



11 August 2020

Allen Hicks

National Secretary; & Divisional Secretary - Electrical Division
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia

Sent via email: allen@etuaustralia.org.au

CC: gkent@mgisq.com.au

Dear Allen Hicks,

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

Financial Report for the year ended 31 December 2019 – (FR2019/338)

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 30 June 2020.

The financial report has now been filed.

The financial report was filed based on a primary review. This involved confirming that the financial reporting timelines required under s.253, s.265, s.266 and s.268 of the Fair Work (Registered Organisations) Act 2009 (**RO Act**) have been satisfied, all documents required under s.268 of the RO Act were lodged and that various disclosure requirements under the Australian Accounting Standards, RO Act and reporting guidelines have been complied with. A primary review does not examine all disclosure requirements.

Please note that the financial report for the year ending 31 December 2020 may be subject to an advanced compliance review.

You are not required to take any further action in respect of the report lodged. I make the following comments to assist you when you next prepare a financial report. The ROC will confirm these concerns have been addressed prior to filing next year's report.

New Accounting Standard – Partial Disclosure

Note 1.4 New Australian Accounting Standards states that Australian Accounting Standard AASB 15 Revenue from Contracts with Customers has adopted. However, the accounting policies disclosed in notes 1.5 Revenue in the GPFR does not appear to have been updated to reflect this new standard, nor does it appear that the disclosures required by this standard have been included in the GPFR.

Please note that in future years the reporting unit's GPFR must include all relevant and required financial disclosures in accordance with AASB 15.

Reporting Requirements

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements.

The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (03) 9603 0764 or via email at kylie.ngo@roc.gov.au.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Kylie', with a long horizontal stroke extending to the right.

Kylie Ngo
Registered Organisations Commission

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

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

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 31 December 2019

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

- that the documents lodged herewith are copies of the full report for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, (CEPU) National Council for the period ended 31 December 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- the full report was provided to members of the reporting unit on the 29 May 2020 in accordance with s.265 of the *Fair Work (Registered Organisations) Act 2009*; and
- the full report was presented to the committee of management of the reporting unit on the 26 June 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signed:



Name: Mr Allen Hicks
Date: 30 June 2020
Office Held: National Secretary, CEPU National Council

**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 DECEMBER 2019

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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 DECEMBER 2019

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 December 2019.

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 the 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 \$613,726. 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 DECEMBER 2019

Significant Changes in Financial Affairs

As detailed at Note 2, on 11 February 2020, the Federal Court of Australia imposed a penalty of \$445,000. The court determined that the CEPU contravened the RO Act on 86 occasions between March 2015 and May 2017 in relation to:

- notifying the regulator of changes to offices and office holders within the prescribed 35 day timeframe; and
- maintaining a list in accordance with section 230.

As a result, the financial statements at 31 December 2019 reflect the penalty imposed by the Court. However, subsequent to the end of the year, the Committee of Management has formally determined to appeal this decision.

After Balance Date Events

No matters or circumstances other than those described in Note 2 – Events After the Reporting Date 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.

Number of Employees

The number of persons who were, at the end of the year to which the report relates, employees of the Union, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis is 0.8.

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.

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

FOR THE YEAR ENDED 31 DECEMBER 2019

**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:

Name	Position	Superannuation Fund
Communications Division		
Greg Rayner	Divisional Secretary	Australia Post Super Scheme
Shane Murphy	Secretary NSW P&T Branch	Telstra Superannuation Scheme Pty Ltd (Member Director – resigned 12 March 2019)
Electrical Division		
Allen Hicks	Divisional Secretary	CBUS Construction & Building Industry Superannuation Scheme (Alternate Member Director – resigned 30 June 2019)
John Adley	Secretary, SA Branch	Electricity Industry Superannuation Scheme T/AS Electricsuper (Member Director – resigned 31 March 2019) (Alternate Member Director – appointed 1 April 2019)
Plumbing Division		
Earl Setches	Divisional Secretary	CBUS – Construction and 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 DECEMBER 2019

Wages Recovery Activity

The Union has not undertaken any recovery of wages activity for the financial year ended 31 December 2019.

Number of Members

Total number of members at 31 December 2019: 99,932.

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:

Name	Position	Period of Office
Allen Hicks	National Secretary	01/01/2019 – 31/12/2019
Greg Rayner	National President	01/01/2019 – 31/12/2019
Earl Setches	Assistant National Secretary	01/01/2019 – 31/12/2019
Shane Murphy	National Vice President	01/01/2019 – 31/12/2019
ELECTRICAL DIVISION		
Peter Ong	National Councillor	01/01/2019 – 31/12/2019
Dave McKinley	National Councillor	01/01/2019 – 02/01/2019
Justin Page	National Councillor	02/01/2019 – 31/12/2019
Glen Potter	National Councillor	01/01/2019 – 31/12/2019
Troy Gray	National Councillor	01/01/2019 – 31/12/2019
Daniel Filazzola	National Councillor	01/01/2019 – 31/12/2019
John Adley	National Councillor	01/01/2019 – 31/12/2019
Peter Carter	National Councillor	01/01/2019 – 31/12/2019
Michael Anderson	National Councillor	01/01/2019 – 31/12/2019
PLUMBING DIVISION		
Theo Samartzopoulos	National Councillor	01/01/2019 – 31/12/2019
Chris Seet	National Councillor	01/01/2019 – 31/12/2019
Gary O'Halloran	National Councillor	01/01/2019 – 31/12/2019
Michael Wiech	National Councillor	01/01/2019 – 31/12/2019
Patrick McCrudden	National Councillor	01/01/2019 – 31/12/2019
Glenn Menzies	National Councillor	01/01/2019 – 31/12/2019
Andy Wallace	National Councillor	25/06/2019 – 31/12/2019
Brian Bintley	National Councillor	01/01/2019 – 31/12/2019

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

FOR THE YEAR ENDED 31 DECEMBER 2019

Members of the Committee of Management (Continued)

Name	Position	Period of Office
COMMUNICATIONS DIVISION		
Nicole Robinson	National Councillor	01/01/2019 – 31/12/2019
John O'Donnell	National Councillor	01/01/2019 – 01/08/2019
James Perkins	National Councillor	01/08/2019 – 31/12/2019
Elly Huttly	National Councillor	01/01/2019 – 31/12/2019
Peter O'Connell	National Councillor	01/01/2019 – 31/12/2019
Peter Chaloner	National Councillor	01/01/2019 – 31/12/2019
Dan Dwyer	National Councillor	01/01/2019 – 01/08/2019
Lee Walkington	National Councillor	01/08/2019 – 31/12/2019
Joanne King	National Councillor	01/08/2019 – 31/12/2019
Joan Doyle	National Councillor	01/01/2019 – 01/08/2019
Leroy Lazaro	National Councillor	01/08/2019 – 31/12/2019
Valerie-Ann Butler	National Councillor	01/01/2019 – 31/12/2019
John Ellery	National Councillor	01/01/2019 – 01/08/2019
Susan Riley	National Councillor	01/08/2019 – 31/12/2019
Maureen Parker	National Councillor	01/01/2019 – 04/10/2019
Cameron Bird	National Councillor	01/01/2019 – 31/12/2019
Brian Kershaw	National Councillor	01/01/2019 – 01/08/2019
Mark Templeman	National Councillor	01/08/2019 – 31/12/2019
Nick Townsend	National Councillor	01/01/2019 – 31/12/2019
Graham Lorrain	National Councillor	01/08/2019 – 31/12/2019
Barry McVee	National Councillor	01/01/2019 – 31/12/2019
Norman (John) Tredrea	National Councillor	01/01/2019 – 01/08/2019
Clinton Thomas	National Councillor	01/08/2019 – 31/12/2019

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 8.

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

29 May 2020

Rosebery

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

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

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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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 December 2019; 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.

MGI Audit Pty Ltd



G I Kent

Director – Audit & Assurance

Brisbane

29 May 2020

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 DECEMBER 2019

On 29 May 2020, 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 December 2019.

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

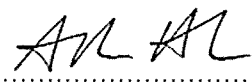
- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009*;
- (c) the financial statements 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. where any order for inspection of financial records made by the Fair Work Commission under section 273 of the *RO Act* during the year, there has been compliance.

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: 29 May 2020

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

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 December 2019, 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, the subsection 255(2A) report and the Officer Declaration Statement.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council as at 31 December 2019, 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.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1.16 in the financial report, which indicates that the Union as of 31 December 2019 has negative retained earnings of \$581,079 (i.e. the liabilities of the Branch exceed that of its assets). This condition, along with other matters as set forth in Note 1.16 indicate the existence of a material uncertainty that may cast doubt about the Union's ability to continue as a going concern. Therefore, the Union's may be unable to release its assets and discharge its liabilities in the normal course of business in the absence of support by other reporting units or its members.

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.

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- 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.

MGI Audit Pty Ltd



G I Kent

Director – Audit & Assurance

Brisbane

29 May 2020

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

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	\$	\$
Revenue			
Capitation fees	3A	573,797	560,080
Levies	3B	301,236	294,962
Interest	3C	3,148	3,780
Total revenue		878,181	858,822
Expenses			
Employee expenses	4A	(155,494)	(172,762)
Affiliation fees	4B	(578,233)	(564,387)
Administration expenses	4C	(9,614)	(13,205)
Legal costs	4D	(254,330)	(33,682)
Grants or donations	4E	(30,000)	-
Audit and accounting fees	11	(4,850)	(4,500)
Other expenses	4F	(459,386)	(26,592)
Total expenses		(1,491,907)	(815,128)
(Deficit) / surplus for the year		(613,726)	43,694
Other comprehensive income		-	-
Total comprehensive income for the year		(613,726)	43,694

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 DECEMBER 2018

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5A	342,734	346,535
Trade and other receivables	5B	113,079	13,985
Other current assets	5C	25,345	2,654
Total current assets		481,158	363,174
Non-Current Assets			
Property, plant and equipment		-	-
Total non-current assets		-	-
Total assets		481,158	363,174
LIABILITIES			
Current Liabilities			
Trade payables	6A	654,626	33,883
Other payables	6B	155,194	42,396
Employee provisions	7A	252,417	254,248
Total current liabilities		1,062,237	330,527
Non-Current Liabilities			
Employee provisions	7A	-	-
Total non-current liabilities		-	-
Total liabilities		1,062,237	330,527
Net assets		(581,079)	32,647
EQUITY			
Retained earnings		(581,079)	32,647
Total equity		(581,079)	32,647

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

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Retained earnings \$	Total equity \$
Balance as at 1 January 2018		(11,047)	(11,047)
Surplus for the year		43,694	43,694
Other comprehensive income		-	-
Closing balance as at 31 December 2018		32,647	32,647
Deficit for the year		(613,726)	(613,726)
Other comprehensive income		-	-
Closing balance as at 31 December 2019		(581,079)	(581,079)

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 DECEMBER 2019**

	Notes	2019 \$	2018 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	8B	860,145	923,520
Receipts from members and other customers		-	-
Interest		3,148	3,780
		<u>863,293</u>	<u>927,300</u>
Cash used			
Employees and suppliers		(830,137)	(876,184)
Payment to other reporting units	8B	(36,957)	(34,723)
		<u>(867,094)</u>	<u>(910,907)</u>
Net cash (used in)/ provided by operating activities		<u>(3,801)</u>	<u>16,393</u>
INVESTING ACTIVITIES		-	-
FINANCING ACTIVITIES		-	-
Net (decrease)/ increase in cash held		<u>(3,801)</u>	<u>16,393</u>
Cash & cash equivalents at the beginning of the year		346,535	330,142
Cash & cash equivalents at the end of the year	8A	<u>342,734</u>	<u>346,535</u>

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

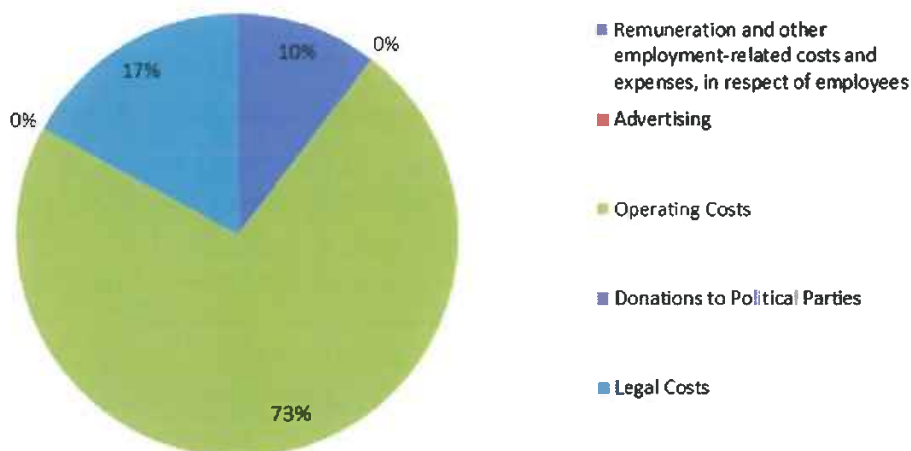
COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
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REPORT REQUIRED UNDER SUBSECTION 255(2A) OF THE FAIR WORK (REGISTERED
ORGANISATIONS) ACT 2009

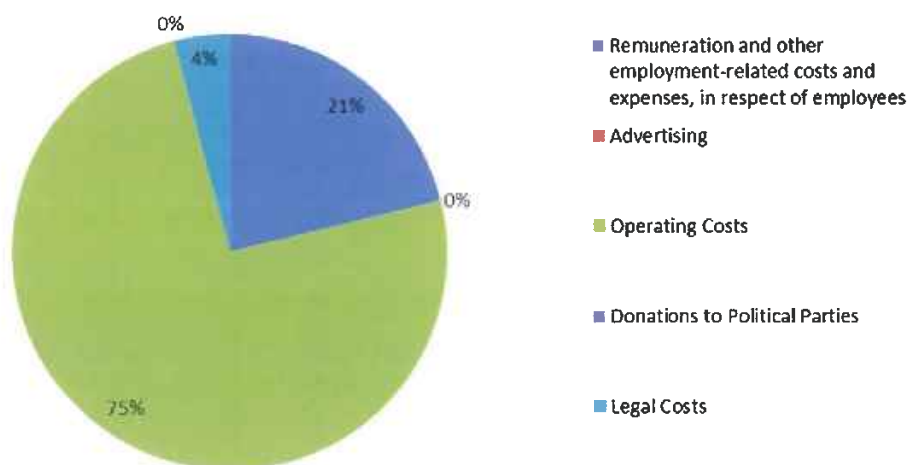
FOR THE YEAR ENDED 31 DECEMBER 2019

The Committee of Management presents the expenditure report as required under subsection 255(2A) on
the Branch for the year ended 31 December 2019:

2019 - Expenditure as required under s. 255(2A) RO Act



2018 - Expenditure as required under s. 255(2A) RO Act



Allen Hicks

Allen Hicks

National Secretary

Rosebery
29 May 2020

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL,
PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA – NATIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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, except for the cash flow information, 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 amounts presented in the financial statements are presented in Australian dollars and have been rounded to the nearest dollar.

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)
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

AASB 16 Leases

The adoption of this standard has not had a material impact on the Union for the 2019 financial year.

AASB 15 Revenue from Contracts from Customers

The adoption of this standard has not had a material impact on the Union for the 2019 financial year.

AASB 1058 Income of Not for Profit Entities

The adoption of this standard has not had a material impact on the Union for the 2019 financial year.

Future Australian Accounting Standards Requirements

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the Australian Accounting Standards Board (AASB). None of these Standards or amendments to existing Standards have been adopted early by the Union.

The Committee of Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Union's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 Summary of significant accounting policies (Continued)

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed.

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 rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax ("GST").

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 DECEMBER 2019

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

Accounting Policy for Leases – 2019 Financial Year

For any new contracts entered into on or after 1 January 2019, the Union considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Union assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Union;
- the Union has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Union has the right to direct the use of the identified asset throughout the period of use. The Union assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Union recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Union, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 Summary of significant accounting policies (Continued)

1.9 Leases (Continued)

The Union depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Union also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Union measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Union's incremental borrowing rate.

Accounting Policy for Leases – 2018 Financial Year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to the Division are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Division will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Union becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Union commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement of Financial Assets

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

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Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (Continued)

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (Continued)

on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

The Union initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so as the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (Continued)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Union made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Union's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Union no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (Continued)

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Union recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Union use the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

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Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (Continued)

General approach

Under the general approach, at each reporting period, the Union assessed whether the financial instruments are credit impaired, and if:

- the credit risk of the financial instrument increased significantly since initial recognition, the Union measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- there was no significant increase in credit risk since initial recognition, the Union measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that results from transactions that are within the scope of AASB 15: Revenue from Contracts with Customers, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc.).

Purchased or originated credit impaired approach

For a financial asset that is considered to be credit impaired (not on acquisition or originations), the Union measured any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- a breach of contract (e.g. default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- it is probable the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial instruments (Continued)

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Union assumed that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such determination that the financial asset has low credit risk, the Union applied its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Union recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

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Note 1 Summary of significant accounting policies (Continued)

1.12 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.

1.13 Impairment of non-financial assets

At the end of each reporting period, the Division assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Division estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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Note 1 Summary of significant accounting policies (Continued)

1.14 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.

1.15 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 13.

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)

1.15 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.

1.16 Going concern

Notwithstanding the Union's negative retained earnings balance of \$581,079, the financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Committee of Management has determined that the financial report should be prepared on a going concern basis due to the following reasons:

- The Union's liabilities at 31 December 2019 totalled \$1,062,237 of which \$445,000 relate to a penalty imposed by the Federal Court of Australia (refer Note 2) and \$145,804 in associated legal fees.
- The Committee of Management has appealed the decision relating to the penalty imposed by the Federal Court of Australia. In the event that the appeal is unsuccessful, the Committee of Management has determined that either the Divisions or Branches of the CEPU will be levied to fund the penalty. At the date in which these financial statements have been approved by the Committee of Management, the determination as to which the amount each report unit will be required to fund the penalty is not known.
- Each of the Division's of the CEPU have agreed to fund the current legal fees outstanding at 31 December 2019 and any costs associated with the formal appeal process.

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

1.16 Going concern (Continued)

- Collectively both the Divisions and Branches of the CEPU has sufficient financial resources at 31 December 2019 to fund the current level of penalty imposed by the Federal Court of Australia and any associated legal fees.
- The Union has cash reserves of \$342,734 at 31 December 2019
- The Union continues to meet its current creditor commitments.
- The Committee of Management and National Secretary continue to maintain a focus on both increasing the number of financial members and reducing operating costs of the Union.

Having regard to the above factors, the Committee of Management are of the opinion that the basis upon which the financial report is presented is appropriate given the circumstances. Accordingly, no adjustments have been made to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Division not continue as a going concern.

Note 2 Events after the reporting period

On 11 February 2020, the Federal Court of Australia handed a \$445,000 penalty against the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU) for breaching the *Fair Work (Registration Organisations) Act 2009*. Specifically, the Court determined that the CEPU contravened the RO Act on 86 occasions between March 2015 and May 2017 in relation to:

- notifying the regulator of changes about offices and office holders within the prescribed 35 day timeframe; and
- maintaining a list in accordance with section 230.

While the Committee of Management of the Union has formally appealed the decision imposed by the Federal Court of Australia, it has yet to resolve the basis in which any unsuccessful penalties/ charges imposed will be funded. As a result, the Union has at 31 December 2019 recognised the full amount of the penalty (being \$445,000) with no associated revenue from any other reporting unit within the CEPU.

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	2019	2018
	\$	\$
Note 3 Income		
Note 3A: Capitation fees*		
CEPU – Electrical Division	360,254	351,991
CEPU – Communications Division	136,195	132,896
CEPU – Plumbing Division	77,348	75,193
Total capitation fees	573,797	560,080

*Capitation fees paid by each of the Divisions cover the costs of affiliation fees with the ACTU, IndustriALL Global Union, Public Services International and the Building and Woodworkers' International.

Note 3B: Levies

CEPU – Electrical Division	110,871	110,869
CEPU – NSW Electrical Branch/ ETU – NSW	20,449	18,745
CEPU – NSW Communications P&T Branch	23,487	22,907
CEPU – NSW Plumbing Branch	10,584	8,543
CEPU – NSW Communications T&S Branch	2,220	2,596
CEPU – QLD Communications Branch	10,071	9,973
CEPU – QLD Electrical Branch	18,929	17,351
CEPU – QLD Plumbing Branch	11,679	11,673
CEPU – SA Communications Branch	4,773	4,562
CEPU – SA Electrical Branch	3,960	3,630
CEPU – TAS Electrical Branch	2,586	2,371
CEPU – VIC Electrical Branch	20,772	19,041
CEPU – VIC Communications P&T Branch	13,002	12,714
CEPU – VIC Plumbing Branch	29,034	32,231
CEPU – VIC Communications T&S Branch	4,605	4,623
CEPU – WA Communications Branch	5,457	5,014
CEPU – WA Electrical Branch	7,218	6,617
CEPU – WA Plumbing Branch	1,539	1,502
Total levies	301,236	294,962

Levies raised during the year relate to the ongoing funding of the National Council including the employment costs of the National Compliance Officer.

Note 3C: Interest

Deposits	3,148	3,780
Total interest	3,148	3,780

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	2019	2018
	\$	\$
Note 4 Expenses		
Note 4A: Employee expenses		
Employees other than office holders:		
Wages and salaries	99,703	107,210
Superannuation	21,865	22,025
Leave and other entitlements	25,052	33,595
Other employee expenses	8,874	9,932
Subtotal employee expenses employees other than office holders	155,494	172,762
Total employee expenses	155,494	172,762
Note 4B: Affiliation fees		
Australian Council of Trade Unions (ACTU)	540,823	529,672
Union Aid Abroad – APHEDA	4,436	4,307
IndustriALL Global Union	10,218	9,281
Public Services International	7,054	6,749
Building and Woodworkers' International	15,702	14,378
Total affiliation fees	578,233	564,387
Note 4C: Administration expenses		
Travel expenses	6,035	7,370
Telephone and IT expenses	3,543	5,799
Other administration expenses	36	36
Total administration expense	9,614	13,205
Note 4D: Legal costs		
Litigation	-	33,682
Other legal matters	254,330	-
Total legal costs	254,330	33,682
Note 4E: Grants or donations		
Donations:		
Total paid that exceeded \$1,000	30,000	-
Total grants or donations	30,000	-
Note 4F: Other expenses		
Secretarial services	14,386	14,146
Other operating expenses	-	12,446
Penalties - via RO Act or the <i>Fair Work Act 2009</i>	445,000	-
Total other expenses	459,386	26,592

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Note 5	Current Assets	2019	2018
		\$	\$
Note 5A: Cash and Cash Equivalents			
Cash at bank		342,734	346,535
Cash on hand		-	-
Total cash and cash equivalents		342,734	346,535
Note 5B: Trade and Other Receivables			
Receivables from other reporting units			
CEPU - VIC Communications P&T Branch		-	13,985
CEPU – Electrical Division		93,363	-
CEPU – Plumbing Division		19,716	-
		113,079	13,985
Less provision for doubtful debts (reporting units)		-	-
Receivable from other reporting units (net)		113,079	13,985
Other Receivables		-	-
Total trade and other receivables (net)		113,079	13,985
Note 5C: Other Current Assets			
Prepayments		-	-
GST receivable		25,345	2,654
Total other current assets		25,345	2,654

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Note 6	Current Liabilities	2018	2017
		\$	\$
Note 6A: Trade payables			
	Trade creditors and accruals	628,326	4,500
	Subtotal trade creditors	628,326	4,500
Payables to other reporting units			
	CEPU –Electrical Division	26,300	29,383
	Subtotal payables to other reporting units	26,300	29,383
	Total trade payables	654,626	33,883
Settlement is usually made within 30 days.			
Note 6B: Other payables			
	Legal costs		
	Litigation	-	29,449
	Other legal matters	145,804	-
	PAYG payable	4,089	9,697
	Superannuation payable	5,126	3,075
	Other	175	175
	Total other payables	155,194	42,396
Total other payables are expected to be settled in:			
	No more than 12 months	155,194	42,396
	More than 12 months	-	-
	Total other payables	155,194	42,396

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	2019 \$	2018 \$
Note 7 Provisions		
Note 7A: Employee Provisions		
Employees other than office holders:		
Annual leave	12,965	17,690
Long service leave	118,486	111,796
Retirement allowance	117,183	117,183
Other	3,783	7,579
<i>Subtotal employee provisions—employees other than office holders</i>	252,417	254,248
Total employee provisions	252,417	254,248
 Current	 252,417	 254,248
Non-Current	-	-
<i>Total employee provisions</i>	252,417	254,248

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FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 \$	2018 \$
Note 8 Cash Flow		
Note 8A: Cash Flow Reconciliation		
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:		
Cash and cash equivalents as per:		
Cash flow statement	342,734	346,535
Statement of financial position	342,734	346,535
<i>Difference</i>	-	-
Reconciliation of surplus to net cash from operating activities:		
(Deficit)/ surplus for the year	(613,726)	43,694
Adjustments for non-cash items	-	-
Changes in assets/liabilities		
(Increase)/ decrease in net receivables	(99,094)	(13,985)
(Increase)/ decrease in GST receivable and other current assets	(22,691)	25,561
Increase/ (decrease) in trade creditors and other payables	733,541	(51,819)
Increase/ (decrease) in employee provisions	(1,831)	12,942
Net cash (used in)/ provided by operating activities	(3,801)	16,393

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	2019 \$	2018 \$
Note 8 Cash Flow (Continued)		
Note 8B: Cash flow information		
Cash inflows from other reporting units		
CEPU – Communications Division	149,158	145,593
CEPU – Plumbing Division	64,801	82,214
CEPU – Electrical Division	422,799	507,199
CEPU – NSW Electrical Branch/ ETU – NSW	22,494	20,620
CEPU – NSW Communications P&T Branch	25,836	25,198
CEPU – NSW Plumbing Branch	11,642	9,398
CEPU – NSW Communications T&S Branch	2,442	2,855
CEPU – QLD Communications Branch	11,078	10,970
CEPU – QLD Electrical Branch	20,822	19,086
CEPU – QLD Plumbing Branch	12,847	12,840
CEPU – SA Communications Branch	5,250	5,018
CEPU – SA Electrical Branch	4,356	3,993
CEPU – TAS Electrical Branch	2,844	2,607
CEPU – VIC Electrical Branch	22,849	20,945
CEPU – VIC Communications P&T Branch	28,287	-
CEPU – VIC Plumbing Branch	31,938	35,454
CEPU – VIC Communications T&S Branch	5,066	5,085
CEPU – WA Communications Branch	6,003	5,515
CEPU – WA Electrical Branch	7,940	7,278
CEPU – WA Plumbing Branch	1,693	1,652
Total cash inflows	860,145	923,520
Cash outflows to other reporting units		
CEPU – Electrical Division	(36,540)	(34,095)
CEPU – SA Electrical Branch	(417)	(628)
Total cash outflows	(36,957)	(34,723)

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 ended 31 December 2019 (31 December 2018: Nil).

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	2019	2018
	\$	\$
Note 8D: Net debt reconciliation		
Cash and cash equivalents	342,734	346,535
Borrowings – repayable within one year	-	-
Borrowings – repayable after one year	-	-
Net debt	<u>342,734</u>	<u>346,535</u>

**Note 8E: Reconciliation of movements of liabilities to cash
flows arising from financing activities**

	Other Assets	Liabilities from financing activities		
	Cash assets	Borrowings – due within 1 year	Borrowings – due after 1 year	Total
Net debt at 1 January 2018	330,142	-	-	330,142
Cash flows	16,393	-	-	16,393
Net debt at 31 December 2018	<u>346,535</u>	<u>-</u>	<u>-</u>	<u>346,535</u>
Cash flows	(3,801)	-	-	(3,801)
Net debt at 31 December 2019	<u>342,734</u>	<u>-</u>	<u>-</u>	<u>342,734</u>

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Note 9 Contingent Liabilities, Assets and Commitments

Note 9A: Commitments and Contingencies

Capital commitments

At 31 December 2019, the Union did not have any capital commitments (31 December 2018: Nil).

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

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

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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 – 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.

	2019	2018
	\$	\$
Revenue received from CEPU – Communications Division includes the following:		
Capitation fees	129,627	126,954
Global Trade Union Federation affiliation contribution	6,568	5,942
Revenue received from CEPU – Plumbing Division includes the following:		
Capitation fees	71,696	70,218
Global Trade Union Federation affiliation contribution	5,652	4,975
Amounts owed by CEPU – Plumbing Division includes the following:		
Capitation fees	19,716	-
Revenue received from CEPU – Electrical Division includes the following:		
Capitation fees	339,500	332,500
Global Trade Union Federation affiliation contribution	20,754	19,491
Levies	110,871	110,871
Expenses paid to CEPU – Electrical Division includes the following:		
Secretarial costs	14,386	14,146
Reimbursement of payroll tax	7,595	8,168
Reimbursement of travel expenses	502	-
Reimbursement of other operating expenses	8,668	12,139
Amounts owed to CEPU – Electrical Division include the following:		
Secretarial costs	15,825	15,560
Reimbursement payroll tax	438	470
Reimbursement of travel expenses	502	-
Reimbursement of operating costs	9,535	13,353
Amounts owed by CEPU – Electrical Division include the following:		
Capitation fees	93,363	-

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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)**

	2019	2018
Revenue received from CEPU – NSW Electrical Branch/ ETU NSW includes the following:		
Levies	20,449	18,745
Revenue received from CEPU – NSW Communications P&T Branch includes the following:		
Levies	23,487	22,907
Revenue received from CEPU – NSW Plumbing Branch includes the following:		
Levies	10,584	8,543
Revenue received from CEPU – NSW Communications T&S Branch includes the following:		
Levies	2,220	2,596
Revenue received from CEPU – QLD Communications Branch includes the following:		
Levies	10,071	9,973
Revenue received from CEPU – QLD Electrical Branch includes the following:		
Levies	18,929	17,351
Revenue received from CEPU – QLD Plumbing Branch includes the following:		
Levies	11,679	11,673
Revenue received from CEPU – SA Communications Branch includes the following:		
Levies	4,773	4,562
Revenue received from CEPU – SA Electrical Branch includes the following:		
Levies	3,960	3,630
Expenses paid to CEPU – SA Electrical Division includes the following:		
Reimbursement of travel expenses	380	571
Revenue received from CEPU – TAS Electrical Branch includes the following:		
Levies	2,586	2,371

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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)**

	2019	2018
	\$	\$
Revenue received from CEPU – VIC Electrical Branch includes the following:		
Levies	20,772	19,041
Revenue received from CEPU – VIC Communications P&T Branch includes the following:		
Levies	13,002	12,714
Amounts owed by CEPU – VIC Communications P&T Branch include the following:		
Levies	-	13,985
Revenue received from CEPU – VIC Plumbing Branch includes the following:		
Levies	29,034	32,231
Revenue received from CEPU – VIC Communications T&S Branch includes the following:		
Levies	4,605	4,623
Revenue received from CEPU – WA Communications Branch includes the following:		
Levies	5,457	5,014
Revenue received from CEPU – WA Electrical Branch includes the following:		
Levies	7,218	6,617
Revenue received from CEPU – WA Plumbing Branch includes the following:		
Levies	1,539	1,502

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 December 2019, the Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (31 December 2018: 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.

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Note 10 Related Party Disclosures (Continued)

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)
- Shane 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:

	2019	2018
	\$	\$
Short-term employee benefits		
Salary (including annual leave taken)	-	-
Other	-	-
Total short-term employee benefits	-	-
Post-employment benefits:		
Superannuation	-	-
Total post-employment benefits	-	-
Other long-term benefits:		
Long-service leave	-	-
Total other long-term benefits	-	-
Termination benefits	-	-
Total	-	-

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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	2019	2018
	\$	\$
Note 11 Remuneration of Auditors		
Value of the services provided by MGI Audit Pty Ltd		
Financial statement audit services	4,600	4,500
Other services	250	-
Total remuneration of auditors	<u>4,850</u>	<u>4,500</u>

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 year ended 31 December 2019

	Within trading terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$	\$
Trade and other receivables	-	-	-	-	-	-
Receivables from other reporting units		-	113,079	-	-	113,079
Total	-	-	113,079	-	-	113,079

Ageing of financial assets that were past due but not impaired for period ended 31 December 2018

	Within trading terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$	\$	\$	\$	\$	\$
Trade and other receivables	-	-	-	-	-	-
Receivables from other reporting units	-	-	-	-	13,985	13,985
Total	-	-	-	-	13,985	13,985

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 December 2019, 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 December 2019 (2018: 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade payables	654,626	33,883	-	-	-	-	654,626	33,883
Other payables	155,194	42,396	-	-	-	-	155,194	42,396
Total expected outflows	809,820	76,279	-	-	-	-	809,820	76,279
Financial assets – cash flow receivable								
Cash and cash equivalents	342,734	346,535	-	-	-	-	342,734	346,535
Trade and other receivables	113,079	13,985	-	-	-	-	113,079	13,985
Other current assets	25,345	2,654	-	-	-	-	25,345	2,654
Total anticipated inflows	481,158	363,174	-	-	-	-	481,158	363,174
Net (outflow) / inflow on financial instruments	(328,662)	286,895	-	-	-	-	(328,662)	286,895

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

Interest rate risk is managed using a mix of fixed and floating financial instruments. The effective interest rate expenditure to interest rate financial instruments is as follows:

	Weighted Average Effective Interest Rate			
	2019	2018	2019	2018
	%	%	\$	\$
Floating rate instruments				
Cash and cash equivalents	0.65	1.10	342,734	346,535

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.

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FOR THE YEAR ENDED 31 DECEMBER 2019**

Note 12 Financial Instruments (Continued)

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.

	Profit \$	Equity \$
Year ended 31 December 2019		
+1% in interest rates	3,427	3,427
-1% in interest rates	(2,215)	(2,215)
Period ended 31 December 2018		
+1% in interest rates	3,465	3,465
-1% in interest rates	(2,185)	(2,185)

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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FOR THE YEAR ENDED 31 DECEMBER 2019**

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	2019		2018	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	342,734	342,734	346,535	346,535
Accounts receivable and other debtors	(i)	113,079	113,079	13,985	13,985
Other current assets	(i)	25,345	25,345	2,654	2,654
Total financial assets		481,158	481,158	363,174	363,174
Financial liabilities					
Trade payables	(i)	654,626	654,626	33,883	33,883
Other payables	(i)	155,194	155,194	42,396	42,396
Total financial liabilities		809,820	809,820	76,279	76,279

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 DECEMBER 2019**

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 (2018: Nil).

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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.

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OFFICER'S DECLARATION STATEMENT

I, Allen Hicks, being the National Secretary of the Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – National Council declare that the following did not occur during the reporting period ended 31 December 2019:

The reporting unit did not:

- Agree to receive financial support from another reporting unit to continue as a going concern (refer to agreement regarding financial support not dollar amounts)
- Agree to provide financial support to another reporting unit to ensure they continued as a going concern (refer to agreement regarding financial support not dollar amounts)
- Acquired an asset or liability due to an amalgamation Under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of an organisation, a determination of revocation by the General Manager, Fair Work Commission
- Receive periodic or membership subscriptions
- Receive donations or grants
- Receive revenue from undertaking recovery of wages activity
- Incur fees as consideration for employers making payroll deductions of membership subscriptions
- Pay capitation fees to another reporting unit
- Pay a compulsory levy
- Pay a grant that was \$1,000 or less
- Pay a grant that exceeds \$1,000
- Pay a donation that was \$1,000 or less
- Pay wages and salaries to holders of office
- Pay superannuation to holders of office
- Pay leave and other entitlements to holders of office
- Pay separation and redundancy to holders of office
- Pay other employee expenses to holders of office
- Pay separation and redundancy to employees (other than holders of office)
- Pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- Incur expenses due to holding a meeting as required under the rules of the organisation
- Pay legal costs relating to litigation
- Have a payable to an employer for that employer making payroll deductions of membership subscriptions
- Have a payable in respect of legal costs relating to litigation
- Have an annual leave provision in respect of holders of office
- Have a long service leave provision in respect of holders of office
- Have a separation and redundancy provision in respect to holders of office
- Have other employee provisions in respect of holders of office
- Have a separation and redundancy provision in respect of employees (other than holders of office)
- Have a fund of account for compulsory levies, voluntary contributions or required by the rules of the organisation or branch
- Transfer to or withdraw from a fund (other than the general fund), account, asset or controlled entity

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OFFICER'S DECLARATION STATEMENT (CONTINUED)

- Have another entity administer the financial affairs of the reporting unit
- Make a payment to a former related party of the reporting unit



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Allen Hicks

National Secretary

29 May 2020