Australian Government
Registered Organisations Commission

1 May 2020

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

cc. Mr Graeme Kent, Auditor

Dear Divisional Secretary

Re: – Financial reporting – Electrical, Energy and Services Division - for year ending 31 December 2019 (FR2019/339)

I refer to the financial report of the Electrical, Energy and Services Division in respect of the year ending 31 December 2019. The documents were lodged with the Registered Organisations Commission ('ROC') on 28 April 2020.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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 the report for year ending 31 December 2020 may be subject to an advanced compliance review.

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.

Yours faithfully

Stephen Kellett

Stephen Kellett
Financial Reporting
Registered Organisations Commission

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

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 Divisional Secretary of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy & Services Division 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) Electrical, Energy and Services Division for the period ended 31 December 2019 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and

- that the full report was provided to members of the reporting unit on the 16 March 2020; and

- that the full report was presented to the committee of management of the reporting unit on the 16 April 2020 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signed:

Name: Mr Allen Hicks
Date: 28 April 2020
Office Held: Divisional Secretary, CEPU Electrical, Energy and Services Division

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

ABN 60 429 406 804

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 – ELECTRICAL, ENERGY AND SERVICES DIVISION

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, Pluming and Allied Services Union of Australia – Electrical, Energy and Services Division (the Division) for the financial year ended 31 December 2019.

Principal Activities

The principal operating activities of the Division include:

- Implementation of the Division's organising agenda, including direct assistance and strategic advice on particular industry or organising projects, the training and development of officials and assistance to branches.
- Industrial support including representation of member grievances, advice on legal and legislative matters, pursuing relevant changes to the conditions of eligibility rules of the Division, and responding to other unions' rules applications where they impact on membership of the CEPU – Electrical Division.
- Co-ordination of national enterprise negotiations on behalf of branches.
- National media and communications to members and to the broader community via media releases in support of campaigns, video development, and targeted publications, including the national magazine ETU News.
- Developing policies and representing the division nationally on skills training, licensing, education of members and industrial relations law reforms.

The Divisional office has consulted with the ACTU on the development of policy on wages, redundancy and family leave. The divisional office has participated in ACTU policy committees in OH&S, VET, union education and superannuation.

The Divisional office has also been involved in lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to CEPU – Electrical Division members, e.g. in submission to government inquiries, skilled career paths, skill shortages, quality and accreditation and workforce issues, occupational health and safety and electrical licensing.

Operating Result

The deficit for the financial year amounted to $381,095. No provision for tax was necessary as the Division is considered exempt.

Significant Changes in Financial Affairs

There were no significant changes to the financial affairs of the Division during the year.

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 Division, the results of those operations or the state of affairs of the Division in future financial years.

Future Developments

Likely developments in the operations of the Division 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 Division.

Environmental Issues

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

Members Right to Resign

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

Number of Employees

The number of persons who were, at the end of the period to which the report relates, employees of the Division, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis is 14.64.

Number of Members

The number of persons who were, at the end of the financial year to which this report relates, recorded in the register of members for s.230 of the Act and who are taken to be members of the Division for the purposes of s.244 of the Act is: 61,445.

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

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Officers 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
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)

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

COMMITTEE OF MANAGEMENT'S OPERATING REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Members of the Committee of Management

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

Name	Period of Office
Allen Hicks	01/01/19 – 31/12/19
Troy Gray	01/01/19 – 31/12/19
Peter Ong	01/01/19 – 31/12/19
John Adley	01/01/19 – 31/12/19
Chris McGaw	01/01/19 – 19/11/19
Dave McKinley	01/01/19 – 02/01/19
Justin Page	01/01/19 – 31/12/19
Daniel Filazzola	01/01/19 – 31/12/19
Peter Carter	01/01/19 – 31/12/19
Michael Anderson	01/01/19 – 31/12/19
Ivan Balta	19/11/19 – 31/12/19
Keith McKenzie	19/11/19 – 31/12/19
Glen Potter	19/11/19 – 31/12/19
Ellen McNally	19/11/19 – 31/12/19

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 7.

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
Divisional Secretary

16 March 2020

Sydney

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

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

As lead auditor for the audit of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division 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.

M.G.I

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Sydney
16 March 2020

Registration number (as registered by the RO Commissioner under the RO Act): AA2018/2

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

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

On 16 March 2020, the Committee of Management of the Division 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 imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009 (the RO Act)*;

(c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;

(d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable; and

(e) during the financial year to which the GPFR relates and since the end of that year:

i. meetings of the Committee of Management were held in accordance with the rules of the organisation 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 has been 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: Divisional Secretary

Signature: ....

Date: 16 March 2020

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

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 – Electrical, Energy and Services Division (the Division), 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 – Electrical, Energy and Services Division 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 Division 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 Division in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Committee of Management for the Financial Report

The Committee of Management of the Division 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 Division'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 Division 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 Division's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.

- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Division'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 Division 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 Division to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Division'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.

M.G.I

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Sydney
16 March 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 – ELECTRICAL, ENERGY AND SERVICES DIVISION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $	2018 $
Revenue			
Gain on sale of property, plant and equipment		**14,348**	-
Sustentation Fees	3A	**3,579,532**	3,571,876
Interest	3B	**35,959**	46,206
Publication Fees	3C	**197,855**	180,271
Other revenue	3D	**926,359**	309,188
Total revenue		**4,754,053**	4,107,541
Expenses			
Employee expenses	4A	**(2,440,669)**	(2,169,062)
Affiliation fees	4B	**(360,926)**	(352,906)
Audit fees	12	**(28,553)**	(27,080)
Legal costs	4C	**(40,649)**	(6,662)
Grants or donations	4D	**(672,295)**	(43,409)
Depreciation and amortisation	4E	**(82,597)**	(87,474)
Campaign expenses	4F	**(155,507)**	(24,765)
Finance costs		**(1,194)**	(981)
Conference and meetings	4G	**(400,671)**	(122,454)
Other operating expenses	4H	**(841,216)**	(843,036)
Levies	4I	**(110,871)**	(110,869)
Total expenses		**(5,135,148)**	(3,788,698)
(Deficit)/ surplus for the year		**(381,095)**	318,843
Other comprehensive income			
Revaluation of land and buildings (net of income tax)		**-**	-
Total comprehensive income for the year		**(381,095)**	318,843

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**3,630,812**	3,252,201
Trade and other receivables	5B	**654,076**	1,210,436
Other current assets		**9,253**	9,011
Total current assets		**4,294,141**	4,471,648
Non-Current Assets			
Buildings	6A	**951,216**	1,015,559
Motor vehicles	6B	**76,534**	29,119
Furniture and fixtures	6C	**2,209**	4,067
Total non-current assets		**1,029,959**	1,048,745
Total assets		**5,324,100**	5,520,393
LIABILITIES			
Current Liabilities			
Trade payables	7A	**108,157**	219,821
Other payables	7B	**477,261**	309,007
Employee provisions	8A	**580,011**	460,831
Total current liabilities		**1,165,429**	989,659
Non-Current Liabilities			
Employee provisions	8A	**22,218**	13,186
Total non-current liabilities		**22,218**	13,186
Total liabilities		**1,187,647**	1,002,485
Net assets		**4,136,453**	4,517,548
EQUITY			
Retained earnings		**4,136,453**	4,517,548
Total equity		**4,136,453**	4,517,548

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Retained earnings $	Total equity $
Balance as at 1 January 2018		4,198,705	4,198,705
Surplus for the year		318,843	318,843
Other comprehensive income		-	-
Closing balance as at 31 December 2018		4,517,548	4,517,548
Deficit for the year		**(381,095)**	**(381,095)**
Other comprehensive income		**-**	**-**
Closing balance as at 31 December 2019		**4,136,453**	**4,136,453**

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

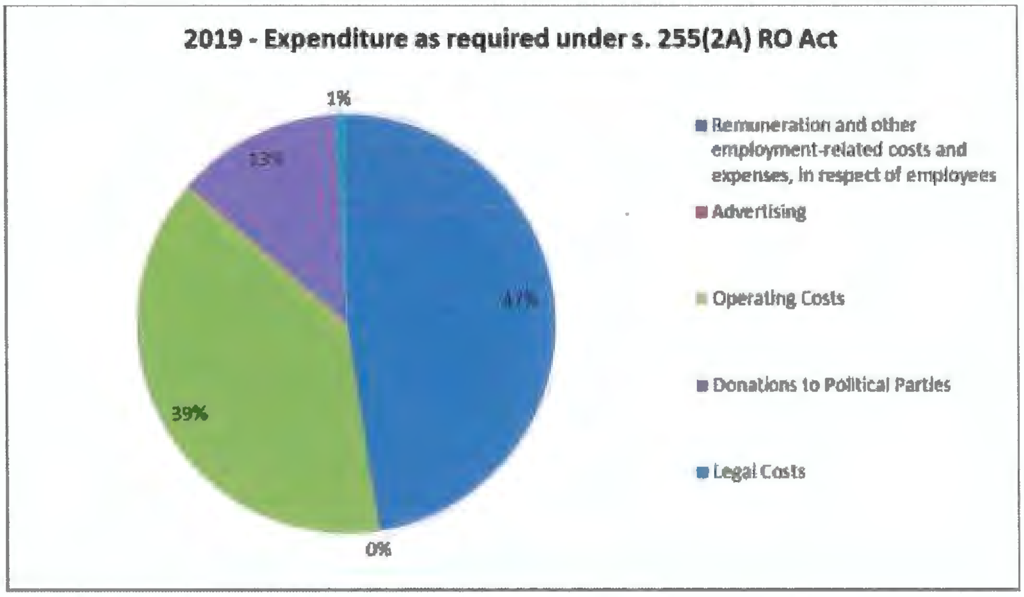
	Notes	2019 $	2018 $
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	9B	**5,830,232**	4,451,253
Receipts from other customers		**326,260**	217,472
Interest received		**35,959**	46,206
Cash used			
Finance Costs		**(1,194)**	(981)
Payments to employees and suppliers		**(5,345,685)**	(3,580,493)
Payments to other reporting units	9B	**(417,498)**	(539,514)
Net cash provided by operating activities	9A	**428,074**	593,943
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**27,911**	-
Payments for property, plant and equipment		**(77,374)**	-
Net cash used in investing activities		**(49,463)**	-
FINANCING ACTIVITIES		**-**	-
Net increase in cash held		**378,611**	593,943
Cash & cash equivalents at the beginning of the reporting period		**3,252,201**	2,658,258
Cash & cash equivalents at the end of the reporting period	9A	**3,630,812**	3,252,201

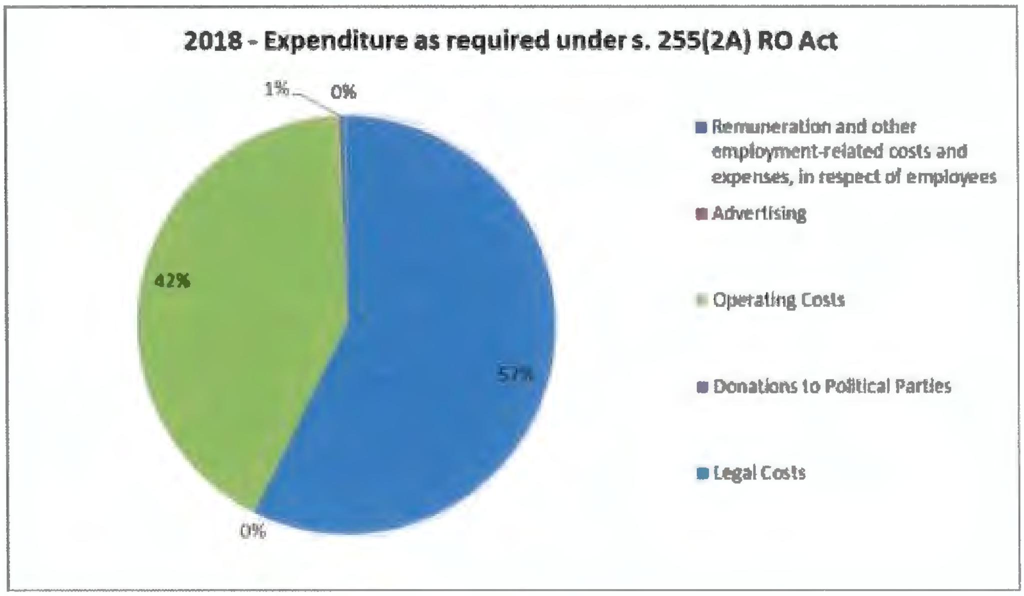
The above statement should be read in conjunction with the notes.

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

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:





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Allen Hicks

Divisional Secretary

Sydney
16 March 2020

Index to the Notes of the Financial Statements

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 – Electrical, Energy and Services Division (the Division) is a not-for-profit entity.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are 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.

<u>Key Estimates</u>

Impairment – general
The Division assesses impairment at each reporting period by evaluation of conditions and events specific to the Division 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.

<u>Key Judgements</u>

Useful lives of plant and equipment
Plant and equipment are depreciated over the useful life of the asset and the depreciation rates are assessed when the asset are acquired or when there is a significant change that affects the remaining useful life of the asset.

Note 1 Summary of significant accounting policies (Continued)

1.3 Significant accounting judgements and estimates (Continued)

Key Judgements

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

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 Division 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 Division 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 Division 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 Division.

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 Division's financial statements.

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.

Sustentation revenue from State Branches is recognised on an accrual basis and is recorded as revenue in the year to which it relates.

Publication revenue from State Branches is recognised on an accrual basis and is recorded as revenue in the year to which it relates.

Interest revenue is recognised 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.

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.

Note 1 Summary of significant accounting policies (Continued)

1.8 Employee benefits (continued)

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.

Under the Divisions rules, those employees who have undertaken 3 or more years of continuous service are entitled to have their Long Service Leave balance paid upon termination (on a pro-rata basis). The Division does not have an unconditional right to deferred settlement (for those employees with greater than 3 or more consecutive years of service), resulting in Long Service Leave entitlements to be reported at reporting date as current liabilities.

1.9 Leases

Accounting Policy for Leases – 2019 Financial Year
For any new contracts entered into on or after 1 January 2019, the Division 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 Division 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 Division;

- the Division 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 Division has the right to direct the use of the identified asset throughout the period of use. The Division 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 Division 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 Division, 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).

The Division 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 Division also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Division 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 Division's incremental borrowing rate.

Note 1 Summary of significant accounting policies (Continued)

1.9 Leases (Continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Division has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Accounting Policy for Leases – 2018 Financial Year
Leases of property, plant and equipment, where substantially all the risks and benefits incidental to

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.

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 Division becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Division 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.

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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

Financial assets

Financial assets are subsequently measured at:

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

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.

1.11 Financial Instruments (Continued)

The Division 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.

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 Division 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 Division's accounting policy.

Derecognition

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

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

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 Division 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.

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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

Impairment

The Division 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 Division 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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

General approach

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

- the credit risk of the financial instrument increased significantly since initial recognition, the Division 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 Division 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 Division 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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

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.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Division 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 Division 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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

Recognition of expected credit losses in financial statements

At each reporting date, the Division 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.

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 Property, Plant and Equipment

Asset Recognition Threshold

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

Property

Freehold land and buildings are measured on the cost basis and therefore carried at cost less accumulated depreciation and any impairment losses in the event that the carrying amount of the land and buildings are greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated reversible amount and impairment losses are recognised either in profit or loss.

Note 1 Summary of significant accounting policies (Continued)

1.13 Property, Plant and Equipment (continued)

Property, plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the Divisional Executive to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with that item will flow to the Division and the costs of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

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

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

Class of Fixed Asset	*Depreciation Rate*
Buildings	5%
Plant and equipment	5% - 40%
Motor Vehicles	20%

Derecognition

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

Note 1 Summary of significant accounting policies (Continued)

1.14 Impairment of 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.

1.15 Taxation

The Division 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.

Note 1 Summary of significant accounting policies (Continued)

1.16 Fair value measurement

The Division 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 14.

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 Division. 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 Division uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Division determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 1 Summary of significant accounting policies (Continued)

1.16 Fair value measurement (Continued)

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 Division 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.

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.

At the date of this report being authorised by the Committee of Management of the Division, the CEPU has yet to determined:

- whether the CEPU will appeal the decision; or
- whether and on what basis the divisions will be levied for the sum of the penalty;

Further, the Committee of Management of the Division has not yet determined how, in the event of CEPU levying the Divisions for the sum of the penalty, whether such a levy would be met from the funds of the Division or its Branches.

Given the material level of uncertainty regarding the quantum of the penalty (if appealed) and the mechanism to fund the cost, no amount has been recognised in the financial statements at 31 December 2019.

	2019	2018
	$	$
Note 3 Income		
Note 3A: Sustentation fees		
CEPU – QLD/ NT Electrical Branch	**938,537**	947,665
CEPU – WA Electrical Branch	**399,451**	372,929
CEPU – NSW Electrical Branch	**818,384**	891,671
CEPU – SA Electrical Branch	**218,915**	221,934
CEPU – VIC Electrical Branch	**1,057,100**	996,435
CEPU – TAS Electrical Branch	**147,145**	141,242
Total sustentation fees	**3,579,532**	3,571,876
Note 3B: Interest		
Interest Income	**35,959**	46,206
Total interest	**35,959**	46,206
Note 3C: Publication fees		
CEPU – QLD/ NT Electrical Branch	**46,870**	43,582
CEPU – WA Electrical Branch	**18,371**	17,411
CEPU – NSW Electrical Branch/ ETU – NSW	**49,869**	41,769
CEPU – SA Electrical Branch	**12,298**	11,411
CEPU – VIC Electrical Branch	**62,936**	59,018
CEPU – TAS Electrical Branch	**7,511**	7,080
Total publication fees	**197,855**	180,271

	2019	2018
	$	$
Note 3D: Other revenue		
Organiser wage contribution		
CEPU – SA Electrical Branch	**22,194**	-
Industrial services provided		
CEPU – WA Electrical Branch	**80,005**	80,002
CEPU – NSW Electrical Branch/ ETU – NSW	**-**	6,118
	80,005	86,120
Secretarial fees		
CEPU – National Council	**14,386**	14,146
Campaign contribution income		
CEPU – VIC Electrical Branch	**500,000**	-
Sponsorship income	**240,893**	137,500
Rental income	**-**	12,138
Board fees income	**41,854**	42,663
Sundry income	**27,027**	16,621
Total other revenue	**926,359**	309,188

	2019	2018
	$	$

Note 4 Expenses

Note 4A: Employee expenses

	2019 $	2018 $
Holders of office:		
Wages and salaries	**440,854**	371,804
Superannuation	**63,356**	64,056
Leave and other entitlements	**60,183**	52,497
Subtotal employee expenses holders of office	**564,393**	488,357
Employees other than office holders:		
Wages and salaries	**1,311,112**	1,179,749
Superannuation	**234,993**	198,342
Leave and other entitlements	**217,162**	184,311
Subtotal employee expenses employees other than office holders	**1,763,267**	1,562,402
Add: Payroll tax expense/ FBT expense	**113,009**	118,303
Total employee expenses	**2,440,669**	2,169,062

Note 4B: Affiliation fees

	2019 $	2018 $
ACTU	**339,500**	332,500
Aust. Palestine Advocacy Network	**400**	400
Industrial Global Union	**6,431**	5,951
Building Works International	**9,883**	9,216
Public Services International	**4,439**	4,326
Energy Skills Australia	**273**	273
Australian Fair Trade & Investment Network	**-**	240
Total affiliation fees	**360,926**	352,906

	2019	2018
	$	$
Note 4 Expenses (Continued)		
Note 4C: Legal costs		
Litigation	**33,214**	4,697
Other legal matters	**7,435**	1,965
Total legal costs	**40,649**	6,662
Note 4D: Grants or donations		
Donations:		
Total paid that were $1,000 or less	**2,250**	3,409
Total paid that exceeded $1,000	**670,045**	40,000
Total grants or donations	**672,295**	43,409
Note 4E: Depreciation and amortisation		
Depreciation		
Buildings and improvement	**64,343**	64,343
Plant and equipment	**1,858**	2,416
Motor vehicles	**16,396**	20,715
Total depreciation	**82,597**	87,474
Note 4F: Campaign Expenses		
Apprentice campaigns	**13,827**	17,278
Political campaigns	**5,000**	-
Other campaigns	**136,680**	7,487
Total campaign expenses	**155,507**	24,765

	2019	2018
	$	$
Note 4 Expenses (Continued)		
Note 4G: Conference and Meetings		
General	**379,971**	108,444
Divisional	**20,700**	14,010
Total conference and meetings	**400,671**	122,454
Note 4H: Other Operating Expenses		
Fees/ allowances – meetings and conferences	**3,637**	3,120
Travel expenses	**233,584**	282,109
Motor vehicle	**18,630**	16,477
Advertising and promotion	**229,692**	222,296
Computer expenses	**47,072**	40,999
Printing and stationary	**12,646**	14,437
Occupancy costs	**94,248**	91,610
Staff training	**9,153**	20,302
Telephone and internet	**38,022**	33,463
Subscriptions	**61,799**	55,982
Other expenses	**92,733**	62,241
Total other operating expenses	**841,216**	843,036
Note 4I: Levies		
CEPU National Council levy	**110,871**	110,869
Total levies	**110,871**	110,869

The levy represents the Electrical Division's annual contribution associated with the operating costs of the CEPU National Council. The levy is based on the total number of members in the Electrical, Communications and Plumbing Divisions respectively.

	2019	2018
	$	$
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	3,630,394	3,251,783
Cash on hand	418	418
Total cash and cash equivalents	3,630,812	3,252,201
Note 5B: Trade and Other Receivables		
Trade receivables	45,848	-
Subtotal trade receivables	45,848	-
Receivables from other reporting units		
CEPU – National Council	26,300	29,383
CEPU – SA Electrical Branch	134,792	147,234
CEPU – VIC Electrical Branch	-	896,126
CEPU – NSW Electrical Branch / ETU – NSW	-	48,146
CEPU – QLD Electrical Branch	-	47,940
CEPU – TAS Electrical Branch	-	7,788
CEPU – WA Electrical Branch	248,701	33,819
CEPU – NSW T&S Communications Branch	580	-
Subtotal receivables to other reporting units	410,373	1,210,436
Total trade receivables	456,221	-
Other receivables:		
Accrued publishing income from other reporting units		
CEPU – QLD/ NT Electrical Branch	46,870	-
CEPU – WA Electrical Branch	18,371	-
CEPU – NSW Electrical Branch	49,869	-
CEPU – SA Electrical Branch	12,298	-
CEPU – VIC Electrical Branch	62,936	-
CEPU – TAS Electrical Branch	7,511	-
	197,855	-
Total trade and other receivables (net)	654,076	1,210,436

	2019	2018
	$	$
Note 6 Non-current Assets		
Note 6A: Buildings		
Buildings		
At Cost	**1,286,857**	1,286,857
accumulated depreciation	**(335,641)**	(271,298)
Total Buildings	**951,216**	1,015,559

Reconciliation of Opening and Closing Balances of Buildings

As at 1 January		
Gross book value	**1,286,857**	1,286,857
Accumulated depreciation and impairment	**(271,298)**	(206,955)
Net book value 1 January	**1,015,559**	1,079,902
Additions:		
By purchase	**-**	-
Depreciation expense	**(64,343)**	(64,343)
Disposals:		
By sale	**-**	-
Net book value 31 December	**951,216**	1,015,559
Net book value as of 31 December represented by:		
Gross book value	**1,286,857**	1,286,857
Accumulated depreciation and impairment	**(335,641)**	(271,298)
Net book value 31 December	**951,216**	1,015,559

	2019 $	2018 $
Note 6B: Motor Vehicles		
Motor vehicles:		
at cost	**77,374**	83,459
accumulated depreciation	**(840)**	(54,340)
Total Motor Vehicles	**76,534**	29,119

Reconciliation of Opening and Closing Balances of Motor Vehicles

As at 1 January		
Gross book value	**83,459**	83,459
Accumulated depreciation and impairment	**(54,340)**	(33,625)
Net book value 1 January	**29,119**	49,834
Additions:		
By purchase	**77,374**	-
Depreciation expense	**(16,396)**	(20,715)
Disposals:		
By sale	**(13,563)**	-
Net book value 31 December	**76,534**	29,119
Net book value as of 31 December represented by:		
Gross book value	**77,374**	83,459
Accumulated depreciation and impairment	**(840)**	(54,340)
Net book value 31 December	**76,534**	29,119

	2019	2018
	$	$
Note 6C: Furniture and Fixtures		
Furniture and fixtures:		
at cost	**42,267**	42,267
accumulated depreciation	**(40,058)**	(38,200)
Total Furniture and Fixtures	**2,209**	4,067

Reconciliation of Opening and Closing Balances of Furniture and Fixtures

As at 1 January		
Gross book value	**42,267**	42,267
Accumulated depreciation and impairment	**(38,200)**	(35,784)
Net book value 1 January	**4,067**	6,483
Additions:		
By purchase	**-**	-
Depreciation expense	**(1,858)**	(2,416)
Disposals:		
By sale	**-**	-
Net book value 31 December	**2,209**	4,067
Net book value as of 31 December represented by:		
Gross book value	**42,267**	42,267
Accumulated depreciation and impairment	**(40,058)**	(38,200)
Net book value 31 December	**2,209**	4,067

	2019	2018
	$	$
Note 7 Current Liabilities		
Note 7A: Trade payables		
Trade creditors	**12,340**	215,036
Subtotal trade payables	**12,340**	215,036
Payables to other reporting units		
CEPU VIC Plumbing Division	**2,455**	4,785
CEPU – National Council	**93,362**	-
Subtotal payables to other reporting units	**95,817**	4,785
Total trade payables	**108,157**	219,821

Settlement is usually made within 30 days.

Note 7B: Other payables

	2019	2018
Sundry creditors	**232,830**	34,691
Superannuation payable	**62,348**	31,058
PAYG payable	**72,915**	58,554
Payroll tax payable	**12,977**	1,250
FBT payable	**3,584**	7,003
GST payable (net)	**92,607**	176,451
Total other payables	**477,261**	309,007
Total other payables are expected to be settled in:		
No more than 12 months	**477,261**	309,007
More than 12 months	**-**	-
Total other payables	**477,261**	309,007

	2019 $	2018 $
Note 8 Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	**91,536**	45,181
Long service leave	**149,766**	63,023
Other	**13,165**	6,451
Subtotal employee provisions—office holders	**254,467**	114,655
Employees other than office holders:		
Annual leave	**131,669**	125,287
Long service leave	**193,586**	218,813
Other	**22,506**	15,262
Subtotal employee provisions—employees other than office holders	**347,761**	303,089
Total employee provisions	**602,228**	474,017
Current	**580,010**	460,830
Non-Current	**22,218**	13,187
Total employee provisions	**602,228**	474,017

	2019	2018
	$	$

Note 9 Cash Flow

Note 9A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:

	2019 $	2018 $
Cash and cash equivalents as per:		
Cash flow statement	**3,630,812**	3,252,201
Statement of financial position	**3,630,812**	3,252,201
Difference	**-**	-

Reconciliation of surplus to net cash from operating activities:

	2019 $	2018 $
(Deficit)/ surplus for the year	**(381,095)**	318,843
Adjustments for non-cash items		
Depreciation/ amortisation	**82,597**	87,474
Gain on disposal of property, plant and equipment	**(14,348)**	-
Changes in assets/liabilities		
(Increase)/ decrease in net receivables and other assets	**556,118**	(148,677)
Increase/ (decrease) in trade creditors	**140,434**	252,919
Increase/ (decrease) in provisions	**128,212**	72,829
Increase/ (decrease) in GST payable	**(83,844)**	10,555
Net cash (used in)/ provided by operating activities	**428,074**	593,943

Note 9B: Cash flow information

	2019 $	2018 $
Cash inflows from other reporting units		
CEPU – QLD/NT Electrical Branch	**1,156,104**	1,156,955
CEPU – WA Electrical Branch	**346,816**	503,833
CEPU – NSW Electrical Branch/ ETU – NSW	**1,024,387**	1,092,865
CEPU – SA Electrical Branch	**298,642**	133,502
CEPU – VIC Electrical Branch	**2,673,747**	1,230,191
CEPU – TAS Electrical Branch	**186,473**	194,783
CEPU – National Council	**36,540**	34,095
CEPU – NSW P & T Branch	**93,916**	88,492
CEPU – NSW T & S Branch	**7,844**	12,439
CEPU – NSW Plumbing Branch	**1,100**	-
CEPU – VIC Plumbing Branch	**3,981**	3,135
CEPU – WA Plumbing Branch	**682**	963
Total cash inflows	**5,830,232**	4,451,253

	2019	2018
	$	$

Note 9 Cash Flow (Continued)

Note 9B: Cash flow information (Continued)

	2019 $	2018 $
Cash outflows to other reporting units		
CEPU – TAS Electrical Branch	**548**	808
CEPU – VIC Plumbing Branch	**32,452**	22,190
CEPU – National Council	**377,763**	507,199
CEPU – NSW Electrical Branch/ ETU – NSW	**200**	-
CEPU – SA Electrical Branch	**94**	4,360
CEPU – WA Electrical Branch	**4,212**	4,957
CEPU – Communications Division	**2,229**	-
Total cash outflows	**417,498**	539,514

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

Note 9C: Credit standby arrangements and loan facilities

The Division has a credit card facility amounting to $50,000 (2018: $50,000). This may be terminated at any time at the option of the bank. The balance of this facility is cleared monthly and interest rates are variable.

Note 9D: Non-cash transactions

There have been no non-cash financing or investing activities during the year (2018: Nil).

Note 9E: Net debt reconciliation

	2019 $	2018 $
Cash and cash equivalents	**3,630,812**	3,252,201
Borrowings – repayable within one year	**-**	-
Borrowings – repayable after one year	**-**	-
Net debt	**3,630,812**	3,252,201

Note 9 Cash Flow (Continued)

Note 9F: 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	2,658,258	-	-	2,658,258
Cash flows	593,943	-	-	593,943
Net debt at 31 December 2018	3,252,201	-	-	3,252,201
Cash flows	**378,611**	**-**	**-**	**378,611**
Net debt at 31 December 2019	**3,630,812**	**-**	**-**	**3,630,812**

	2019	2018
	$	$

Note 10 Contingent Liabilities, Assets and Commitments

Note 10A: Commitments and Contingencies

Capital commitments

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

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

As detailed at 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*.

Given that:

- the CEPU has yet to determine whether to appeal the judgement, or how to fund the penalty; and
- the Committee of Management of the Division has not yet determined how, in the event of the CEPU levying the Divisions for the sum of the penalty, whether such a levy would be met from the funds of the Division or its Branches

no amount has been recognised in these financial statements at 31 December 2019.

Note 11 Related Party Disclosures

Note 11A: 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):

CEPU National Council

Electrical 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

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

Note 11 Related Party Disclosures (Continued)

Note 11A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

	2019	2018
	$	$
Revenue received from CEPU – National Council includes the following:		
Reimbursement of payroll tax	**7,595**	8,168
Secretarial fees	**14,386**	14,146
Reimbursement of travel expenses	**502**	-
Other operating expense reimbursements	**8,668**	12,139
Expenses paid to CEPU – National Council includes the following:		
Reimbursement of affiliation fees	**339,500**	332,500
National Council levy	**110,871**	110,871
Reimbursement of global union affiliations	**20,754**	19,491
Amounts owed by CEPU – National Council includes the following:		
Secretarial fees	**15,825**	15,560
Reimbursement of payroll tax	**438**	470
Other operating expense reimbursements	**10,037**	13,353
Revenue received from CEPU – NSW Electrical Branch/ ETU – NSW includes the following:		
Sustentation fees	**818,384**	891,671
Reimbursement of legal expenses	**11,501**	-
Reimbursement of national journal costs	**49,869**	41,769
Reimbursement of travel expenses	**31,674**	13,036
Subscriptions/ research	**24,667**	17,278
Provision of industrial services	**-**	6,188
Merchandise reimbursement	**-**	25,504
Other operating expense reimbursements	**1,500**	-
Expenses paid to CEPU Electrical Branch/ ETU – NSW includes the following:		
Other operating expense reimbursements	**200**	-

Note 11 Related Party Disclosures (Continued)

Note 11A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

	2019	2018
	$	$
Amounts owed by CEPU – NSW Electrical Branch/ ETU – NSW includes the following:		
Reimbursement of national journal costs (accrued income)	**49,869**	45,946
Reimbursement of travel expenses	**-**	2,200
Revenue received from CEPU – NSW Communications P&T Branch includes the following:		
Reimbursement of payroll tax expense	**93,916**	88,492
Revenue received from CEPU – NSW Communications T&S Branch includes the following:		
Reimbursement of payroll tax expense	**8,425**	12,439
Amounts owed by CEPU – NSW Communications T&S Branch includes the following:		
Reimbursement of payroll tax expense	**580**	-
Revenue received from CEPU – NSW Plumbing Branch includes the following:		
Provision of industrial services	**1,000**	-
Expenses paid to CEPU – Communications Division includes the following:		
Reimbursement of payroll tax expense	**2,229**	-
Revenue received from CEPU – QLD Electrical Branch includes the following:		
Reimbursement of national journal costs	**46,870**	43,582
Reimbursement of travel expenses	**35,509**	20,532
Sustentation fees	**938,537**	947,665
Subscriptions/ research	**33,375**	24,251
Merchandise reimbursement	**-**	18,751
Amounts owed by CEPU – QLD Electrical Branch includes the following:		
Reimbursement of national journal costs	**-**	47,940
Reimbursement of national journal costs (accrued income)	**48,870**	-

Note 11 Related Party Disclosures (Continued)

Note 11A: Related Party Transactions for the Reporting Period

Holders of office and related reporting units (Continued)

	2019	2018
	$	$
Revenue received from CEPU – SA Electrical Branch includes the following:		
Reimbursement of wage costs	**22,194**	-
Reimbursement of national journal costs	**12,298**	11,411
Reimbursement of travel expenses	**14,891**	7,728
Sustentation fees	**218,915**	221,934
Subscriptions/ research	**4,182**	4,321
Other operating expense reimbursements	**-**	840
Expenses paid to CEPU – SA Electrical Branch includes the following:		
Reimbursement of travel expenses	**94**	3,964
Amounts owed by CEPU – SA Electrical Branch includes the following:		
Reimbursement of national journal costs (accrued income)	**12,298**	12,552
Sustentation fees	**129,521**	134,682
Reimbursement of wage costs	**5,271**	-
Revenue received from CEPU – TAS Electrical Branch includes the following:		
Reimbursement of national journal costs	**7,511**	7,080
Sustentation fees	**147,145**	141,242
Reimbursement of travel expenses	**10,636**	2,828
Subscriptions/ research	**2,477**	2,219
Other operating expense reimbursements	**2,182**	4,150
Expenses paid to CEPU – TAS Electrical Branch includes the following:		
Reimbursement of travel expenses	**348**	734
Other operating expense reimbursements	**200**	-
Amounts owed by CEPU – TAS Electrical Branch includes the following:		
Reimbursement of national journal costs (accrued income)	**7,511**	7,788

Note 11 Related Party Disclosures (Continued)

Note 11A: 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:		
Reimbursement of national journal costs	**62,936**	59,018
Sustentation fees	**1,057,100**	996,435
Reimbursement of travel expenses	**34,855**	13,634
Subscriptions/ research	**29,519**	31,607
Campaign contribution	**500,000**	-
Merchandise reimbursements	**-**	9,395
Sponsorship	**40,000**	-
Amounts owed by CEPU – VIC Electrical Branch includes the following:		
Reimbursement of national journal costs (accrued income)	**62,936**	64,921
Sustentation fees	**-**	831,206
Revenue received from CEPU – VIC Plumbing Branch includes the following:		
Subscriptions/ research	**3,619**	2,850
Expenses paid to CEPU – VIC Plumbing Branch includes the following:		
Reimbursement of office rent	**26,497**	23,469
Other operating expense reimbursements	**1,170**	-
Amounts owed to CEPU – VIC Plumbing Branch includes the following:		
Reimbursement of office rent	**2,455**	4,785

Note 11 Related Party Disclosures (Continued)

Note 11A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

	2019	2018
	$	$
Revenue received from CEPU – WA Electrical Branch includes the following:		
Reimbursement of national journal costs	**18,371**	17,411
Sustentation fees	**399,451**	372,929
Reimbursement of travel expenses	**12,927**	10,125
Subscriptions/ research	**12,603**	7,945
Provision of industrial services	**80,005**	80,002
Reimbursement of legal expenses	**6,026**	-
Other operating expense reimbursements	**-**	363
Expenses paid to CEPU – WA Electrical Branch includes the following:		
Reimbursement of travel expenses	**4,212**	4,563
Amounts owed by CEPU – WA Electrical Branch includes the following:		
Provision of industrial services	**14,668**	14,668
Reimbursement of legal expenses	**45**	-
Reimbursement of national journal costs (accrued income)	**18,371**	19,152
Subscriptions/ research	**1,086**	-
Sustentation fees	**232,902**	-
Revenue received from CEPU – WA Plumbing Branch includes the following:		
Provision of industrial services	**621**	875

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 Division has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (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.

Note 11 Related Party Disclosures (Continued)

Note 11A: Related Party Transactions for the Reporting Period
Holders of office and related reporting units (Continued)

Key Management Personnel

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

- Allen Hicks (Divisional Secretary)
- David Mier (Divisional Assistant Secretary)
- Michael Wright (Divisional Assistant Secretary)
- All remaining members of the Divisional Executive.

During the year, key management personnel of the Division were remunerated as follows:	**2019**	2018
	$	$
Note 11B: Key Management Personnel Remuneration for the Reporting Period		
Short-term employee benefits		
Salary (including annual leave taken)	**598,916**	598,363
Other	**-**	-
Total short-term employee benefits	**598,916**	598,363
Post-employment benefits:		
Superannuation	**93,175**	93,175
Total post-employment benefits	**93,175**	93,175
Other long-term benefits:		
Long-service leave	**12,931**	11,714
Total other long-term benefits	**12,931**	11,714
Termination benefits	**-**	-
Total	**705,022**	703,252

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.

	2019	2018
	$	$
Note 12 Remuneration of Auditors		
Value of the services provided		
Financial statement audit services	**25,500**	24,750
Other services	**3,053**	2,330
Total remuneration of auditors	**28,553**	27,080

Other services relate to taxation services provided to the Division during the year.

Note 13 Financial Instruments

Financial Risk Management Policy

The Committee of Management monitors the Division'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 Division Committee of Management meets on a regular basis to review the financial exposure of the Division.

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss of the Division. The Division does not have any material credit risk exposures as its major source of revenue is the receipt of sustentation fees from state branches.

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 Division 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 Division.

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

The following table details the Division'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 Division 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 Division.

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

Note 13 Financial Instruments (Continued)

Ageing of financial assets that were past due but not impaired for 2019

	Within trading terms	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	$	$	$	$	$	$
Trade and other receivables	45,848	-	-	-	-	45,848
Receivables from other reporting units	21,002	25,862	-	-	363,509	410,373
Total	**66,850**	**25,862**	**-**	**-**	**363,509**	**456,221**

Ageing of financial assets that were past due but not impaired for 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	215,636	28,914	965,886	-	-	1,210,436
Total	215,636	28,914	965,886	-	-	1,210,436

The Division 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 Division does not hold collateral with respect to its receivables at 31 December 2019 (2018: Nil).

Note 13 Financial Instruments (Continued)

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Division might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Division 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 Division 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	**108,157**	219,821	**-**	-	**-**	-	**108,157**	219,821
Other payables	**477,261**	309,007	**-**	-	**-**	-	**477,261**	309,007
Total expected outflows	**585,418**	528,828	**-**	-	**-**	-	**585,418**	528,828
Financial assets – cash flow receivable								
Cash and cash equivalents	**3,630,812**	3,252,201	**-**	-	**-**	-	**3,630,812**	3,252,201
Trade and other receivables	**654,076**	1,210,436	**-**	-	**-**	-	**654,076**	1,210,436
Total anticipated inflows	**4,284,888**	4,462,637	**-**	-	**-**	-	**4,284,888**	4,462,637
Net inflow on financial instruments	**3,699,470**	3,933,809	**-**	-	**-**	-	**3,699,470**	3,933,809

Note 13 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 Division 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	**1.08**	1.32	**3,630,812**	3,252,201

ii. Foreign exchange risk
The Division is not exposed to direct fluctuations in foreign currencies.

iii. Price risk
The Division is not exposed to any material commodity price risk.

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

v. Sensitivity Analysis
The following table illustrates sensitivities to the Division'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 the Committee of Management considers to be reasonably possible.

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

Interest rates	**Profit $**	**Equity $**
Year ended 31 December 2019		
+1% in interest rates	**18,059**	**18,059**
-1% in interest rates	**(24,500)**	**(24,500)**
Year ended 31 December 2018		
+1% in interest rates	32,522	32,522
-1% in interest rates	(24,647)	(24,647)

No sensitivity analysis has been performed on foreign exchange risk as the Division 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.

Note 14 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 Division. 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 Division.

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

		2019		2018	
	Footnote	Carrying value	Fair value	Carrying value	Fair value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	**3,630,812**	**3,630,812**	3,252,201	3,252,201
Accounts receivable and other debtors	(i)	**654,076**	**654,076**	1,210,436	1,210,436
Total financial assets		**4,284,888**	**4,284,888**	4,462,637	4,462,637
Financial liabilities					
Trade payables	(i)	**108,157**	**108,157**	219,821	219,821
Other payables	(i)	**477,261**	**477,261**	309,007	309,007
Total financial liabilities		**585,418**	**585,418**	528,828	528,828

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.

Note 14 Fair Value Measurement (Continued)

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categories 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 of 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 date. 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.

The Division did not have any assets or liabilities that were recorded using the above fair value hierarchy at 31 December 2019 and 31 December 2018.

Note 15 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 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 16 Division Details

The registered office of the Division is:

CEPU – Electrical Division
Suite 408, Level 4
30 – 40 Harcourt Parade
ROSEBERY NSW 2019

Note 17 Segment Information

The Division operates solely in one reporting business segment being the provision of trade union services.

The Division operates from one reportable geographical segment being Australia.

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

OFFICER DECLARATION STATEMENT

I Allen Hicks, being the Divisional Secretary of the Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division, 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 revenue via compulsory levies
- Receive a grant or donation
- 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 grant that was $1,000 or less
- Pay a grant that exceeds $1,000
- 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 other employee expenses to employees (other than holders of office)
- Pay a penalty imposed under the RO Act or the *Fair Work Act 2009*
- 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 a payable in respect of legal costs relating to other legal matters
- Have a separation and redundancy provision in respect of holders of office
- Have other employee provisions in respect to 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
- 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

Divisional Secretary

16 March 2020