Miller	National Councillor/ President TAS Branch	1/04/2016 to 11/08/2016
Greg Colbeck	National Councillor TAS Branch	1/04/2016 to 11/08/2016

**Indemnifying Officers or Auditors**

The Union has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings, or
- paid or agreed to pay a premium in respect of a contract insuring against liability for the costs or expenses to defend legal proceedings

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**COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration is set out on page 9

This report is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by



Allen Hicks  
National Secretary

16 March 2018

Sydney


**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE COMMITTEE OF MANAGEMENT OF THE**

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

As lead auditor for the audit of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council for the year ended 31 March 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit

*M.G.J*

**MGI Audit Pty Ltd**



**G I Kent**

Director – Audit & Assurance

Brisbane

16 March 2018

Registration number (as registered by the RO Commissioner under the RO Act) AA2017/2

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**COMMITTEE OF MANAGEMENT STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2017**

On 16 March 2018, the Committee of Management of the Union passed the following resolution to the General Purpose Financial statements (GPFR) of the reporting unit for the financial year ended 31 March 2017

The Committee of Management declares in relation to the GPFR that in its opinion

- (a) the financial statements and notes comply with the Australian Accounting Standards,
- (b) the financial statements and notes comply with the reporting guidelines of the Commissioner,
- (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 and
  - ii the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation,
  - iii the financial records of the reporting unit have been kept and maintained in accordance with the *RO Act*;
  - 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 to each of the other reporting units of the organisation,
  - v where information has been sought in any request of a member of the reporting unit or the Commissioner duly made under section 272 of the *RO Act*, that information has been provided to the member or the Commissioner, and
  - vi there have been no orders for inspection of financial records made by the Fair Work Commission under section 273 of the *RO Act* during the year
- (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

**Name of Designated Officer:** Allen Hicks

**Title of Designated Officer:** National Secretary

**Signature:**



**Date:** 16 March 2018

**Independent Audit Report to the Members of the Communications,  
Electrical, Energy, Information, Postal, Plumbing and Allied Services  
Union of Australia – National Council**

**Report on the Audit of the Financial Report**

e info@mgisq.com.au  
w www.mgisq.com.au

**Opinion**

We have audited the financial report of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council (the Union), which comprises the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes to the financial statements, including a summary of significant accounting policies, and the Committee of Management Statement

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council as at 31 March 2017, 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 Union 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 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 my 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.

## **Responsibilities of Committee of Management for the Financial Report**

The Committee of Management of the Union 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 Union'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 Union 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 my 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union'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 Union'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 Union to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Union to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Union's 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

**Declaration**

I declare that I am an approved auditor, a member of Chartered Accountants Australia and New Zealand and hold a current Public Practice Certificate

**Opinion on the recovery of wages activity financial report**

The scope of my work extended to the recovery of wages activity and we have audited the recovery of wages activity financial report for the year ended 31 March 2017

In our opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the Commissioner, including

- a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity, and
- b) any donations or other contributions deducted from recovered money

**Responsibilities**

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the Commission. Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards

*M.G.F*

**MGI Audit Pty Ltd**



**G I Kent**

Director – Audit & Assurance

Brisbane

16 March 2018

Registration number (as registered by the RO Commissioner under the RO Act) AA2017/2



**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 \$	2016 \$
<b>Revenue</b>			
Membership subscription		-	-
Capitation fees	3A	680,622	558,477
Levies	3B	166,212	97,327
Interest	3C	478	9
Grants or donations	3D	-	-
Other revenue	3E	-	-
<b>Total revenue</b>		<b>847,312</b>	<b>655,813</b>
<b>Expenses</b>			
Employee expenses	4A	(67,908)	-
Capitation fees	4B	-	-
Affiliation fees	4C	(537,892)	(562,168)
Administration expenses	4D	(1,425)	(614)
Grants or donations	4E	-	-
Legal costs	4F	(168,423)	(32,359)
Audit and accounting fees	11	(49,905)	(4,070)
Other expenses	4G	(46,409)	(20,545)
<b>Total expenses</b>		<b>(871,962)</b>	<b>(619,756)</b>
<b>(Deficit)/ surplus for the year</b>		<b>(24,650)</b>	<b>36,057</b>
<b>Other comprehensive income</b>			
Revaluation of land and buildings (net of income tax)		-	-
<b>Total comprehensive income for the year</b>		<b>(24,650)</b>	<b>36,057</b>

The above statement should be read in conjunction with the notes

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5A	577,538	60,213
Trade and other receivables	5B	173,690	172,782
Other current assets		1,081	855
<b>Total current assets</b>		<b>752,309</b>	<b>233,850</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>752,309</b>	<b>233,850</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade payables	6A	313,999	180,906
Other payables	6B	168,076	-
Employee provisions	7A	241,940	-
<b>Total current liabilities</b>		<b>724,015</b>	
<b>Non-Current Liabilities</b>			
Employee provisions	7A	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>724,015</b>	<b>180,906</b>
<b>Net assets</b>		<b>28,294</b>	<b>52,944</b>
<b>EQUITY</b>			
Retained earnings		28,294	52,944
<b>Total equity</b>		<b>28,294</b>	<b>52,944</b>

The above statement should be read in conjunction with the notes

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Retained earnings \$	Total equity \$
<b>Balance as at 1 April 2015</b>		16,887	16,887
Surplus for the year		36,057	36,057
Other comprehensive income		-	-
<b>Closing balance as at 31 March 2016</b>		<b>52,944</b>	<b>52,944</b>
Deficit for the year		<b>(24,650)</b>	<b>(24,650)</b>
Other comprehensive income		-	-
<b>Closing balance as at 31 March 2017</b>		<b>28,294</b>	<b>28,294</b>

The above statement should be read in conjunction with the notes

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,  
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 \$	2016 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Receipts from other reporting units	8B	1,265,036	634,035
Receipts from members and other customers		-	-
Interest		478	9
		<u>1,265,514</u>	<u>634,044</u>
<b>Cash used</b>			
Employees and suppliers		(698,398)	(620,070)
Payment to other reporting units	8B	(49,791)	(22,600)
		<u>(748,189)</u>	<u>(642,670)</u>
<b>Net cash provided by operating activities</b>		<u>517,325</u>	<u>(8,626)</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		-	-
<b>Net cash used in investing activities</b>		<u>-</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>			
		<u>-</u>	<u>-</u>
<b>Net increase in cash held</b>		<u>517,325</u>	<u>(8,626)</u>
Cash & cash equivalents at the beginning of the reporting period		60,213	68,839
<b>Cash &amp; cash equivalents at the end of the reporting period</b>	8A	<u>577,538</u>	<u>60,213</u>

The above statement should be read in conjunction with the notes

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**RECOVERY OF WAGES ACTIVITY  
FOR THE YEAR ENDED 31 March 2017**

	2017	2016
	\$	\$
<b>Cash assets in respect of recovered money at beginning of year</b>	-	-
<b>Receipts</b>		
Amounts recovered from employers in respect of wages etc	-	-
Interest received on recovered money	-	-
<b>Total receipts</b>	-	-
<b>Payments</b>		
Deductions of amounts due in respect of membership for		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds of		
The reporting unit		
<i>name of account</i>	-	-
<i>name of fund</i>	-	-
Name of other reporting unit of the organisation		
<i>name of account</i>	-	-
<i>name of fund</i>	-	-
Name of other entity		
<i>name of account</i>	-	-
<i>name of fund</i>	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
<b>Total payments</b>	-	-
<b>Cash assets in respect of recovered money at end of year</b>	-	-
Number of workers to which the monies recovered relates	-	-
<b>Aggregate payables to workers attributable to recovered monies but not yet distributed</b>		
Payable balance	-	-
Number of workers the payable relates to	-	-
<b>Fund or account operated for recovery of wages</b>	-	-

The above statement should be read in conjunction with the notes

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**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 Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council 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 Significant accounting judgements and estimates**

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

Key Estimates

*Impairment – general*

The Union assesses impairment at each reporting period by evaluation of conditions and events specific to the Union that may be indicative of impairment triggers. Recoverable amounts of relevant assets are assessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of the current year.

*Provision for impairment of receivables*

The value of the provision for impairment of receivables is estimated by considering the ageing of receivables, communication with the debtors and prior history.

*On-cost for employee entitlement provision*

The Union revised its estimate for on-costs for employee provision during the year to include superannuation, workers compensation and payroll tax.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**Note 1 Summary of significant accounting policies (Continued)**

**1.4 New Australian Accounting Standards**

***Adoption of New Australian Accounting Standard requirements***

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

***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 Union include

- AASB 9 Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting

The key changes that may affect the Union on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of this Standard, the application of such accounting would be largely prospective

The Committee of Management does not believe the effects of AASB 9 will significant affect the Union

- AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15)



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

**1.4 New Australian Accounting Standards (Continued)**

***Future Australian Accounting Standards Requirements (continued)***

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Committee of Management does not believe the effects of AASB 15 will significantly affect the Union.

- AASB 16 Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117 Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets),
- depreciation of right-to-use assets in line with AASB 116 Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components,
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date,
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease, and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the Committee of Management anticipates that the adoption of AASB 16 will impact the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

**1.5 Revenue**

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

Capitation revenue from Divisions/ Divisional Branches is recognised on an accrual basis and is recorded as revenue in the year in which it relates

Levy income from Divisions/ Divisional Branches is recognised on an accrual basis and is recorded as revenue in the year in 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 entity 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 entity

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

**1.6 Gains**

***Sale of assets***

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

**1.7 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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

**1.8 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. The 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.

**1.9 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.

**1.10 Cash**

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

**1.11 Financial instruments**

Financial assets and financial liabilities are recognised when the Union 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.

**1.12 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.

***Fair value through profit or loss***

Financial assets are classified as 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

- 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 re-measurement 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

***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***

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. The reporting unit also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and 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.

***Loan 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

***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 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

***Derecognition of financial assets***

The Union 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.

**1.13 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, 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 liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement 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.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 1 Summary of significant accounting policies (Continued)**

***Derecognition of financial liabilities***

The Union 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.

**1.14 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.

**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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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**Note 1 Summary of significant accounting policies (Continued)**

**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 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 15

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

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**Note 1 Summary of significant accounting policies (Continued)**

**1.17 Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between 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

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

**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 Union has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis

**1.19 Government Grants**

Government grants are not recognised until there is reasonable assurance that the Union will comply with the conditions attaching to them and that the grants will be received

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Union recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Union should purchase, construct otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Union with no future related costs are recognised in profit or loss in the period in which they become receivable

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**Note 2 Events after the reporting period**

There were no events that occurred after 31 March 2017, and /or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the Union

	2017	2016
	\$	\$

**Note 3 Income**

**Note 3A: Capitation fees**

CEPU – Electrical Division	414,069	341,375
CEPU – Communications Division	169,421	142,620
CEPU – Plumbing Division	97,132	74,482
<b>Total capitation fees</b>	<b>680,622</b>	<b>558,477</b>

**Note 3B: Levies**

CEPU – Electrical Division	28,961	-
CEPU - NSW Electrical Branch/ ETU – NSW	20,117	16,605
CEPU - NSW Communications P&T Branch	13,888	8,216
CEPU - NSW Plumbing Branch	4,156	1,734
CEPU - NSW Communications T&S Branch	1,837	1,236
CEPU - QLD Communications Branch	6,198	3,936
CEPU - QLD Electrical Branch	17,181	13,393
CEPU - QLD Plumbing Branch	4,741	3,083
CEPU - SA Communications Branch	2,860	1,945
CEPU - SA Electrical Branch	4,200	3,567
CEPU - TAS Communications Branch	498	512
CEPU - TAS Electrical Branch	1,996	1,514
CEPU - VIC Electrical Branch	22,522	17,864
CEPU - VIC Communications P&T Branch	7,582	4,521
CEPU - VIC Plumbing Branch	13,137	7,278
CEPU - VIC Communications T&S Branch	3,144	2,187
CEPU - WA Communications Branch	3,032	1,821
CEPU - WA Electrical Branch	9,363	7,268
CEPU - WA Plumbing Branch	799	647
<b>Total levies</b>	<b>166,212</b>	<b>97,327</b>

**Note 3C: Interest**

Deposits	478	9
<b>Total interest</b>	<b>478</b>	<b>9</b>

**Note 3D: Grants or donations**

Grants	-	-
Donations	-	-
<b>Total grants or donations</b>	<b>-</b>	<b>-</b>

**Note 3E: Other revenue**

Financial Support from another reporting unit	-	-
<b>Total other revenue</b>	<b>-</b>	<b>-</b>

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	2017	2016
	\$	\$
<b>Note 4 Expenses</b>		
<b>Note 4A: Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries	-	-
Superannuation	-	-
Leave and other entitlements	-	-
Separation and redundancies	-	-
Other employee expenses	-	-
<b>Subtotal employee expenses holders of office</b>	-	-
<b>Employees other than office holders:</b>		
Wages and salaries	26,554	-
Superannuation	5,177	-
Leave and other entitlements	35,069	-
Separation and redundancies	-	-
Other employee expenses	1,108	-
<b>Subtotal employee expenses employees other than office holders</b>	67,908	-
<b>Total employee expenses</b>	67,908	-
<b>Note 4B: Capitation fees</b>	-	-
<b>Total capitation fees</b>	-	-
<b>Note 4C: Affiliation fees</b>		
Australian Council of Trade Unions (ACTU)	516,965	558,477
Union Aid Abroad - APHEDA	-	3,691
Public Services International	6,360	-
Building and Woodworkers' International	14,567	-
<b>Total affiliation fees</b>	537,892	562,168
<b>Note 4D: Administration expenses</b>		
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/ allowances – meeting and conferences	-	-
Conference and meeting expenses	1,425	614
<b>Total administration expense</b>	1,425	614

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	2017	2016
	\$	\$
<b>Note 4E: Grants or donations</b>		
Grants		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations	-	-
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
<b>Total grants or donations</b>	<u>-</u>	<u>-</u>
<b>Note 4F: Legal costs</b>		
Litigation	168,423	32,359
Other legal matters	-	-
<b>Total legal costs</b>	<u>168,423</u>	<u>32,359</u>
<b>Note 4G: Other expenses</b>		
Penalties - via RO Act or RO Regulations	-	-
CHAFTA campaign contribution	22,500	-
Secretarial services	23,909	20,545
Other operating expenses	-	-
<b>Total other expenses</b>	<u>46,409</u>	<u>20,545</u>

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<b>Note 5</b>	<b>Current Assets</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
	<b>Note 5A: Cash and Cash Equivalents</b>		
	Cash at bank	577,538	60,213
	Cash on hand	-	-
	<b>Total cash and cash equivalents</b>	<b>577,538</b>	<b>60,213</b>
	<b>Note 5B: Trade and Other Receivables</b>		
	<b>Receivables from other reporting units</b>		
	CEPU Communications Division	40,884	86,570
	CEPU – Electrical Division	-	86,212
	CEPU – Plumbing Division	16,271	-
	CEPU - NSW Communications P&T Branch	25,136	-
	CEPU - NSW Plumbing Branch	9,265	-
	CEPU - NSW Communications T&S Branch	3,095	-
	CEPU - QLD Plumbing Branch	8,504	-
	CEPU - SA Communications Branch	4,879	-
	CEPU - SA Electrical Branch	3,965	-
	CEPU - TAS Electrical Branch	2,226	-
	CEPU - VIC Communications P&T Branch	13,635	-
	CEPU - VIC Communications T&S Branch	5,319	-
	CEPU - WA Communications Branch	5,479	-
	CEPU - WA Plumbing Branch	1,700	-
		<b>140,358</b>	<b>172,782</b>
	Less provision for doubtful debts (reporting units)	-	-
	<b>Receivable from other reporting units (net)</b>	<b>140,358</b>	<b>172,782</b>
	<b>Other Receivables</b>		
	Accrued Income – Levies CEPU - Electrical Division	28,961	-
	Accrued Income – Levies CEPU - VIC Electrical Branch	4,371	-
	<b>Total trade and other receivables (net)</b>	<b>173,690</b>	<b>172,782</b>

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	2017	2016
	\$	\$
<b>Note 6 Current Liabilities</b>		
<b>Note 6A: Trade payables</b>		
Trade creditors and accruals	212,233	180,906
<b>Subtotal trade creditors</b>	<u>212,233</u>	<u>180,906</u>
<b>Payables to other reporting units</b>		
CEPU – Communications Division	103,311	-
CEPU –Electrical Division	455	-
<b>Subtotal payables to other reporting units</b>	<u>103,766</u>	<u>-</u>
<b>Total trade payables</b>	<u>315,999</u>	<u>180,906</u>
Settlement is usually made within 30 days		
<b>Note 6B: Other payables</b>		
Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	41,986	-
Other legal matters	-	-
Income Received in Advance - Levies		
CEPU - NSW Electrical Branch/ ETU – NSW	13,315	-
CEPU - NSW Communications P&T Branch	17,138	-
CEPU - NSW Plumbing Branch	6,317	-
CEPU - NSW Communications T&S Branch	2,111	-
CEPU - QLD Communications Branch	7,428	-
CEPU - QLD Electrical Branch	12,360	-
CEPU - QLD Plumbing Branch	5,798	-
CEPU - SA Communications Branch	3,326	-
CEPU - SA Electrical Branch	2,703	-
CEPU - TAS Electrical Branch	1,518	-
CEPU - VIC Communications P&T Branch	9,297	-
CEPU - VIC Plumbing Branch	20,905	-
CEPU - VIC Communications T&S Branch	3,627	-
CEPU - WA Communications Branch	3,736	-
CEPU - WA Electrical Branch	5,258	-
CEPU - WA Plumbing Branch	1,159	-
Other	10,094	-
<b>Total other payables</b>	<u>168,076</u>	<u>-</u>
Total other payables are expected to be settled in		
No more than 12 months	168,076	-
More than 12 months	-	-
<b>Total other payables</b>	<u>168,076</u>	<u>-</u>

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	2017	2016
	\$	\$
<b>Note 7      Provisions</b>		
<b>Note 7A: Employee Provisions</b>		
<b>Office Holders:</b>		
Annual leave	-	-
Long service leave	-	-
Retirement allowance	-	-
Separations and redundancies	-	-
Other	-	-
<b><i>Subtotal employee provisions—office holders</i></b>	<b>-</b>	<b>-</b>
<b>Employees other than office holders:</b>		
Annual leave	26,857	-
Long service leave	102,591	-
Retirement allowance	108,628	-
Separations and redundancies	-	-
Other	3,864	-
<b><i>Subtotal employee provisions—employees other than office holders</i></b>	<b>241,940</b>	<b>-</b>
<b>Total employee provisions</b>	<b>241,940</b>	<b>-</b>
Current	241,940	-
Non-Current	-	-
<b><i>Total employee provisions</i></b>	<b>241,940</b>	<b>-</b>



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	2017	2016
	\$	\$
<b>Note 8 Cash Flow</b>		
<b>Note 8A: Cash Flow Reconciliation</b>		
<b>Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:</b>		
<b>Cash and cash equivalents as per:</b>		
Cash flow statement	577,538	60,213
Statement of financial position	577,538	60,213
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of surplus to net cash from operating activities:</b>		
(Deficit)/ surplus for the year	(24,650)	36,057
<b>Adjustments for non-cash items</b>	-	-
<b>Changes in assets/liabilities</b>		
(Increase)/ decrease in net receivables	(908)	(87,349)
(Increase)/ decrease in GST receivable	(226)	2,762
Increase/ (decrease) in trade creditors and other payables	301,169	39,904
Increase/ (decrease) in employee provisions	241,940	-
<b>Net cash (used in)/ provided by operating activities</b>	<u>517,325</u>	<u>(8,626)</u>

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	2017	2016
	\$	\$
<b>Note 8 Cash Flow (Continued)</b>		
<b>Note 8B: Cash flow information</b>		
Cash inflows from other reporting units		
CEPU – Communications Division	232,049	97,223
CEPU – Plumbing Division	90,574	81,930
CEPU – Electrical Division	751,853	345,401
CEPU – NSW Electrical Branch/ ETU – NSW	36,775	18,266
CEPU – NSW Communications P&T Branch	8,993	9,038
CEPU – NSW Plumbing Branch	2,255	1,907
CEPU – NSW Communications T&S Branch	1,247	1,360
CEPU – QLD Communications Branch	14,988	4,330
CEPU – QLD Electrical Branch	32,495	14,732
CEPU – QLD Plumbing Branch	3,089	3,391
CEPU – SA Communications Branch	1,926	2,140
CEPU – SA Electrical Branch	3,629	3,924
CEPU – TAS Communications Branch	548	563
CEPU – TAS Electrical Branch	1,639	1,665
CEPU – VIC Electrical Branch	19,966	19,650
CEPU – VIC Communications P&T Branch	4,931	7,393
CEPU – VIC Plumbing Branch	37,447	8,006
CEPU – VIC Communications T&S Branch	2,129	2,406
CEPU – WA Communications Branch	1,966	2,003
CEPU – WA Electrical Branch	16,083	7,995
CEPU – WA Plumbing Branch	454	712
<b>Total cash inflows</b>	<b>1,265,036</b>	<b>634,035</b>
Cash outflows to other reporting units		
CEPU – Electrical Division	(49,528)	(22,600)
CEPU – Plumbing Division	(263)	-
<b>Total cash outflows</b>	<b>(49,791)</b>	<b>(22,600)</b>

Note Cash flow information to/ from other reporting units disclosed include 10% GST on applicable transactions

**Note 8C: Non-cash transactions**

There have been no non-cash financing or investing activities during the year (2016 Nil)

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**Note 9 Contingent Liabilities, Assets and Commitments**

**Note 9A: Commitments and Contingencies**

**Capital commitments**

At 31 March 2017 the Union did not have any capital commitments (2016 Nil)

**Other contingent assets or liabilities (i.e. legal claims)**

Committee of Management is not aware of any contingent assets or liabilities that are likely to have a material effect on the results of the Union

**Note 10 Related Party Disclosures**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units**

For financial reporting purposes, under the *Fair Work (Registered Organisations) Act 2009*, the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia is divided into the following separate reporting units (and deemed related parties)

Electrical Division

CEPU – Electrical, Energy and Services Division  
CEPU – QLD Electrical Branch  
CEPU – NSW Electrical Branch/ ETU – NSW  
CEPU – VIC Electrical Branch  
CEPU – TAS Electrical Branch  
CEPU – SA Electrical Branch  
CEPU – WA Electrical Branch

Plumbing Division

CEPU – Plumbing Division  
CEPU – QLD Plumbing Branch  
CEPU – NSW Plumbing Branch  
CEPU – VIC Plumbing Branch  
CEPU – WA Plumbing Branch

Communications Division

CEPU – Communications Division  
CEPU – QLD Communications Branch  
CEPU – NSW Communications T&S Branch  
CEPU – NSW Communications P&T Branch  
CEPU – VIC Communications T&S Branch  
CEPU – VIC Communications P&T Branch  
CEPU – TAS Communications Branch (until 11 August 2016)  
CEPU – SA/ NT Communications Branch  
CEPU – WA Communications Branch

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**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

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

	2017	2016
	\$	\$
<b>Revenue received from CEPU – Communications Division includes the following:</b>		
Capitation fees	135,398	142,620
Legal cost reimbursement	18,314	-
Internal membership audit reimbursement	8,209	-
CHAFTA campaign contribution	7,500	-
<b>Expenses paid to CEPU – Communications Division includes the following:</b>		
Reimbursement of legal expenses	93,919	-
<b>Amounts owed by CEPU – Communications Division include the following:</b>		
Capitation fees	40,884	86,570
<b>Amounts owed to CEPU – Communications Division include the following:</b>		
Reimbursement of legal expenses	103,311	-
<b>Revenue received from CEPU – Plumbing Division includes the following:</b>		
Capitation fees	70,710	74,482
Legal cost reimbursement	14,792	-
Internal membership audit reimbursement	6,630	-
CHAFTA campaign contribution	5,000	-
<b>Amounts owed by CEPU – Plumbing Division include the following:</b>		
Reimbursement of legal fees	16,271	-

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**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

	2017	2016
	\$	\$
<b>Revenue received from CEPU – Electrical Division includes the following:</b>		
Capitation fees	316,000	341,375
Levies	28,961	-
Transfer of leave entitlements	210,164	-
Legal cost reimbursement	60,812	38,990
Internal membership audit reimbursement	27,257	-
CHAFTA campaign contribution	10,000	-
<b>Expenses paid to CEPU – Electrical Division includes the following:</b>		
Secretarial costs	23,909	20,545
Reimbursement of payroll tax	1,069	-
Reimbursement of legal costs	6,216	-
Reimbursement of Internal membership audit costs	14,280	-
Other	61	-
<b>Amounts owed by CEPU – Electrical Division include the following:</b>		
Capitation fees	-	86,212
Levies (accrued income)	28,961	-
<b>Amounts owed to CEPU – Electrical Division include the following:</b>		
Reimbursement payroll tax	455	-
<b>Revenue received from CEPU – NSW Electrical Branch/ ETU NSW includes the following:</b>		
Levies	20,117	16,605
<b>Amounts owed to CEPU – NSW Electrical Branch/ ETU NSW include the following:</b>		
Levies (income received in advance)	13,315	-

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**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

	2017	2016
	\$	\$
<b>Revenue received from CEPU – NSW Communications P&amp;T Branch includes the following:</b>		
Levies	13,888	8,216
<b>Amounts owed by CEPU – NSW Communications P&amp;T Branch include the following:</b>		
Levies	25,136	-
<b>Amounts owed to CEPU – NSW Communications P&amp;T Branch include the following:</b>		
Levies (income received in advance)	17,138	-
<b>Revenue received from CEPU – NSW Plumbing Branch includes the following:</b>		
Levies	4,156	1,734
<b>Amounts owed by CEPU – NSW Plumbing Branch include the following:</b>		
Levies	9,265	-
<b>Amounts owed to CEPU – NSW Plumbing Branch include the following:</b>		
Levies (income received in advance)	6,317	-
<b>Revenue received from CEPU – NSW Communications T&amp;S Branch includes the following:</b>		
Levies	1,837	1,236
<b>Amounts owed by CEPU – NSW Communications T&amp;S Branch include the following:</b>		
Levies	3,095	-
<b>Amounts owed to CEPU – NSW Communications T&amp;S Branch include the following:</b>		
Levies (income received in advance)	2,111	-

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**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

	2017	2016
	\$	\$
<b>Revenue received from CEPU – QLD Communications Branch includes the following:</b>		
Levies	6,198	3,936
<b>Amounts owed to CEPU – QLD Communications Branch include the following:</b>		
Levies (income received in advance)	7,428	-
<b>Revenue received from CEPU – QLD Electrical Branch includes the following:</b>		
Levies	17,181	13,393
<b>Amounts owed to CEPU – QLD Electrical Branch include the following:</b>		
Levies (income received in advance)	12,360	-
<b>Revenue received from CEPU – QLD Plumbing Branch includes the following:</b>		
Levies	4,741	3,083
<b>Amounts owed by CEPU – QLD Plumbing Branch include the following:</b>		
Levies	8,504	-
<b>Amounts owed to CEPU – QLD Plumbing Branch include the following:</b>		
Levies (income received in advance)	5,798	-
<b>Revenue received from CEPU – SA Communications Branch includes the following:</b>		
Levies	2,860	1,945
<b>Amounts owed by CEPU – SA Communications Branch include the following:</b>		
Levies	4,879	-
<b>Amounts owed to CEPU – SA Communications Branch include the following:</b>		
Levies (income received in advance)	3,326	-

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**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

	2017	2016
	\$	\$
<b>Revenue received from CEPU – SA Electrical Branch includes the following:</b>		
Levies	4,200	3,567
<b>Amounts owed by CEPU – SA Electrical Branch include the following:</b>		
Levies	3,965	-
<b>Amounts owed to CEPU – SA Communications Branch include the following:</b>		
Levies (Income received in advance)	2,703	-
<b>Revenue received from CEPU – TAS Communications Branch includes the following:</b>		
Levies	498	512
<b>Revenue received from CEPU – TAS Electrical Branch includes the following:</b>		
Levies	1,996	1,514
<b>Amounts owed by CEPU – TAS Electrical Branch include the following:</b>		
Levies	2,226	-
<b>Amounts owed to CEPU – TAS Electrical Branch include the following:</b>		
Levies (Income received in advance)	1,518	-
<b>Revenue received from CEPU – VIC Electrical Branch includes the following:</b>		
Levies	22,522	17,864
<b>Amounts owed by CEPU – VIC Electrical Branch include the following:</b>		
Levies (accrued income)	4,371	-



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**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

	2017	2016
	\$	\$
<b>Revenue received from CEPU – VIC Communications P&amp;T Branch includes the following:</b>		
Levies	7,582	4,521
<b>Amounts owed by CEPU – VIC Communications P&amp;T Branch include the following:</b>		
Levies	13,635	-
<b>Amounts owed to CEPU – VIC Communications P&amp;T Branch include the following:</b>		
Levies (income received in advance)	9,297	-
<b>Revenue received from CEPU – VIC Plumbing Branch includes the following:</b>		
Levies	13,137	7,278
<b>Expenses paid to CEPU – VIC Plumbing Branch includes the following:</b>		
Secretarial costs	239	-
<b>Amounts owed to CEPU – VIC Plumbing Branch include the following:</b>		
Levies (income received in advance)	20,905	-
<b>Revenue received from CEPU – VIC Communications T&amp;S Branch includes the following:</b>		
Levies	3,144	2,187
<b>Amounts owed by CEPU – VIC Communications T&amp;S Branch include the following:</b>		
Levies	5,319	-
<b>Amounts owed to CEPU – VIC Communications T&amp;S Branch include the following:</b>		
Levies (income received in advance)	3,627	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 10 Related Party Disclosures (Continued)**

**Note 10A: Related Party Transactions for the Reporting Period  
Holders of office and related reporting units (Continued)**

	2017	2016
	\$	\$
<b>Revenue received from CEPU – WA Communications Branch includes the following:</b>		
Levies	3,032	1,821
<b>Amounts owed by CEPU – WA Communications Branch include the following:</b>		
Levies	5,479	-
<b>Amounts owed to CEPU – WA Communications Branch include the following:</b>		
Levies (Income received in advance)	3,736	-
<b>Revenue received from CEPU – WA Electrical Branch includes the following:</b>		
Levies	9,363	7,268
<b>Amounts owed to CEPU – WA Electrical Branch include the following:</b>		
Levies (Income received in advance)	5,258	-
<b>Revenue received from CEPU – WA Plumbing Branch includes the following:</b>		
Levies	799	647
<b>Amounts owed by CEPU – WA Plumbing Branch include the following:</b>		
Levies	1,700	-
<b>Amounts owed to CEPU – WA Plumbing Branch include the following:</b>		
Levies (Income received in advance)	1,159	-

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**Note 10 Related Party Disclosures (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 year-end 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 31 March 2017, the Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016 Nil). 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.

**Note 10B: Key Management Personnel Remuneration for the Reporting Period**

Key management personnel comprise those individuals who have the authority and responsibility for planning, directing and controlling the activities of the Union. The Union has determined key management personnel comprise of

- Allen Hicks (National Secretary)
- Earl Setches (National Assistant Secretary)
- Greg Rayner (National President)
- Share Murphy (National Vice – President)
- All remaining members of the Committee of Management

During the year, key management personnel of the Union were remunerated as follows

	2017	2016
	\$	\$
<b>Short-term employee benefits</b>		
Salary (including annual leave taken)	-	-
Other	-	-
<b>Total short-term employee benefits</b>	<u>-</u>	<u>-</u>
<b>Post-employment benefits:</b>		
Superannuation	-	-
<b>Total post-employment benefits</b>	<u>-</u>	<u>-</u>
<b>Other long-term benefits:</b>		
Long-service leave	-	-
<b>Total other long-term benefits</b>	<u>-</u>	<u>-</u>
<b>Termination benefits</b>	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

No other transactions occurred during the year with elected officers, close family members or other related parties than those related to their membership or employment and on terms no more favourable than those applicable to any other member of employee.

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	2017	2016
	\$	\$
<b>11 Remuneration of Auditors and Consultants</b>		
<b>Value of the services provided by MGI Audit Pty Ltd</b>		
Financial statement audit services	6,250	4,070
Other services	1,560	-
<b>Total remuneration of auditors</b>	7,810	4,070
Consultants Fees		
Internal membership audit (not provided by MGI Audit Pty Ltd)	42,095	-
<b>Total remuneration of auditors and consultants</b>	49,905	4,070

**Note 12 Financial Instruments**

**Financial Risk Management Policy**

The Committee of Management monitors the Union's financial risk management policies and exposure and approves financial transactions entered into. It also reviews the effectiveness of internal controls relating to the counterparty credit risk, liquidity risk, market risk and interest rate risk. The Committee of Management meets on a regular basis to review the financial exposure of the Union.

**(a) Credit Risk**

Exposure to credit risk relating to financial assets arise from the potential non-performance by counterparties of contract obligations that could lead to a financial loss of Union. The Union does not have any material credit risk exposures as its major source of revenue is the receipt of capitation fees from the Electrical, Communications and Plumbing divisional officers as well as levies from each divisional branch.

The maximum exposures 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 provisions) as presented in the statement of financial position.

The Union has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Union.

On a geographical basis, the Union's trade and other receivables are all based in Australia.

The following table details the Union's trade and other receivables exposed to credit risk. Amounts are considered 'past due' when the debt has not been settled, within the terms and conditions agreed between the Union and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Union.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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**Note 12 Financial Instruments (Continued)**

**Ageing of financial assets that were past due but not impaired for 2017**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and other receivables	-	-	-	-	-
Receivables from other reporting units	83,203	-	40,884	16,271	140,358
Accrued income from other reporting units	33,332	-	-	-	33,332
<b>Total</b>	<b>116,535</b>	<b>-</b>	<b>40,884</b>	<b>16,271</b>	<b>173,690</b>

**Ageing of financial assets that were past due but not impaired for 2016**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$
Trade and other receivables	-	-	-	-	-
Receivables from other reporting units	117,230	-	-	55,552	172,782
<b>Total</b>	<b>117,230</b>	<b>-</b>	<b>-</b>	<b>55,552</b>	<b>172,782</b>

The Union has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties

Credit risk related to balances with banks and other financial institutions is managed by the Committee of Management in accordance with approved policy. Such policy requires that surplus funds are only invested with counterparties with a strong reputation and backed by the Commonwealth Government's bank guarantee. At 31 March 2017, all funds were held by financial institutions backed by the Commonwealth Government's bank guarantee.

***Collateral held as security***

The Union does not hold collateral with respect to its receivables at 31 March 2017 (2016 Nil)

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**Note 12 Financial Instruments (Continued)**

**(b) Liquidity Risk**

Liquidity risk arises from the possibility that the Union might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Union manages this risk through the following mechanisms:

- preparing forward looking cash flow estimates,
- maintaining a reputable credit profile,
- managing credit risk related to financial assets,
- only investing surplus cash with major financial institutions, and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Union does not hold directly any derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

**Financial Instrument Composition and Maturity Analysis**

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Trade payables	315,999	180,906	-	-	-	-	315,999	180,906
Other payables	168,076	-	-	-	-	-	168,076	-
<b>Total expected outflows</b>	<b>484,075</b>	<b>180,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>484,075</b>	<b>180,906</b>
<b>Financial assets – cash flow receivable</b>								
Cash and cash equivalents	577,538	60,213	-	-	-	-	577,538	60,213
Trade and other receivables	173,690	172,782	-	-	-	-	173,690	172,782
Other current assets	1,081	855	-	-	-	-	1,081	855
<b>Total anticipated inflows</b>	<b>752,309</b>	<b>233,850</b>					<b>752,309</b>	<b>233,850</b>
<b>Net (outflow) / inflow on financial instruments</b>	<b>268,234</b>	<b>52,944</b>					<b>268,234</b>	<b>52,944</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 12 Financial Instruments (Continued)**

**(c) Market Risk**

**i 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 or the fair value of fixed rate financial instruments. The Union is also exposed to earnings volatility on floating rate instruments.

The financial instruments which expose the Union to interest rate risk are limited to its cash reserves.

**ii Foreign exchange risk**

The Union is not exposed to direct fluctuations in foreign currencies.

**iii Price risk**

The Union is not exposed to any material commodity price risk.

**iv Interest rate risk**

The Union has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

**v Sensitivity Analysis**

The following table illustrates sensitivities to the Union's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 31 March 2017</b>		
+1% in interest rates	5,775	5,775
-1% in interest rates	(5,775)	(5,775)
<b>Year ended 31 March 2016</b>		
+1% in interest rates	2,352	688
-1% in interest rates	(2,352)	(688)

No sensitivity analysis has been performed on foreign exchange risk as the Union has no material direct exposures to currency risk. There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

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**Note 13 Fair Value Measurement**

**Fair Values**

*Fair value estimation*

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at an arm's length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair values is extracted from the market, with more reliable information available from markets that are actively traded.

In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Union. Most of these instruments, which are carried at amortised cost (i.e. accounts receivable), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Union.

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

	Footnote	2017		2016	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	(i)	577,538	577,538	60,213	60,213
Accounts receivable and other debtors	(i)	173,690	173,690	172,782	172,782
Other current assets	(i)	1,081	1,081	855	855
<b>Total financial assets</b>		<b>752,309</b>	<b>752,309</b>	<b>233,850</b>	<b>233,850</b>
<b>Financial liabilities</b>					
Trade payables	(i)	315,999	315,999	180,906	180,906
Other payables	(i)	168,076	168,076	-	-
<b>Total financial liabilities</b>		<b>484,075</b>	<b>484,075</b>	<b>180,906</b>	<b>180,906</b>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, accounts receivable and other debtors and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**Note 13 Fair Value Measurement (Continued)**

The fair values disclosed in the above table have been determined based on the following methodologies

- (ii) Cash and cash equivalents, accounts receivable and other debtors, other current assets, accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 139

**Fair Value Hierarchy**

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of the three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3**

Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Fair Value hierarchy**

The Union does not have any assets or liabilities that are recorded using the above fair value techniques (2016 Nil)

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FOR THE YEAR ENDED 31 MARCH 2017**

**Note 14 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 the Registered Organisations Commission

- (1) A member of a reporting unit, or the Commissioner, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit
- (3) A reporting unit must comply with an application made under subsection (1)

**Note 15 Union Details**

The registered office of the Union is

Suite 408, Level 4  
30-40 Harcourt parade  
ROSEBERY NSW 2018

**Note 16 Segment Information**

The Union operates solely in one reporting segment, being the provision of industrial services

The Union operates from one reportable geographical segment being Australia

**Note 17 Other Acquisitions of Assets or Liabilities**

During the financial year the Union has not acquired an asset or liability as a result of

- (a) An amalgamation under Part 2 of Chapter 3 of the *Fair Work (Registered Organisations) Act 2009*
- (b) A restructure of Branches or Divisions of the organisation
- (c) A determine by the Registered Organisations Commission under subsection 245(1) of the *Fair Work (Registered Organisations) Act 2009* of an alternative reporting structure for the organisation
- (d) A revocation by the Registered Organisations Commission under subsection 249(1) of the *Fair Work (Registered Organisations) Act 2009* of a certificate issued to the organisation under subsection 241(1)
- (e) A business combination



## DECISION

*Fair Work (Registered Organisations) Act 2009*  
*s.253 – Reporting unit to prepare general purpose financial report*

### **Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia** (FR2017/26)

MR ENRIGHT

MELBOURNE, 24 AUGUST 2017

*Reporting unit to prepare general purpose financial report.*

[1] On 18 July 2017 the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (the organisation known as the CEPU and referred to in this decision as **the reporting unit**) requested that the Registered Organisations Commission (the **Commission**) issue a formal decision in relation to the reporting unit's compliance with s. 253 of the Fair Work (Registered Organisations) Act 2009 (the **RO Act**).

#### **Background**

[2] On 6 March 2017 I certified alterations to the rules of the CEPU (**R2016/324**) while acting in my capacity as Delegate of the General Manager (**GM**) of the Fair Work Commission (**FWC**). At the time of certification the responsibility for regulation of registered organisations rested with the GM; and the Regulatory Compliance Branch (**RCB**) of the FWC provided assistance to the GM in performing her regulatory functions.

[3] Among other things, rule alteration R2016/324 altered the financial year of the reporting unit so that it concluded on 31 December of each year. Prior to this date, rule 20.2 of the rules provided that the financial year of the National Council (reporting unit) terminated on 31 March.

[4] On 12 April 2017 the reporting unit lodged with the FWC a financial report based on the obligations under section 253 (matter number **FR2017/26**). Section 253(1) of the RO Act relevantly provides:

- (1) As soon as practicable after the end of each financial year, a reporting unit must cause a general purpose financial report to be prepared, in accordance with the Australian Accounting Standards, from the financial records kept under subsection 252(1) in relation to the financial year.

- (2) The general purpose financial report must consist of:
- (a) financial statements containing:
    - (i) a profit and loss statement, or other operating statement; and
    - (ii) a balance sheet; and
    - (iii) a statement of cash flows; and
    - (iv) any other statement required by the Australian Accounting Standards; and
  - (b) notes to the financial statements containing:
    - (i) notes required by the Australian Accounting Standards; and
    - (ii) information required by the reporting guidelines (see section 255); and
  - (c) any other reports or statements required by the reporting guidelines (see section 255).
- (3) The financial statements and notes for a financial year must give a true and fair view of the financial position and performance of the reporting unit. This subsection does not affect the obligation for a financial report to comply with the Australian Accounting Standards.
- (4) A reporting unit must not contravene this section.

**[5]** Section 266 requires that a full report for the financial year be presented to either a general meeting of members or a committee of management meeting within a period of 6 months starting at the end of the financial year.

**[6]** The financial report lodged by the reporting unit on 12 April 2017 covered the period 1 April 2016 to 31 December 2016. This is notwithstanding that the changes to the financial period did not operate retrospectively as the financial year had already commenced on 1 April 2016 and was due to terminate on 31 March 2017.

**[7]** On 26 April 2017 staff of the RCB contacted the reporting unit by telephone and advised that the lodged financial report did not reflect the correct financial year. Staff informed the reporting unit of its obligation to report on the period 1 April 2016 to 31 March 2017 and that failure to do so would contravene ss. 253, 254, 265 and 266 of the RO Act.

**[8]** On 1 May 2017 the Registered Organisations Commission (the Commission) commenced and a number of functions of the FWC were transferred to the Commission under Schedule 1 of the Fair Work Registered Organisations Amendment Act 2016. As part of this process, matter FR2017/26 was transferred to the Commission.

**[9]** On 3 May 2017 the Commission received correspondence from the reporting unit in which it drew the Commission's attention to s. 240 of the RO Act. Section 240 provides as follows:

Where the rules of an organisation change the period constituting the financial year of the organisation, the period between:

- (a) the commencement of the first financial year after the change; and
- (b) the end of the preceding financial year;

is to be taken, for the purposes of this Part, to be a financial year.

[10] In its correspondence, the reporting unit submitted that, in the current circumstances, s. 240 operated to create a transitional financial year of twenty-one months for the reporting unit, calculated from 1 April 2016 to 31 December 2017.

[11] The reporting unit submitted this was an ‘undesirable outcome in terms of practical transparency of its finances’, but argued that the issue was substantively resolved by the reporting unit having provided financial returns for the year ending 31 December 2016. It requested that the Commission consider the issue and confirm the reporting unit’s interpretation.

[12] On 5 June 2017, I wrote to the reporting unit and advised that, in my view, the purpose of s. 240 is to ensure that changes to financial years of registered organisations do not result in reporting ‘gaps’ between financial periods. I further advised of my opinion that, in relation to the alteration of the reporting unit’s financial years as certified in R2016/324, the following interpretation of s. 240 applied.

- The ‘commencement of the first financial year after the change’ per s. 240(a) means the commencement of the first new financial year which, in this case, is **1 January 2018**.
- The ‘end of the preceding financial year’ per s. 240(b) means the end of the former financial year, which, in this case, is **31 March 2017**.
- The ‘period between’ means the period between these two dates. As the transitional period is nine months, the period in this case is from **1 April 2017 to 31 December 2017**.

[13] In my correspondence I reiterated my view that once a financial year has commenced, that reporting period will not be interrupted by contemporaneous changes to that reporting unit’s reporting period. Consequently, I advised the reporting unit that a financial report for the reporting unit will be required to be lodged for the following reporting periods:

- 1 April 2016 to 31 March 2017; and
- 1 April 2017 to 31 December 2017.

[14] In correspondence to the Commission dated 17 July 2017, the reporting unit advised that it would not be undertaking an audit up to 31 March 2017. It submitted that its interpretation of s. 240 was the preferred reading and drew attention to the fact that it had already provided an interim financial report for 1 April 2016 to 31 December 2016; an undertaking which it maintained it was not obliged to do.

[15] The reporting unit requested me to provide my reasons for requiring the reporting unit to provide a financial report from 1 April 2016 to 31 March 2017 in the form of a formal decision.

[16] In the alternative, the reporting unit submitted the following proposal: it would issue a financial report after 31 December 2017 consisting of three separate columns for the audited financial figures for 1 April 2016 to 31 March 2017; 1 April 2017 to 31 December 2017; and

1 January 2017 to 31 December 2017. It submitted that that this approach would meet the requirements of both its and the Commission's interpretations of s. 240.

[17] I have considered the interpretation provided to the reporting unit by the FWC and the Commission on 26 April and 5 June 2017 respectively and remain satisfied that this reflects the intended operation of s. 240. In reaching this conclusion I have considered the ordinary meaning of the words to be interpreted, having regard to their statutory context and the purpose of the legislation.

[18] First, I note that s. 240 provides that that 'the period between the commencement of the first financial year after the change' and the end of the preceding financial year 'is to be taken, for the purposes of this Part, to be a financial year'. I interpret these phrases based on their ordinary meaning.

[19] In this instance, the rule change was effected on 6 March 2017. At this stage the financial year had already commenced on 1 April 2016 and was not due to end until 31 March 2017. The alterations did not operate retrospectively to truncate this financial year.

[20] The ordinary meaning of the phrase 'commencement of the first financial year after the change' must be read in the context of the rule alterations. Rule 20.2 was altered so that 'the financial year of National Council shall terminate on 31 December each year'. It follows that the commencement of the new financial year must be 1 January 2018. The first 1 January after 6 March 2017 (the date of certification) is 1 January 2018.

[21] The ordinary meaning of the phrase 'the end of the preceding financial year' in this instance means 31 March 2017. The financial year 1 April 2016 to 31 March 2017 remained on foot notwithstanding the rule alteration. Consequently, the end of the preceding financial year is 31 March 2017.

[22] In this instance, s. 240 provides that the period between 1 April 2017 and 31 December 2017 constitutes a financial year because that is the period between 'the commencement of the first full financial year after the change and the end of the preceding financial year'.

[23] I conclude therefore that the operation of s. 240 requires the reporting unit to lodge a financial report for the period 1 April 2017 to 31 December 2017. I am unable to discern anything in the language of the section that negates the reporting unit's obligation to lodge a report for this period.

[24] Second, I note the requirements under Part 3 of Chapter 8 of the RO Act that reporting units must provide members with regular financial reports. In my opinion, the purpose of s. 240 is to provide for a transitional arrangement so that there is no gap in providing for that regular reporting requirement.

[25] Finally, I refer to the objects of the RO Act as outlined in subsection 5(3). These set out Parliament's intentions in creating the Act, which, among other things, aim to ensure that organisations are representative of and accountable to their members and are able to operate effectively; and encourage the efficient management of organisations and high standards of accountability to members. In my view, an 'extended transitional financial year' of some

twenty-one months would undermine the high standards of accountability owed by the reporting unit to its members as espoused in s. 5(3) of the RO Act.

[26] I do not accept that the reporting unit's proposed alternative to issue a financial report after 31 December 2017 containing three columns of audited financial figures satisfies the requirements of s. 240. Similar to above, under such an arrangement members of the reporting unit will be deprived from financial reporting information for some twenty-one months, an outcome I cannot equate with being in accordance with the standards outlined in s. 5(3).

[27] Such an arrangement would in my opinion breach s. 265(5) which requires a reporting unit to provide the financial report to members within five months of the end of the financial year when the report is presented to the Committee of Management (National Council). There would also be a breach of s. 266 which requires a financial report to be presented to the relevant meeting within 6 months of the end of the financial year.

[28] In its correspondence dated 17 July 2017, the reporting unit requested an extension for the lodgement date of the financial report for 1 April 2016 to 31 March 2017. I note that Rule 20.1 of the rules of the reporting unit provide that financial reports are to be presented to meetings of National Council. In such circumstances, subsection 265(5)(b) of the RO Act requires that copies of the full or concise report be provided to members within 5 months of the end of the financial year.

[29] Due to the ongoing discussion relating to this matter and the bone fides of the reporting unit acting in accordance with its understanding of the requirements of the RO Act, I grant the reporting unit one months' extension to provide members with the financial report ending 31 March 2017 by **30 September 2017**; and one months' extension to hold a committee of management meeting to consider the full report by **31 October 2017**.

[30] In granting this extension, I strongly urge the reporting unit to lodge a financial report FR2017/26 for the reporting period **1 April 2016 to 31 March 2017**. In doing so, I remind the reporting unit that failure to comply with its obligations exposes the reporting unit to civil penalty provisions under Part 3 of Chapter 8 of the RO Act. The content of this decision will, in these circumstances, leave the reporting unit in no doubt that a failure to comply with the provisions of the RO Act to which I have referred above will be met with a proportionate regulatory response.



DELEGATE OF THE COMMISSIONER

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<Price code A, PR350841 >