



16 October 2017

Mr Patrick McCrudden
Branch Assistant Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied
Services Union of Australia
Plumbing Division Victorian Divisional Branch

By e-mail: info@pteu.asn.au

Dear Mr McCrudden

**Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied
Services Union of Australia, Plumbing Division Victorian Divisional Branch
Financial Report for the year ended 31 March 2017 - FR2017/7**

I acknowledge receipt of the financial report for the year ended 31 March 2017 for the CEPU, Plumbing Division Victorian Divisional Branch (CEPU-PVIC). The financial report was lodged with the Registered Organisations Commission on 14 September 2017.

The financial report 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 should be addressed in the preparation of the next financial report.

1. General Purpose Financial Report (GPFR)

Disclosure of interests in other entities

Australian Accounting Standard *AASB 12 Disclosure of Interests in Other Entities* requires an entity to disclose information to enable users of its financial statements to understand the composition of the group and the interest that non-controlling interests have in the group's activities and cash flows.

Note 16 to the CEPU-VIC GPFR includes transactions and balances with the following entities that should be disclosed in accordance with AASB 12:

- PICAC Ltd
- CEPUTEK Ltd
- NUDJ Plumbing Services Ltd.

Investment property reconciliation

Australian Accounting Standard *AASB 140 Investment Property* requires a reconciliation of the carry amount at the beginning and end of the period for each class of property, plant and equipment.

While Note 8 to the GPFR provides opening and closing balance information, additions/disposals/ revaluation/other changes have not been provided.

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

Yours faithfully

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

KEN MORGAN
Financial Reporting Advisor
Registered Organisations Commission

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER


s.268 Fair Work (Registered Organisations) Act 2009

CEPU (PLUMBING DIVISION) VICTORIA BRANCH

Certificate for the year ended 31 March 2017

I Patrick McCrudden being the Victorian Assistant Secretary of the CEPU (PLUMBING DIVISION) VICTORIA BRANCH certify:

- that the documents lodged herewith are copies of the full report for the name CEPU (PLUMBING DIVISION) VICTORIA BRANCH for the period ended referred to in s.268 of the Fair Work (Registered Organisations) Act 2009; and
- that the full report was provided to members of the reporting unit on 30st June 2017; and
- that the full report was presented to a meeting of the committee of management) of the reporting unit on 31st July 2017 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.



Signature of prescribed designated officer:

Name of prescribed designated officer: PADDY MCCRUDDEN

Title of prescribed designated officer: ASSISTANT SECRETARY

Dated: 14th September 2017

s.268 Certificate

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

Plumbing Division – Victoria Branch

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**Operating Report
For the year ended 31 March 2017**

Principal activities

The principal activities of the CEPU Victoria Branch during the financial year were to provide representation and support to the members. There were no significant changes to the principal activities during the year.

Review of results

The net result of operations for the year was a profit of \$264,229 (2016: profit of \$688,116). The organisation continued to represent its members in industrial and other matters, focusing particularly on training and educational projects to advance the industry. During the year, it continued to pay particular attention to corporate governance, ensuring that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$12.74 million (2016: \$12.47 million), and had reduced interest bearing debt from the prior year. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation and training services, the latter arising given the ongoing developments at PICAC Ltd. Close alignment with the U.A. (USA) also continues to enhance member services and delivery.

Significant Changes in the State of Affairs

In the opinion of the Members of the Committee of Management, there were no significant changes in the organisation's state of affairs during the financial year.

Resignation of Members

A member of an organisation may resign from membership by written notice addressed and delivered to a person designated for the purpose in the rules of the organisation or a branch of the organisation.

Number of Members

As at 31 March 2017, the number of members of the organisation recorded in the register of members was 11,615.

Number of Employees

As at 31 March 2017, the number of full time equivalent employees was 24 (2016: 24).

Committee of Management

The Committee of Management members are as follows:-

| | | | |
|--------------|--------------------|-------------|--------------------|
| N Ottobre | (1.4.16 – 31.3.17) | E Setches | (1.4.16 – 31.3.17) |
| C Delidakis | (1.4.16 – 31.3.17) | P McCrudden | (1.4.16 – 31.3.17) |
| R Menzies | (1.4.16 – 31.3.17) | D Saunders | (1.4.16 – 31.3.17) |
| B Jovanovski | (1.4.16 – 31.3.17) | T Smart | (1.4.16 – 31.3.17) |
| S Bamford | (1.4.16 – 31.3.17) | R Vaughan | (1.4.16 – 31.3.17) |
| I Marris | (1.4.16 – 31.3.17) | B Rendina | (1.4.16 – 31.3.17) |
| D McClusky | (1.4.16 – 31.3.17) | M. Robbins | (1.4.16 – 31.3.17) |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**Operating Report
For the year ended 31 March 2017 (cont'd)**

Officers & employees who are directors of a company or a member of a board


Details of officers and employees, who held positions as a superannuation fund trustee or director of a company that is a superannuation fund trustee, are as follows:


| Name of Officeholder | Name of Company or Board | Position Held | Principal Activity of Company or Board | Position Held because officer or employee of Union or nominated by Union or Peak Council |
|----------------------|--------------------------|---------------|--|--|
| Earl Setches | CBUS | Director | Superannuation | Yes |

Future Developments

In the opinion of the Committee of Management, there is not likely to be any future developments that will materially affect the Union's operation in subsequent years.

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


.....
C Delidakis


.....
R Vaughan

Dated this 26 day of June 2017

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union Of Australia, Plumbing Division – Victoria Branch passed the following resolution on 26 June 2017 in relation to the general purpose financial report of the reporting unit for the financial year ended 31 March 2017.

The Committee of Management declares in relation to the general purpose financial report that in its opinion:

- (a) the financial statements and notes comply with the Reporting Guidelines of the Commissioner, Registered Organisations Commission and Australian Accounting Standards;
- (b) 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;
- (c) 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;
- (d) during the financial year to which the general purpose financial report relates and since the end of that year:
 - i. meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - iii. the financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - iv. the information sought in any request of a member of the reporting unit or the Commissioner, Registered Organisations Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission;
 - v. there have been no orders for inspection of financial records made by the Registered Organisations Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period; and
 - vi. where the Union comprises of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable in a manner consistent with each of the other reporting units of the organisation.
- (e) in relation to recovery of wages activity no revenue has been derived from undertaking recovery of wages activity during the reporting period.

Resolved for the Committee of Management:


.....
C Delidakis


.....
R Vaughan

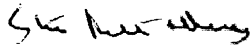
Dated this 26 day of June 2017

AUDITOR'S INDEPENDENCE DECLARATION

**TO THE COMMITTEE OF MANAGEMENT OF COMMUNICATIONS, ELECTRICAL,
ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES
UNION OF AUSTRALIA PLUMBING DIVISION – VICTORIA BRANCH**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2017 there have been:-

- (i) no contraventions of the auditor independence requirements in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Stannards Accountants and Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated this 26 day of June 2017

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

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

| | 2017 \$ | 2016 \$ |
|---|------------------|------------------|
| Revenue | | |
| Membership Subscriptions | 4,130,931 | 4,042,635 |
| Enrolment Fees | - | 30,418 |
| Rental Income from Investment Property Activities | 557,437 | 559,919 |
| Directors' Fees | 179,099 | 182,854 |
| Work Safe and Aboriginal Grants Income | 430,413 | 401,821 |
| Costs Recovered from Training, Education Centres and Others | 1,279,207 | 1,111,060 |
| Sundry Income | 311,583 | 248,603 |
| Profit on disposals of fixed assets | 7,363 | 9,091 |
| Donations | - | - |
| Grants | - | - |
| Levies | - | - |
| Capitation Fees | - | - |
| Total Revenue | 6,896,033 | 6,586,401 |
| Expenses | | |
| Affiliations | | |
| ALP (Political Party) | 59,325 | 55,746 |
| CEPU National Office | 70,417 | 7,278 |
| VTHC | 68,455 | 41,017 |
| Regional Trade Councils / Other | 10,633 | 10,766 |
| Administrative Services | | |
| Advertising | 47,591 | 2,021 |
| Audit Fees – Financial Report | 9,800 | 8,000 |
| – Other Services | - | - |
| Compliance Fees | 33,343 | 5,450 |
| Bank and Other Finance Charges | 39,823 | 34,778 |
| Bad Debts and Doubtful Debts | - | - |
| Cleaning and Security Services | 12,257 | 15,500 |
| Committee Fees | 15,658 | (15,336) |
| Computer Programming Expenses | 80,290 | 85,022 |
| Depreciation (includes assets <\$1,000 written off) | 327,707 | 280,499 |
| Fringe Benefit Tax | 85,186 | 59,674 |
| Grants | - | - |
| Interest Paid | 2,166 | 3,654 |
| Insurance | 117,234 | 126,449 |
| Land Tax | 35,103 | - |
| Legal Fees – Litigation | 78,151 | 3,697 |
| Legal Fees – Other Matters | 168,036 | 144,229 |
| Loss on disposal of fixed assets | 5,647 | 13,495 |
| Electricity | 10,577 | 9,592 |
| Repairs and Maintenance | 15,894 | 9,677 |
| Motor Vehicles Expenses | 151,886 | 145,315 |
| Payroll Tax | 190,023 | 172,956 |
| Penalties – via RO Act or Regulations | - | - |
| Postage and Mail Outs | 115,949 | 113,897 |
| Printing and Stationery | 375,659 | 274,303 |
| Annual Leave | 35,648 | 48,948 |
| Long Service Leave and Retiring Allowances | 205,311 | 422,104 |

(continued)

The accompanying notes form part of this Financial Report

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

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

| | 2017 \$ | 2016 \$ |
|---|------------------|------------------|
| Administrative Services (cont'd) | | |
| Rates | 14,266 | 15,892 |
| Rent | 3,734 | 13,111 |
| Salaries and Wages | 3,093,858 | 2,773,436 |
| Sundries | 46,438 | 45,517 |
| Superannuation | 482,339 | 468,271 |
| Telephone and Internet Services | 44,396 | 59,429 |
| Travel and Accommodation | 16,778 | 20,694 |
| Fines | 1,436 | 1,593 |
| Fitness and Clothing Allowances | 22,296 | 19,071 |
| Other Allowances | 16,434 | 17,355 |
| Debt Collection Expenses | - | 897 |
| Staff Amenities and Miscellaneous Expenses | 37,540 | 12,070 |
| Consideration to Employers For Making Payroll | - | - |
| Deductions | - | - |
| Compulsory Levies | - | - |
| Meetings and Conferences | - | - |
| Work Safe Expenses | 8,650 | 2,463 |
| | 6,155,934 | 5,528,530 |
| Per Capita Payment to National Office | 367,022 | 278,957 |
| Total Expenses | 6,522,956 | 5,807,487 |
| Profit / (Loss) for Year | 373,077 | 778,914 |
| Fair Value Adjustments to Property | - | - |
| Net Profit/ (Loss) available for appropriation between General and Incidental Fund | 373,077 | 778,914 |
| Net (Expenses) / Revenue from other Funds | (108,848) | (90,798) |
| Net Profit for the Year | 264,229 | 688,116 |

The accompanying notes form part of this Financial Report

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

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

| | 2017 \$ | 2016 \$ |
|--|----------------|----------------|
| Profit / (Loss) for the period | 264,229 | 688,116 |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | 264,229 | 688,116 |
| Total comprehensive income attributable to: Members of the organisation | 264,229 | 688,116 |

The accompanying notes form part of this Financial Report

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

| | Notes | 2017 \$ | 2016 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | 4 | 4,868,462 | 6,615,812 |
| Receivables | 5 | 3,490,561 | 933,103 |
| Inventory | 1(b) | 82,560 | 75,845 |
| Other | 6 | 55,897 | 64,270 |
| Loan - CEPU WA | | 23,637 | 17,237 |
| Total Current Assets | | 8,521,117 | 7,706,267 |
| Non Current Assets | | | |
| Property, Plant and Equipment | 7 | 2,594,634 | 2,617,294 |
| Investment Property | 8 | 5,368,218 | 5,442,945 |
| Total Non Current Assets | | 7,962,852 | 8,060,239 |
| Total Assets | | 16,483,969 | 15,766,506 |
| Current Liabilities | | | |
| Payables | 9 | 490,402 | 387,318 |
| Interest Bearing Debt | 13 | 12,140 | 12,314 |
| Non Interest Bearing Liabilities | 10 | 835,653 | 717,261 |
| Provisions | 11 | 2,214,383 | 1,933,141 |
| Total Current Liabilities | | 3,552,578 | 3,050,034 |
| Non Current Liabilities | | | |
| Provisions | 11 | 148,135 | 188,418 |
| Interest Bearing Debt | 13 | 44,286 | 53,313 |
| Total Non Current Liabilities | | 192,421 | 241,731 |
| Total Liabilities | | 3,744,999 | 3,291,765 |
| Net Assets | | 12,738,970 | 12,474,741 |
| Equity | | | |
| Defence Fund | 12(a) | 2,997,992 | 2,963,056 |
| General Fund | 12(a) | 4,834,260 | 4,532,104 |
| Incidental Fund | 12(a) | 2,590,333 | 2,437,237 |
| Special Purpose Fund | 12(a) | 558,533 | 784,492 |
| Asset Revaluation Reserve | 12(b) | 1,757,852 | 1,757,852 |
| Total Equity | | 12,738,970 | 12,474,741 |

The accompanying notes form part of this Financial Report

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

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

| | 2017 | 2016 |
|--|-----------|-----------|
| | \$ | \$ |
| Accumulated Profit / (Deficit) – Beginning of Year | - | - |
| Profit / (Loss) for the Year | 264,229 | 688,116 |
| Distribution to:- | | |
| Defence Fund | (34,936) | (42,653) |
| General Fund | (302,156) | (577,040) |
| Incidental Fund | (153,096) | (290,984) |
| Special Purpose Fund | 225,959 | 222,561 |
| Total Accumulated Profit / (Deficit) – End of the Year | - | - |

| | Defence Fund \$ | General Fund \$ | Incidental Fund \$ | Special Purpose Fund \$ | Asset Revaluation Reserve \$ | Total \$ |
|---------------------------|-----------------------|-----------------------|--------------------------|----------------------------------|---------------------------------------|-------------|
| 2017 | | | | | | |
| Balance – Start of Period | 2,963,056 | 4,532,104 | 2,437,237 | 784,492 | 1,757,852 | 12,474,741 |
| Net Surplus / (Deficit) | 34,936 | 302,156 | 153,096 | (225,959) | - | 264,229 |
| Balance – End of Period | 2,997,992 | 4,834,260 | 2,590,333 | 558,533 | 1,757,852 | 12,738,970 |

| | Defence Fund \$ | General Fund \$ | Incidental Fund \$ | Special Purpose Fund \$ | Asset Revaluation Reserve \$ | Total \$ |
|---------------------------|-----------------------|-----------------------|--------------------------|----------------------------------|---------------------------------------|-------------|
| 2016 | | | | | | |
| Balance – Start of Period | 2,920,403 | 3,955,064 | 2,146,253 | 1,007,053 | 1,757,852 | 11,786,625 |
| Net Surplus / (Deficit) | 42,653 | 577,040 | 290,984 | (222,561) | - | 688,116 |
| Balance – End of Period | 2,963,056 | 4,532,104 | 2,437,237 | 784,492 | 1,757,852 | 12,474,741 |

The accompanying notes form part of this Financial Report

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

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

| | Notes | 2017 Inflows/ (Outflows) \$ | 2016 Inflows/ (Outflows) \$ |
|--|-------|--------------------------------------|--------------------------------------|
| Cash flows from Operating Activities | | | |
| Contributions and enrolment fees from Members | | 4,130,931 | 4,073,053 |
| Interest Received | | 126,362 | 146,471 |
| Grants Received | | 430,414 | 401,821 |
| Levies Received | | - | - |
| Other Income | | 272,665 | 257,694 |
| Directors' Fees | | 174,549 | 182,854 |
| Rent Received – Investment Property (PJTF Ltd) | | 557,437 | 559,919 |
| Amounts recharged and recouped | | 1,168,304 | 1,106,012 |
| Payments to Suppliers and Employees | | (5,715,041) | (5,271,337) |
| Interest Paid | | (2,166) | (3,654) |
| Net Cash Provided by Operating Activities | 15 | 1,143,455 | 1,452,833 |
| Cash flows from Investing Activities | | | |
| Payments for Property, Plant and Equipment and Investment Properties | | (269,947) | (236,628) |
| Proceeds from Sale of Property, Plant and Equipment | | 44,951 | 12,248 |
| Net Cash Provided by / (Used in) Investing Activities | | (224,996) | (224,380) |
| Cash flows from Financing Activities | | | |
| Borrowings | | (9,201) | (8,636) |
| Repayments (by)/to Federal Office | | (300,001) | (119,647) |
| Repayments (by)/to CEPU WA Branch | | (14,622) | (19,614) |
| Repayments (by)/to PJTF Ltd | | 1,013 | - |
| Repayments (by)/to CEPU National Office | | 500 | - |
| Repayments (by)/to CEPU TEC Ltd | | (2,343,498) | - |
| Net Cash Provided by/(Used) in Financing Activities | | (2,665,809) | (147,897) |
| Net Increase in Cash and Cash Equivalents | | (1,747,350) | 1,080,556 |
| Cash and Cash Equivalents at Beginning of Year | | 6,615,812 | 5,535,256 |
| Cash and Cash Equivalents at End of Year | 15 | 4,868,462 | 6,615,812 |

The accompanying notes form part of this Financial Report

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Statement of Significant Accounting Policies

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Fair Work (Registered Organisations) Regulations 2009 and Fair Work (Registered Organisations) Act 2009.

Basis of Preparation

The financial report complies with Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Comparative information has been restated where necessary to comply with current year presentation of the financial report.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The Union is a 'not for profit' organisation.

Cost is based on fair values of consideration given in exchange for assets.

The accounting policies set out below have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Property, Plant and Equipment

Cost and valuation

Freehold land and buildings that constitute investment properties are measured at cost or on a 'fair value' basis. At each reporting date, the value of assets in this asset class is reviewed to ensure that it does not differ materially from the asset's book value at that date. Any significant increase or decrease is recognised in accordance with accounting standards.

All other fixed assets are also measured at the lower of cost and fair value.

Depreciation

Depreciation is calculated on the prime cost and diminishing value methods and is brought to account over the estimated economic lives of all buildings, motor vehicles, equipment, furniture and fittings. Depreciation rates applied are:

| | 2017 | 2016 |
|--------------------------------|-------------|-------------|
| Buildings | 2.5% | 2.5% |
| Motor Vehicles | 25% | 25% |
| Furniture and Office Equipment | 12.5-33.33% | 15-33.33% |
| Fixtures and Fittings | 13% | 13% |

(b) Inventories

Inventories are valued at the lower of cost and net realisable value (cost is based on a FIFO basis).

(c) Income Tax

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997. An obligation for fringe benefits tax and goods and services tax still exists and has been accounted for by the Union.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(d) Employee Benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled in full within one year together with entitlements arising from wages and salaries, have been measured at the nominal amounts expected to be paid when the liability is settled plus relates on-costs. Other employee benefits payable have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Retiring allowance, applicable only to officials, is accrued in accordance with clause 51.4 & 51.5 of the Rules.

Long service leave provisions in relation to officials is recognised in the accounts, in accordance with clause 51.7 and 51.9 of the Rules. Long service leave for non-officials is accrued based on probability of pay-out and years of service.

Contributions made by the Union to employee superannuation funds are charged as expenses when incurred.

The number of employees at the end of the year was 24.

(e) Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accruals basis. Any contribution received in advance for the next period is included in deferred income.

Interest revenue is recognised on an accrual basis.

Revenue arising from the disposal of non-current assets is recognised when the Union and the buyer are both committed to a contract and settlement has occurred.

Investment property revenue is recognised on a straight-line basis over the lease term. All other revenue is recognised on an accruals basis.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(g) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are generally due for settlement within 30 days.

The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the income statement as an expense.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(i) Trade and other payables

Trade payables and other accounts payable are recognised when the Union becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 30 days.

(j) Capitation Fees

These fees are recognised on an accruals basis, and recorded as an expense in the year to which they relate.

(k) Critical Accounting Estimates and Judgements

The Committee of Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Union.

Key Estimates – Impairment

The Union assesses impairment at each reporting date by evaluating conditions specific to it that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined and reflected in the Financial Report.

(l) Fair value measurement

The Union measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Union would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(m) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Union, together with an assessment of the potential impact of such pronouncements on the Union when adopted in future periods, are discussed below:

- 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 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 the Standard, the application of such accounting would be largely prospective.

The Committee of Management anticipates that the adoption of AASB 9 will not have an impact on the Union's financial instruments.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

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. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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

The Committee of Management anticipates that the adoption of AASB 15 will not have an impact on the Union's financial statements.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(n) Going Concern

The Union is not reliant on the agreed financial support of any entity nor has it agreed to provide financial support to any entity so they can continue as a going concern other than PTEU WA Branch. Such support to that Branch is being provided indefinitely and is interest free.

2. Information to be provided to Members or Commissioner, Registered Organisations Commission

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-section (1), (2) and (3) of Section 272 which reads as follows:-

- (1) A Member of an organisation, or the Commissioner, Registered Organisations Commission, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

3. Fund Analysis

| 3.1 Defence Fund | Notes | 2017 | 2016 |
|---|--------------|-------------|-------------|
| | | \$ | \$ |
| INCOME | | | |
| Interest Received | | 34,936 | 42,653 |
| Levies | | | |
| Total Income | | 34,936 | 42,653 |
| MOVEMENT | | | |
| Surplus for Year | | 34,936 | 42,653 |
| Surplus B/Fwd | | 2,963,056 | 2,920,403 |
| Accumulated Surplus | 12(a) | 2,997,992 | 2,963,056 |
| 3.2 General Fund | | | |
| INCOME | | | |
| Interest Received | | 53,438 | 57,764 |
| Net Surplus/(Deficit) transferred (2/3 of Net Profit / (Loss) from Ordinary Activities) | | 248,718 | 519,276 |
| Total Income | | 302,156 | 577,040 |
| MOVEMENT | | | |
| Surplus/(Deficit) for Year | | 302,156 | 577,040 |
| Surplus B/Fwd | | 4,532,104 | 3,955,064 |
| Accumulated Surplus | 12(a) | 4,834,260 | 4,532,104 |
| 3.3 Incidental Fund | | | |
| INCOME | | | |
| Interest Received | | 28,737 | 31,346 |
| Net Surplus/(Deficit) transferred (1/3 of Net Profit/(Loss) from Ordinary Activities) | | 124,359 | 259,638 |
| Total Income | | 153,096 | 290,984 |
| MOVEMENT | | | |
| Surplus/(Deficit) for the Year | | 153,096 | 290,984 |
| Surplus B/Fwd | | 2,437,237 | 2,146,253 |
| Accumulated Surplus | 12(a) | 2,590,333 | 2,437,237 |
| 3.4 Special Purpose Fund | | | |
| INCOME | | | |
| Interest Received | | 9,250 | 14,708 |
| Sales of t-shirts / windcheaters | | 13,507 | 13,095 |
| Total Income | | 22,757 | 27,803 |
| EXPENDITURE | | | |
| Donations | | *194,700 | * 107,847 |
| Functions – staff and other | | 13,927 | 87,352 |
| T-shirts / windcheater purchases | | 40,089 | 55,165 |
| Total Expenditure | | 248,716 | 250,364 |
| MOVEMENTS | | | |
| (Deficit) / Surplus for the year | | (225,959) | (22,561) |
| Surplus B/Fwd | | 784,492 | 1,007,053 |
| Accumulated Surplus | 12(a) | 558,533 | 784,492 |

* Of this amount \$174,951 (2016: \$86,615) of donations were in excess of \$1,000 each, the balance \$19,749 (2016: \$21,232) were less than \$1,000 each.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

3. Fund Analysis (cont'd)

General Fund

Pursuant to the Rules of the Union, the General Fund includes all enrolment fees, contributions, levies and fines (except as specifically prescribed in the rules) and except with the previous permission of the Divisional Council or Divisional Executive shall only be used for the payment of allowances and general expenditures necessarily incurred in the working of the Branch.

Incidental Fund

Pursuant to the Rules of the Union, the surplus allocated in the General Fund at the close of each financial period is divided into three equal parts with one part being allocated to the Incidental Fund and two parts of the General Fund. This Fund is wholly at the disposal of the Branch for any purpose whatsoever.

Defence Fund

This fund represents the accumulated levy made on members of the Victorian Branch. Legal fees incurred where deemed to be for the defence of the Union can be written off against this fund.

Special Purpose

This reserve is used for specific purposes approved by the Divisional Council or Divisional Executive. It incorporates levies in respect of the Federal Office, and membership transactions.

| | 2017 \$ | 2016 \$ |
|---|----------------|----------------|
| 4. Cash and Cash Equivalents | | |
| Cash at Bank | 4,863,962 | 6,611,312 |
| Cash on Hand | 4,500 | 4,500 |
| | 4,868,462 | 6,615,812 |
| 5. Receivables | | |
| Sundry Debtors and Accrued Income | 53,273 | 12 |
| GST Receivable | (42,291) | (34,006) |
| Amounts due from related parties | 2,930,971 | 529,392 |
| Amounts due from Training and Education Centres | 548,608 | 437,705 |
| | 3,490,561 | 933,103 |
| No receivables were impaired at reporting date (2016: \$nil). | | |
| All receivables are aged as follows:- | | |
| Days | \$ 2017 | \$ 2016 |
| 0 – 30 | 601,881 | 437,717 |
| No set terms* | 2,930,971 | 529,392 |
| | 3,532,852 | 967,109 |
| * No specific repayment terms set. | | |
| 6. Other Current Assets | | |
| Prepayments | 55,897 | 64,270 |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

| 7. Property, Plant and Equipment | 2017 \$ | 2016 \$ |
|--|-------------------------|-------------------------|
| Non-Current | | |
| Freehold Land | | |
| At Valuation | 1,105,650 | 1,105,650 |
| At Cost | - | - |
| | <u>1,105,650</u> | <u>1,105,650</u> |
| Buildings on Freehold Land | | |
| At Valuation | 900,000 | 900,000 |
| At Cost | 551,386 | 551,386 |
| Less: Accumulated Depreciation | <u>(377,027)</u> | <u>(340,742)</u> |
| | 1,074,359 | 1,110,644 |
| Motor Vehicles | | |
| At Cost | 769,256 | 672,652 |
| Less: Accumulated Depreciation | <u>(462,653)</u> | <u>(402,147)</u> |
| | 306,603 | 270,505 |
| Furniture and Equipment | | |
| At Cost | 870,101 | 834,981 |
| Less: Accumulated Depreciation | <u>(765,860)</u> | <u>(712,066)</u> |
| | 104,241 | 122,915 |
| Fixtures and Fittings | | |
| At Cost | 45,431 | 45,431 |
| Less: Accumulated Depreciation | <u>(41,650)</u> | <u>(37,851)</u> |
| | 3,781 | 7,580 |
| Total Property, Plant and Equipment (Non Current) | <u><u>2,594,634</u></u> | <u><u>2,617,294</u></u> |

Freehold land and buildings located at 50-52 Victoria Street, Carlton North were valued by D Brindley, Certified Practising and Sworn Valuers of Woodards (Network) Pty Ltd on 31 March 2013. The basis of valuation of the property was the capitalisation of estimated net rental at the rate that reflects the risks relating to such property classes in the location. Property acquired subsequently is measured at cost. The Committee of Management believe the current written down value of land and buildings is appropriate as a basis on which to measure fair value.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

7. Property, Plant and Equipment (cont'd)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current year.

| 2017 | Freehold Land \$ | Buildings \$ | Motor Vehicles \$ | Furniture & Equipment \$ | Fixtures & Fittings \$ | Total \$ |
|--------------------------------------|------------------------|-----------------|-------------------------|--------------------------------|------------------------------|-------------|
| Carrying amount at beginning of year | 1,105,650 | 1,110,644 | 270,505 | 122,915 | 7,580 | 2,617,294 |
| Additions | - | - | 234,827 | 35,120 | - | 269,947 |
| Disposals | - | - | (43,235) | - | - | (43,235) |
| Depreciation Expense | - | (36,285) | (155,494) | (53,794) | (3,799) | (249,372) |
| Carrying amount at end of year | 1,105,650 | 1,074,359 | 306,603 | 104,241 | 3,781 | 2,594,634 |
| 2016 | Freehold Land \$ | Buildings \$ | Motor Vehicles \$ | Furniture & Equipment \$ | Fixtures & Fittings \$ | Total \$ |
| Carrying amount at beginning of year | 1,105,650 | 1,147,065 | 231,702 | 115,252 | 11,409 | 2,611,078 |
| Additions | - | - | 182,872 | 53,756 | - | 236,628 |
| Disposals | - | - | (25,743) | - | - | (25,743) |
| Depreciation expense | - | (36,421) | (118,326) | (46,093) | (3,829) | (204,669) |
| Carrying amount at end of year | 1,105,650 | 1,110,644 | 270,505 | 122,915 | 7,580 | 2,617,294 |

| | 2017 \$ | 2016 \$ |
|---|-------------------|-------------------|
| 8. Investment Property | | |
| Carrying amount at the beginning of year | 5,875,691 | 5,875,691 |
| Less: Accumulated Depreciation | (507,473) | (432,746) |
| Carrying amount at the end of year | 5,368,218 | 5,442,945 |
| * (Valued by Jones Lang LaSalle, Certified Practising Valuers on 23 March 2010 on a 'market value for mortgage security' basis). No market valuation increment/decrement is believed to have occurred from the previous valuation, based on market information available. | | |
| 9. Payables | | |
| Creditors and accruals (includes \$11,704 payable to WA Branch) | 440,637 | 387,318 |
| Consideration to employers for payroll deductions | - | - |
| Legal Costs - litigation | - | - |
| Legal Costs – other matters | 49,765 | - |
| | 490,402 | 387,318 |
| 10. Non Interest Bearing Liabilities | | |
| Amount Payable to Federal Office* | 834,282 | 717,261 |
| Amount Payable to Western Australia Branch | 358 | - |
| Amount Payable to PJTF Ltd | 1,013 | - |
| | 835,653 | 717,261 |

* Receivable of \$50,000 disclosed at Note 5 (Amount due from related parties)

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

| | | | | |
|--|--|-------------|--|-------------|
| 11. Provisions | | 2017 | | 2016 |
| | | \$ | | \$ |
| <i>Current</i> | | | | |
| Annual Leave | | 342,368 | | 306,720 |
| Long Service Leave and Retiring Allowances | | 1,872,015 | | 1,626,421 |
| | | 2,214,383 | | 1,933,141 |
| <i>Non Current</i> | | | | |
| Long Service Leave and Retiring Allowances | | 148,135 | | 188,418 |
| | | 148,135 | | 188,418 |

Of the amounts owing above, they are payable as follows:-

| | Annual Leave | | Long Service Leave and Retirement Allowance | | Total | |
|---------------|--------------|---------|---|-----------|-----------|-----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Officeholders | 128,832 | 88,273 | 630,392 | 616,501 | 759,224 | 704,774 |
| Other Staff | 213,536 | 218,447 | 1,389,758 | 1,198,338 | 1,603,294 | 1,416,785 |
| Total | 342,368 | 306,720 | 2,020,150 | 1,814,839 | 2,362,518 | 2,121,559 |

There are no other provisions for separation and redundancy or other provisions for officeholders or other employees (2016: \$nil)

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Union does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Union does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

| | | | | | |
|-----------------------------------|--|-----------|-----------|------------|-----------------|
| 12. Equity | | Defence | General | Incidental | Special Purpose |
| (a) Accumulated Funds | | \$ | \$ | \$ | \$ |
| Balance at beginning of year | | 2,963,056 | 4,532,104 | 2,437,237 | 784,492 |
| Surplus/(Deficit) for the year | | 34,936 | 302,156 | 153,096 | (225,959) |
| Balance at end of year | | 2,997,992 | 4,834,260 | 2,590,333 | 558,533 |
| (b) Asset Revaluation Reserve (i) | | | | 2017 | 2016 |
| Opening balance | | | | \$ | \$ |
| Revaluation increment | | | | 1,757,852 | 1,757,852 |
| Closing balance | | | | 1,757,852 | 1,757,852 |

(i) Reflects increments in fair value of fixed asset classes.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

| 13. Interest Bearing Debt | 2017 | 2016 |
|---------------------------|---------------|---------------|
| | \$ | \$ |
| Current | 12,140 | 12,314 |
| Non Current | 44,286 | 53,313 |
| | <u>56,426</u> | <u>65,627</u> |

This debt repayable over 12 years is secured by a first registered mortgage over the land and buildings located at 22-28 Phoenix Street, Brunswick and Units 6,7,8, 306 Albert Street, Brunswick.

14. Employee Benefits

| Employee benefits paid/accrued during the year | Officeholders | | Employees | | Total | |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Wages and Salaries | 477,034 | 462,498 | 2,616,824 | 2,310,938 | 3,093,858 | 2,773,436 |
| Annual Leave | 13,857 | 14,087 | 21,791 | 34,861 | 35,648 | 48,948 |
| Long Service Leave and Retirement Allowance | 70,287 | 143,404 | 135,024 | 278,700 | 205,311 | 422,104 |
| Superannuation | 87,542 | 87,371 | 394,797 | 380,900 | 482,339 | 468,271 |
| Total | <u>648,720</u> | <u>707,360</u> | <u>3,168,436</u> | <u>3,005,399</u> | <u>3,817,156</u> | <u>3,712,759</u> |

No separation or redundancy costs or other expenses were incurred this year for officeholders or other employees (2016: \$nil).

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

15. Cash Flow Information

| | 2017 | 2016 |
|--|-----------|-----------|
| | \$ | \$ |
| a. Reconciliation of Cash | | |
| Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:- | | |
| Cash at Bank | 4,863,962 | 6,611,312 |
| Cash on Hand | 4,500 | 4,500 |
| | 4,868,462 | 6,615,812 |
| b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit | | |
| <u>Net Profit / (Loss)</u> | Notes | |
| Defence Fund | 3.1 | 34,936 |
| General Fund | 3.2 | 302,156 |
| Incidental Fund | 3.3 | 153,096 |
| Special Purpose Fund | 3.4 | (225,959) |
| | | 264,229 |
| <u>Non Cash Items</u> | | |
| Depreciation | | 324,098 |
| Provisions | | 240,959 |
| (Profit) / Loss on Disposal of Non Current Assets (nett) | | (1,716) |
| Per Capita Charge | | 367,022 |
| | | 688,116 |
| <u>Changes in Operating Assets and Liabilities</u> | | |
| (Increase)/Decrease in Prepayments | | 8,373 |
| (Increase)/Decrease in Inventories | | (6,715) |
| Increase/(Decrease) in Trade Creditors and Accruals | | 103,084 |
| (Increase)/Decrease in Sundry Debtors and Training Centre Receivables | | (164,164) |
| (Increase)/Decrease in GST Receivables | | 8,285 |
| Net Cash Provided by Operating Activities | | 1,143,455 |
| | | 1,452,833 |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

16. Related Party Information

- a. The names or persons who formed part of the Committee of Management at any time during the year were:-

| | |
|--|---|
| <u>President</u> N. Ottobre <u>Trustee</u> C. Delidakis <u>Secretary</u> E. Setches <u>Committee of Management</u> I. Marris B. Jovanovski R. Menzies B. Redina S. Bamford M. Robbins D. Saunders D. McClusky | <u>Vice-President</u> T. Smart <u>Trustee</u> R. Vaughan <u>Assistant Secretary</u> P. McCrudden |
|--|---|

- b. Amounts received or due and receivable (ie. wages paid to E Setches, R Vaughan, P McCrudden and committee of management fees paid) were \$477,034 (2016 : \$462,498). Annual leave provisions to these personnel during the year, long service leave and retirement allowances are disclosed in Note 14. There were no bonuses or termination benefits paid to officeholders. There were no loans to/from officeholders (2016: \$nil). Amounts paid on behalf of the Secretary, Assistant Secretary and Committee Members to the Building Union Superannuation Scheme in respect to the retirement of Committee of Management members were \$87,542 (2016: \$87,371).
- c. Amounts paid to key officers are:-

| Remuneration of Key Officers | Short-term Benefits Remuneration | | Post – Employment Benefits | | Other Benefits | |
|------------------------------|----------------------------------|----------------|----------------------------|---------------|----------------|----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| E. Setches | 170,515 | 164,782 | 29,586 | 28,713 | - | - |
| P. McCrudden | 167,720 | 161,833 | 30,397 | 31,903 | - | - |
| TOTAL | 338,235 | 326,615 | 59,983 | 60,616 | - | - |

Annual leave and long service leave provisions accrued during the year are:-

| | Annual Leave | | Long Service Leave | |
|--------------|--------------|---------------|--------------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| E. Setches | 3,942 | 6,251 | 32,195 | 67,207 |
| P. McCrudden | 3,527 | 4,998 | 11,655 | 21,413 |
| TOTAL | 7,469 | 11,249 | 43,850 | 88,620 |

No termination benefit or share based payments or bonuses were received by key personnel or other officeholders.

The officeholders received no 'non cash' benefits not included in remuneration (2016: \$nil). No officeholder of the Branch during the year and/or in the prior year had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

16. Related Party Information (cont'd)

- c. No officeholder or officer of the Branch (this year or last year) received any remuneration in their own name because they were a member of, or held position with a Board or other organisation because:-
- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
 - ii) They were nominated for the position by the Branch; or
 - iii) They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Branch.

Directors fees received by officeholders in their positions as directors of other entities and passed on directly to the Union amounted to \$174,549 (2016: \$182,854).

- d. All transactions between the Committee Members and the Union were conducted on normal commercial terms in respect of subscriptions and the supply of other goods and services.
- e. Transactions with Federal Office, Branches and Related entities

| | 2017 | 2016 |
|--|-----------|-----------|
| Per Capital Payment | | |
| During the year, the Victorian Branch of the Union paid to the Federal Office a per capital payment calculated in accordance with the rules. | 367,022 | 278,957 |
| Transfer of motor vehicle to WA Branch | - | (12,249) |
| Transfer of motor vehicle to CEPUTEC | - | (13,495) |
| Transfer of motor vehicle from PJTF Ltd | - | 26,070 |
| Rental Income on Investment Property - PICAC Ltd | 549,992 | 549,992 |
| Rental Income on office – CEPU National Office | 7,445 | 9,927 |
| | | |
| f. Related Party balances at year end | | |
| Amounts receivable/(payable) at reporting date – Federal office and other branches | | |
| Federal | (784,282) | (717,261) |
| Western Australia Branch | 11,575 | (3,047) |
| CEPU National Office | 500 | - |
| | (772,207) | (720,308) |
| | | |
| Rent receivable – related entity | | |
| PICAC Ltd | 432,008 | 341,030 |
| | | |
| Development cost recoverable – related entity | | |
| PICAC Ltd | 115,588 | - |
| | | |
| Other Receivables – related entities | | |
| NUDJ Plumbing Services Ltd | 25,000 | 25,000 |
| CEPUTEC Ltd | 2,855,472 | 505,067 |

* All related party loans are interest free and unsecured.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

16. Related Party Information (cont'd)

| Branch Receivables / Payables | 2017 | 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Balance Reconciliation - Branches | | |
| Federal Office | | |
| Carrying amount at beginning of the year | (717,261) | (557,951) |
| Capita charge | (367,022) | (278,957) |
| Sundry charges | - | - |
| Waivered – Capita and Levy | - | - |
| Receipts | (66,146) | (1,673) |
| Payments made | 366,147 | 121,320 |
| Carrying amount at end of the year | <u>(784,282)</u> | <u>(717,261)</u> |
| Western Australia Branch | | |
| Carrying amount at beginning of the year | (3,047) | (22,661) |
| Levy charge | - | - |
| Sundry charges | - | - |
| Sundry income | - | - |
| Receipts | (11,897) | (97,240) |
| Payments made | 26,519 | 116,854 |
| Carrying amount at end of the year | <u>11,575</u> | <u>(3,047)</u> |
| CEPU National Office | | |
| Carrying amount at beginning of the year | - | - |
| Payments made | 500 | - |
| Carrying amount at end of the year | <u>500</u> | <u>-</u> |

17. Donations

| | 2017 | 2016 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| Political Party | 160,386 | 28,659 |
| Other | 34,314 | 79,188 |
| | <u>194,700</u> | <u>107,847</u> |
| Donations < \$1,000 | 19,749 | 21,232 |
| Donations > \$1,000 | 174,951 | 86,615 |
| | <u>194,700</u> | <u>107,847</u> |

18. Affiliation Fees

| | | |
|---|----------------|----------------|
| Australian Labour Party - Victorian Branch | 59,325 | 55,746 |
| CEPU National Office | 70,417 | 7,278 |
| Victorian Trades Hall Council | 68,455 | 41,017 |
| North East & Border Trades & Labour Council | 678 | 640 |
| Golburn Valley Trades & Labour Council | 154 | 140 |
| South West Trades & Labour Council | 465 | 186 |
| Geelong & Region Trade Hall Council | 3,487 | 3,449 |
| Sunraysia Trades and Labour Council | - | 125 |
| Ballarat Trades Hall | 2,112 | 2,112 |
| Gippsland Trades & Labour Council | 348 | 436 |
| Bendigo Trades Hall Council | 540 | 515 |
| Community Radio Federation | - | 3,163 |
| Electrical Trades Union | 2,849 | - |
| | <u>208,830</u> | <u>114,807</u> |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

19. Commitments

Capital expenditure commitments as at 31 March 2017 are \$nil (2016: \$nil).

20. Contingent Liability

There was no contingent liability at 31 March 2017 (2016: \$nil).

21. Segment Reporting

The Union Provides services to members employed in executing plumbing, gas fitting, pipe fittings and domestic engineering works in the state of Victoria.

22. Other Matters

The Union does not have any agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern other than PTEU WA Branch. It did not receive any financial support from any other reporting unit.

The Union did not acquire an asset or liability as a result of an amalgamation, restructure or alternative reporting unit determination or revocation.

The Union did not acquire assets or liabilities as part of a business combination.

23. Union's Details

The principal place of business of the branch is:

52 Victoria Street
CARLTON VIC 3053

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

24. Financial Instruments

a. Financial Risk Management

The Union's financial instruments consist of deposits with banks, short-term investments, accounts receivables and payable.

The Union's does not have any derivative instruments at 31 March 2017 (2016: \$nil).

The purpose of the financial instruments is to raise finances for the operations of the entity.

i) Treasury Risk Management

The Committee of Management meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii) Financial Risk

The main risks the Union's is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk.

Foreign Currency

The Union's is not exposed to fluctuations in foreign currency.

Liquidity Risk

The Union's manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements.

The entity has a material credit risk exposure amounting to \$650,553 (2016: \$437,705) to debtors under financial transactions entered into by the entity.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION
OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

24. Financial Instruments (cont'd)

ii) Interest Rate Risk

The Union's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised are as follows:

| Financial Instruments | Floating Interest Rate | | Fixed Interest Rate maturing in: less than 1 year | | Fixed Interest Rate maturing in: 1 year or more | | Non Interest Bearing | | Total Carrying Amount as per Statement of Financial Position | | Weighted Average Effecting Interest Rate | |
|---|------------------------|------------------|---|-----------------|---|-----------------|----------------------|------------------|--|------------------|--|-----------|
| | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ | 2017 \$ | 2016 \$ | 2017 % | 2016 % |
| Financial Assets | | | | | | | | | | | | |
| Cash and Cash Equivalents | 4,863,962 | 6,611,312 | - | - | - | - | 4,500 | 4,500 | 4,868,462 | 6,615,812 | 1.75 | 2.50 |
| Receivables | - | - | - | - | - | - | 3,490,561 | 933,103 | 3,490,561 | 933,103 | | |
| Other Financial Assets | - | - | - | - | - | - | - | - | - | - | | |
| Total | 4,863,962 | 6,611,312 | - | - | - | - | 3,495,061 | 937,603 | 8,359,023 | 7,548,915 | | |
| Financial Liabilities | | | | | | | | | | | | |
| Interest Bearing Debt | - | - | 12,140 | 12,314 | 44,286 | 53,313 | - | - | 56,426 | 65,627 | 4.84 | 5.35 |
| Payables | - | - | - | - | - | - | 490,402 | 387,318 | 490,402 | 387,318 | | |
| Non Interest Bearing Liabilities | - | - | - | - | - | - | 835,653 | 717,261 | 835,653 | 717,261 | | |
| Total | - | - | 12,140 | 12,314 | 44,286 | 53,313 | 1,326,055 | 1,104,579 | 1,382,481 | 1,170,206 | | |
| Net Financial Assets/(Liabilities) | 4,863,962 | 6,611,312 | (12,140) | (12,314) | (44,286) | (53,313) | 2,169,006 | (166,976) | 6,976,542 | 6,378,709 | | |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

24. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of investments in commercial bills/securities at 31 March 2017 is estimated at \$nil (carrying amount \$nil). The net fair value of the Union's other financial assets and financial liabilities are not significantly different from the class of assets and liabilities as disclosed above and recognised in the statement of financial position as at 31 March 2017.

c. Sensitivity Analysis

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.

Interest rate sensitivity analysis

At 31 March 2017, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

| | 2017 | 2016 |
|---------------------------------|----------|-----------|
| | \$ | \$ |
| Change in profit | | |
| Increase in interest rate by 2% | 96,151 | 132,226 |
| Decrease in interest rate by 2% | (96,151) | (132,226) |
| Change in equity | | |
| Increase in interest rate by 2% | 96,151 | 132,226 |
| Decrease in interest rate by 2% | (96,151) | (132,226) |

25. Fair Value Measurement

The Union measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The Union does not subsequently measure any assets or liabilities at fair value on a non-recurring basis.

a. 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 measurements into one of 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 | Level 2 | Level 3 |
|--|--|---|
| Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. | Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. | Measurements based on unobservable inputs for the asset or liability. |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

25. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

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.

Valuation Techniques

The Union selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected are consistent with one or more of the following valuation approaches:-

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Union gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Union's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

| | Note | 31 March 2017 | | | Total |
|--|------|---------------|-----------|---------|-------|
| | | Level 1 | Level 2 | Level 3 | |
| | | \$ | \$ | \$ | \$ |
| Recurring fair value measurements | | | | | |
| <i>Financial assets</i> | | | | | |
| Financial assets at fair value through profit or loss: | | - | - | - | - |
| Available-for-sale financial assets: | | - | - | - | - |
| Total financial assets recognised at fair value | | - | - | - | - |
| <i>Non-financial assets</i> | | | | | |
| Freehold land & buildings | | - | 7,548,227 | - | - |
| Total non-financial assets recognised at fair value | | - | 7,548,227 | - | - |

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

25. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

| | Note | 31 March 2016 | | | Total |
|--|------|---------------|-----------|---------|-------|
| | | Level 1 | Level 2 | Level 3 | |
| | | \$ | \$ | \$ | \$ |
| Recurring fair value measurements | | | | | |
| <i>Financial assets</i> | | | | | |
| Financial assets at fair value through profit or loss: | | | | | |
| Available-for-sale financial assets: | | | | | |
| Total financial assets recognised at fair value | | - | - | - | - |
| <i>Non-financial assets</i> | | | | | |
| Freehold land & buildings | | - | 7,659,239 | - | |
| Total non-financial assets recognised at fair value | | - | 7,659,239 | - | |

b. Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

| Description | Fair Value at | Fair Value at | Valuation Technique(s) | Inputs Used |
|--|---------------|---------------|--|---|
| | 31 March 2017 | 31 March 2016 | | |
| | \$ | \$ | | |
| <i>Non-financial assets</i> | | | | |
| Financial assets at fair value through profit or loss: | | | Market approach using recent observable market data or income approach using discounted cash flows | Price per square metre, market borrowing rate |
| Available-for-sale financial assets: | | | Market approach using recent observable market data or discounted cashflows | Price per share, market borrowing rate |
| | 7,548,227 | 7,659,239 | | |
| | - | - | | |
| | 7,548,227 | 7,659,239 | | |

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values approximate book value as disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- hire purchase liabilities.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION,
POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION – VICTORIA BRANCH**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017 (cont'd)**

25. Fair Value Measurement (cont'd)

c. Disclosed Fair Value Measurements

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation techniques(s) and inputs used:

| Description | Fair Value at Hierarchy Level | Valuation Technique(s) | Inputs Used |
|---------------------------------------|-------------------------------------|--|--|
| <i>Assets</i> | | | |
| Accounts receivable and other debtors | 3 | Income approach using discounted cash flow methodology | Market interest rates for similar assets |
| <i>Liabilities</i> | | | |
| Accounts payable and other payables | 3 | Income approach using discounted cash flow methodology | Market interest rates for similar assets |
| Hire purchase liabilities | 2 | Income approach using discounted cash flow methodology | Current commercial borrowing rates for similar instruments |

26. Events Subsequent to Reporting Date

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.

INDEPENDENT AUDIT REPORT

To the Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – Victorian Branch

Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying general purpose financial report of the Branch, which comprises the statement of financial position as at 31 March, 2017, and the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the Committee of Management Statement.

In our opinion under the Fair Work (Registered Organisations) Act 2009, the general purpose financial report is presented fairly in accordance with any of the following that apply in relation to the reporting unit:

- a) Australian Accounting Standards, and Australian Accounting Interpretations;
- b) in relation to recovery of wages activity;
 - (i) that the scope of the audit encompassed recovery of wages activity
 - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of the Commissioner, Registered Organisations Commission, including;
 - 1. Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 - 2. Any donations or other contributions deducted from recovered money; and
- c) Any other requirements imposed by these Reporting Guidelines or the Fair Work (Registered Organisations) Act 2009.

In our opinion, there were kept by the organisation satisfactory accounting records detailing the source and nature of all income and the nature of all expenditure.

As part of our audit of the organisation for the year ended 31 March 2017, we are of the opinion that the Committee of Management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility 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 Branch in accordance with the independence requirements of Corporations Act 2001 and 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 responsibilities in accordance with the Code.

We confirm that the independence declaration by the *Corporations Act 2001*, which has been given to the Committee of Management, would be in the same terms if given to the Committee as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDIT REPORT
(Cont'd)**

Committee of Management Responsibility for the Financial Report

The Branch Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission. This responsibility includes establishing and maintaining internal controls relevant to the preparation and true and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are responsible in the circumstances.

In preparing the financial report, the Committee of Management are responsible for assessing the Branch'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 intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the auditing 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 Branch'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.

**INDEPENDENT AUDIT REPORT
(Cont'd)**

- 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 Branch'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 Branch 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 business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch audit. We remain solely responsible for our audit opinion.

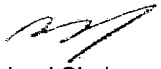
We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Committee of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Committee of Management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We can describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.


Stannards Accountants and Advisors


Michael Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2017/45)

Dated: 20/10/17