Australian Government
Registered Organisations Commission

11 June 2020

Michael Anderson
Divisional Branch Secretary & Divisional Branch Treasurer
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Tasmanian Divisional Branch
Sent via email: info@ceputas.com.au
CC: gkent@mgisq.com.au

Dear Michael Anderson,

Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Tasmanian Divisional Branch
Financial Report for the year ended 31 December 2019 – (FR2019/362)

I acknowledge receipt of the financial report for the year ended 31 December 2019 for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Tasmanian Divisional Branch. The documents were lodged with the Registered Organisations Commission (**the ROC**) on 25 May 2020.

The financial report has now been filed.

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

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

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

General purpose financial report

Officer's declaration statement

Item 21 of the RGs states that if any of the activities identified within items 10-20 of the RGs have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in the officer's declaration statement.

I note that the officer's declaration statement includes the following nil disclosures:

- Pay separation and redundancy to holders of office (other than holders of office)
- Pay other employee expenses to holders of office (other than holders of office)

As per reporting guidelines, those nil activity disclosures should read:

- Pay separation and redundancy expenses for employees (other than holders of office) (RG14(g)(iv)); and
- Pay other employee expenses for employees (other than holders of office) (RG14(g)(v)).

I also note that the officer's declaration statement includes the following nil activity disclosures for which there was already an equivalent form of disclosure in the body of the notes:

- "Pay a donation that was $1,000 or less" is disclosed in both Note 4E and the officer's declaration statement; and
- "Pay separation and redundancy expense for employees (other than holders of offices) is disclosed in both Note 4A and the officer's declaration statement.

Please note that nil activities only need to be disclosed once.

Inconsistency in disclosure of financial information

Note 4I Conference and meeting expense discloses a total of $61,636 for conference and meeting expenses for the 2019 financial year (2018: $13,197). The officer's declaration statement, however includes a nil disclosure of incurring expenses due to holding a meeting as required under the rules of the organisation.

In future years, please ensure that items within the financial report are disclosed consistently.

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 RGs 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 RGs and Australian Accounting Standards. Access to this information is available via this link.

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

Yours sincerely,

Kylie Ngo

Registered Organisations Commission

Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – Tasmanian Branch

s.268 *Fair Work (Registered Organisations) Act 2009*

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER

Certificate for the year ended 31 December 2019

I, *Michael Anderson,* being the *Divisional Branch Secretary* of the *Tasmanian Branch of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division (the CEPU Electrical Energy & Services Division, Tasmanian Branch)* certify:

- that the documents lodged herewith are copies of the full report for the *CEPU Electrical, Energy & Services Division, Tasmanian Branch* 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 *28 April 2020*; and

- that the full report was presented to *a meeting of the committee of management* of the reporting unit on *15 May 2020* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009.*

Signature of prescribed designated officer:

Name of prescribed designated officer: Michael Anderson

Title of prescribed designated officer: Divisional Branch Secretary

Dated: 25.5.20

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

ABN 18 172 840 055

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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COMMITTEE OF MANAGEMENT'S OPERATING REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Operating Report

The Committee of Management presents its report on the operations of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division – Tasmania Branch (the Branch) for the financial year ended 31 December 2019.

Principal Activities

The principal activities of the Branch during the year fell in the following categories:

- Organising existing members and new members
- Bargaining, negotiating and arbitrating for improvements in wages and conditions of employment for members of the Branch.
- Representing members in work related grievances or other matters
- Undertaking training and development for delegates of the Branch.

Over the year the Branch negotiated many Collective Agreements delivering improvements in wages and conditions to CEPU – Electrical, Energy and Services Division – Tasmania Branch members.

There have been no changes in the principal activities of the Branch during the year.

Operating Result

The surplus for the financial year amounted to $53,526. No provision for tax was necessary as the Branch is considered exempt.

Significant Changes in Financial Affairs

There were no significant changes to the financial affairs of the Branch 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 Branch, the results of those operations or the state of affairs of the Branch in future financial years.

Members Right to Resign

The right of members to resign from the Branch is set out in the Rules of the CEPU – Electrical Division. A member may resign membership by written notice addressed and delivered to the Branch Secretary.

Number of Employees

The number of persons who were, at the end of the period to which the report relates, employees of the Branch, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis is 6.05.

Number of Members

Total number of members at 31 December 2019: 2,164.

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

No officers or members of the Branch 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.

Members of the Committee of Management

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

Name	Position	Period of Office
Ken Mayes	Branch President	01/01/19 – 24/07/19
Neil Gillham	Branch President	24/07/19 – 31/12/19
Brian Allan	Branch Vice President Branch State Councillor	01/01/19 – 31/12/19 01/01/19 – 31/12/19
Michael Anderson	Branch Secretary	01/01/19 – 31/12/19
Neil Gillham	Branch State Councillor	01/01/19 – 24/07/19
Michael Lynch	Branch State Councillor	01/01/19 – 31/12/19
David Moore	Branch State Councillor	01/01/19 – 31/12/19
Brett Proverbs	Branch State Councillor	01/01/19 – 31/12/19
Belinda Gordon	Branch State Councillor	01/01/19 – 31/12/19
Natalie Kent	Branch State Councillor	01/01/19 – 31/12/19
Allen Shotton	Branch State Councillor	01/01/19 – 31/12/19
Marcus Phillips	Branch State Councillor	01/01/19 – 15/04/19
Chris Gard	Branch State Councillor	15/04/19 – 31/12/19
Donna Wickham	Affirmative Action (Women's) Councillor	24/07/19 – 31/12/19
Jordan Toussaint	Branch State Councillor	24/07/19 – 31/12/19

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out on page 6.

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:

....

Michael Anderson
Branch Secretary

20 April 2020

Hobart

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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 – TASMANIA BRANCH

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 – Tasmania Branch for the year ended 31 December 2019; I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Brisbane
20 April 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 – TASMANIA BRANCH

COMMITTEE OF MANAGEMENT STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

On 20 April 2020, the Committee of Management of the Branch 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 the reporting guidelines of the Commissioner;

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

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

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

i. meetings of the Committee of Management were held in accordance with the rules of the organisation and

ii. the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation;

iii. the financial records of the reporting unit have been kept and maintained in accordance with the *RO Act;*

iv. where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation;

v. where information has been sought in any request of a member of the reporting unit or the Commissioner duly made under section 272 of the RO Act, that information has been provided to the member or the Commissioner; and

vi. where any order for inspection of financial records made by the Fair Work Commission under section 273 of the RO Act during the year, there has been compliance.

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

Name of Designated Officer: Michael Anderson

Title of Designated Officer: Branch Secretary

Signature: ....

Date: 20 April 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 – Tasmania Branch

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 – Tasmania Branch (the Branch), 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; 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 – Tasmania Branch 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 Branch 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 Branch 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.

Information Other than the Financial Report and Auditor’s Report Thereon (Continued)

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 Branch 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 Branch’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Branch 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 Branch’s internal control.

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

- Conclude on the appropriateness of the Committee of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Branch to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Branch's audit. We remain solely responsible for our audit opinion.

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

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

MGI Audit Pty Ltd

G I Kent

Director – Audit & Assurance

Brisbane
20 April 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 – TASMANIA BRANCH

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019**	2018
		$	$
Revenue			
Membership subscription		**1,135,529**	1,046,256
Gain on sale of property, plant and equipment		**21,000**	18,835
Interest	3A	**4,459**	6,987
Commission income	3B	**142,844**	111,747
EAP income	3C	**4,639**	4,514
DMT income	3D	**3,255**	-
Directors fees	3E	**8,194**	14,263
Sponsorship income	3F	**55,818**	25,000
Other revenue	3G	**1,205**	2,064
Total revenue		**1,376,943**	1,229,666
Expenses			
Employee expenses	4A	**(748,540)**	(755,051)
Sustentation fees	4B	**(147,145)**	(141,242)
Affiliation fees	4C	**(13,717)**	(12,458)
Audit and accounting fees	12	**(23,228)**	(26,300)
Legal costs	4D	**(22,902)**	(8,853)
Grants or donations	4E	**(1,017)**	-
Depreciation and amortisation	4F	**(65,404)**	(54,160)
Finance costs	4G	**(4,012)**	(4,523)
Administration expense	4H	**(146,942)**	(198,167)
Conference and meetings	4I	**(61,636)**	(13,197)
Other operating expense	4J	**(88,874)**	(20,945)
Total expenses		**(1,323,417)**	(1,234,896)
Surplus/ (deficit) for the year		**53,526**	(5,230)
Other comprehensive income			
Revaluation of land and buildings (net of income tax)		**-**	-
Total comprehensive income for the year		**53,526**	(5,230)

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 – TASMANIA BRANCH

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5A	**913,414**	849,121
Trade and other receivables	5B	**27,740**	31,240
Other current assets	5C	**20,307**	15,636
Total current assets		**961,461**	895,997
Non-Current Assets			
Land	6A	**150,000**	150,000
Buildings	6B	**311,749**	289,434
Furniture, fittings and office equipment	6C	**21,762**	41,267
Motor vehicles	6D	**75,583**	50,309
Total non-current assets		**559,094**	531,010
Total assets		**1,520,555**	1,427,007
LIABILITIES			
Current Liabilities			
Trade payables	7A	**27,468**	32,613
Other payables	7B	**46,686**	34,578
Employee provisions	8A	**62,167**	42,246
Total current liabilities		**136,321**	109,437
Non-Current Liabilities			
Employee provisions	8A	**20,414**	7,276
Total non-current liabilities		**20,414**	7,276
Total liabilities		**156,735**	116,713
Net assets		**1,363,820**	1,310,294
EQUITY			
Retained earnings		**1,153,732**	1,100,206
Asset revaluation reserve		**210,088**	210,088
Total equity		**1,363,820**	1,310,294

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 – TASMANIA BRANCH

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

	Notes	Retained earnings $	Asset Revaluation Reserve $	Total equity $
Balance as at 1 January 2018		1,105,436	210,088	1,315,524
Deficit for the year		(5,230)	-	(5,230)
Other comprehensive income		-	-	-
Closing balance as at 31 December 2018		1,100,206	210,088	1,310,294
Surplus for the year		**53,526**	**-**	**53,526**
Other comprehensive income		**-**	**-**	**-**
Closing balance as at 31 December 2019		**1,153,732**	**210,088**	**1,363,820**

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 – TASMANIA BRANCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

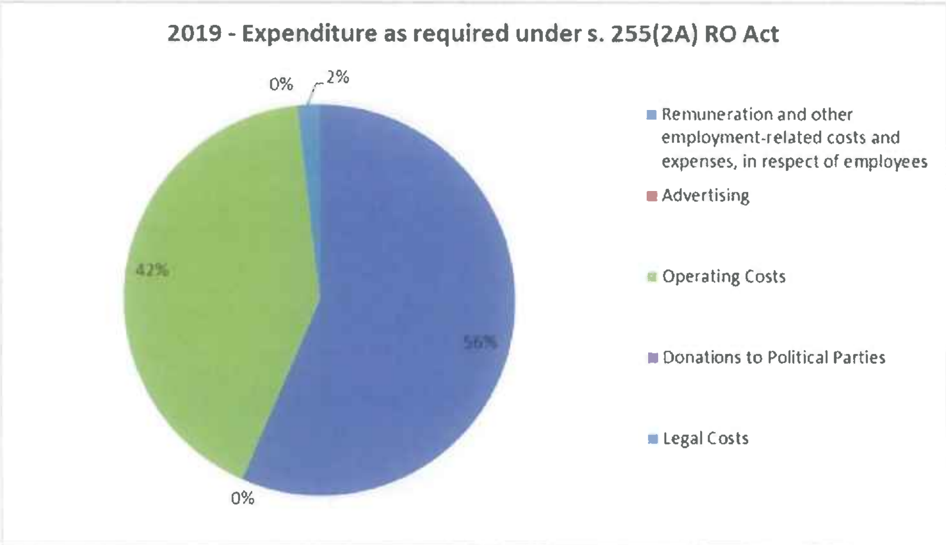
	Notes	**2019** $	2018 $
OPERATING ACTIVITIES			
Cash received			
Receipts from other reporting units	9B	**149,871**	121,698
Receipts from other customers		**1,340,729**	1,219,069
Interest received		**4,258**	5,914
Cash used			
Finance Costs		**(4,012)**	(4,523)
Payments to employees and suppliers		**(1,162,561)**	(1,184,611)
Payments to other reporting units	9B	**(191,504)**	(197,391)
Net cash provided by/ (used in) operating activities	9A	**136,781**	(39,844)
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		**21,000**	18,635
Payments for property, plant and equipment		**(93,488)**	(63,564)
Net cash (used in)/ provided by investing activities		**(72,488)**	(44,929)
FINANCING ACTIVITIES		**-**	-
Net (decrease)/ increase in cash held		**64,293**	(84,773)
Cash & cash equivalents at the beginning of the reporting period		**849,121**	933,894
Cash & cash equivalents at the end of the reporting period	9A	**913,414**	849,121

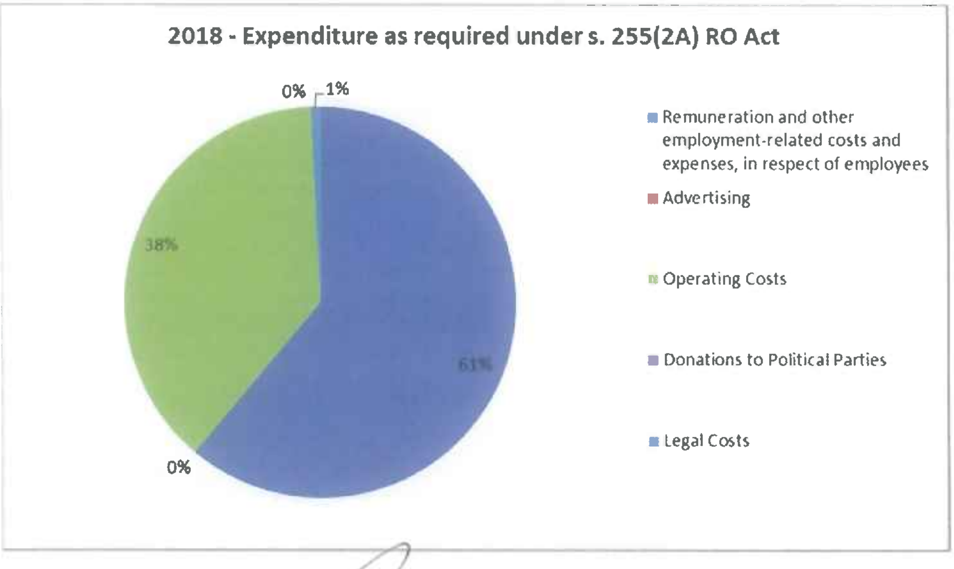
The above statement should be read in conjunction with the notes.

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

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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Michael Anderson
Branch Secretary

Hobart
20 April 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 – Tasmania Branch (the Branch) 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.

Key Estimates

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

Key Judgements

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 (Continued)

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 Branch 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 Branch 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 Branch 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 Branch'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.

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

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

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

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

1.6 Gains

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

1.7 Capitation fees and levies

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

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 rules of the Union, 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 Branch 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 Branch 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 Branch 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 Branch;
- the Branch 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 Branch has the right to direct the use of the identified asset throughout the period of use. The Branch 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 Branch 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 Branch, 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 Branch 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 Branch also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Branch 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 Branch’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 Branch 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 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 Branch 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 Branch 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.

1.11 Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Branch becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Branch 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.

Note 1 Summary of significant accounting policies (Continued)

1.11 Financial Instruments (Continued)

The Branch 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 Branch 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 Branch'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 Branch 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 Branch 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 Branch 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 Branch assessed whether the financial instruments are credit impaired, and if:

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

Note 1 Summary of significant accounting policies (Continued)

1.15 Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment and motor vehicles 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.

Plant and equipment

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 Branch 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 Branch 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.

Note 1 Summary of significant accounting policies (Continued)

1.15 Plant and Equipment (Continued)

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

	2019	2018
Buildings	40 years	40 years
Office equipment	2 -3 years	2 -3 years
Motor vehicles	3 years	3 years

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.

1.16 Impairment of non-financial assets

At the end of each reporting period, the Branch 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 Branch 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.

Note 1 Summary of significant accounting policies (Continued)

1.17 Taxation

The Branch is exempt from income tax under section 50.1 of the *Income Tax Assessment Act 1997* however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

1.18 Fair value measurement

The Branch measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 15.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Branch. 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 Branch 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.

Note 1 Summary of significant accounting policies (Continued)

1.18 Fair value measurement (continued)

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

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

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

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Branch 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.

The Committee of Management of the CEPU has formally appealed the decision issued by the Federal Court of Australia and therefore the following is unknown:

- whether the CEPU will be successful in its appeal, or be able to reduce some of the penalty
- on what basis the divisions or Branches will be levied for the sum of the penalty, if the appeal is unsuccessful;

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 Revenue		
Note 3A: Interest		
Deposits	**4,459**	6,987
Total interest	**4,459**	6,987
Note 3B: Commission income		
Income protection commissions	**142,844**	111,747
Total commission income	**142,844**	111,747
Note 3C: EAP income		
Employee Assistance Program income	**4,639**	4,514
Total EAP income	**4,639**	4,514
Note 3D: DMT income		
Distress, Mortality and Training Fund income	**3,255**	-
Total DMT income	**3,255**	-
Note 3E: Directors fees		
Directors fees	**8,194**	14,263
Total directors fees	**8,194**	14,263

Staff and officials of the Branch sit on a number of boards, with all director fees being paid directly to the Branch.

Note 3F: Sponsorship income		
Sponsorship income	**55,818**	25,000
Total sponsorship income	**55,818**	25,000
Note 3G: Other revenue		
Merchandise income	**1,205**	564
Other income	**-**	1,500
Total other revenue	**1,205**	2,064

	2019	2018
	$	$

Note 4 Expenses

Note 4A: Employee expenses

	2019 $	2018 $
Holders of office:		
Wages and salaries	**112,260**	131,477
Superannuation	**21,388**	27,366
Leave and other entitlements	**14,845**	16,732
Subtotal employee expenses holders of office	**148,493**	175,575
Employees other than office holders:		
Wages and salaries	**414,459**	388,541
Superannuation	**73,961**	73,591
Leave and other entitlements	**62,494**	58,425
Separation and redundancies	**-**	13,838
Subtotal employee expenses employees other than office holders	**550,914**	534,395
Add: Payroll tax expense/ FBT expense	**49,133**	45,081
Total employee expenses	**748,540**	755,051

Note 4B: Sustentation fees

	2019 $	2018 $
CEPU – Electrical, Energy and Services Division	**147,145**	141,242
Total Sustentation fees	**147,145**	141,242

	2019	2018
	$	$
Note 4 Expenses (Continued)		
Note 4C: Affiliation fees		
Unions Tasmania	**13,717**	12,458
Total affiliation fees	**13,717**	12,458
Note 4D: Legal costs		
Litigation	**17,037**	8,853
Other legal matters	**5,865**	-
Total legal costs	**22,902**	8,853
Note 4E: Grants or donations		
Donations:		
Total paid that were $1,000 or less	**-**	-
Total paid that exceeded $1,000	**1,017**	-
Total grants or donations	**1,017**	-
Note 4F: Depreciation and amortisation		
Depreciation		
Buildings	**12,800**	12,800
Furniture, fittings and office equipment	**20,380**	21,115
Motor vehicles	**32,224**	20,245
Total depreciation	**65,404**	54,160
Amortisation expense	**-**	-
Total depreciation and amortisation	**65,404**	54,160

	2019	2018
	$	$
Note 4 Expenses (Continued)		
Note 4G: Finance costs		
Bank fees and charges	**4,012**	4,523
Total finance costs	**4,012**	4,523
Note 4H: Administration expense		
Insurance	**23,391**	24,513
Property expenses	**14,572**	28,034
Motor vehicle expenses	**17,976**	25,231
Subscriptions	**23,436**	28,875
Organiser expenses	**27,097**	29,918
Telephone and IT expenses	**12,833**	21,667
Stationery/ office equipment	**7,021**	5,863
Office expenses	**20,616**	34,066
Total administration expense	**146,942**	198,167
Note 4I: Conference and meetings expense		
Meetings expense	**5,766**	5,068
Branch conference	**24,816**	-
Delegates conference expense	**22,672**	2,899
Other conference/ meeting expenses	**8,382**	5,230
Total conference and meeting expense	**61,636**	13,197
Note 4J: Other Operating Expenses		
Levies – CEPU National Council	**2,586**	2,371
Merchandise purchases	**28,536**	6,653
DMT Fund payments	**31,144**	1,364
Other operating expenses	**26,608**	10,557
Total other operating expenses	**88,874**	20,945

Levies

The CEPU National Council issued a levy during the year to assist with funding its day to day operations.

	2019	2018
	$	$
Note 5 Current Assets		
Note 5A: Cash and Cash Equivalents		
Cash at bank	**343,173**	283,081
Cash on hand	**180**	80
Term deposits	**570,061**	565,960
Total cash and cash equivalents	**913,414**	849,121
Note 5B: Trade and Other Receivables		
Receivables from other reporting units		
CEPU – Electrical, Energy and Services Division – Victoria Branch/ ETU Victoria	**15,522**	10,100
Receivables from other reporting units (net)	**15,522**	10,100
Other receivables:		
Other trade receivables	**3,307**	15,131
Less: Provision for doubtful debtors	**-**	(7,500)
Accrued interest	**2,238**	2,037
Accrued membership income	**6,673**	11,472
Total other receivables	**12,218**	21,140
Total trade and other receivables (net)	**27,740**	31,240
Note 5C: Other Current Assets		
Prepayments	**20,307**	15,636
Total other current assets	**20,307**	15,636

	2019	2018
	$	$
Note 6 Non-current Assets		
Note 6A: Land		
Land:		
at valuation – 105 New Town Road, New Town	**150,000**	150,000
accumulated depreciation	**-**	-
Total Land	**150,000**	150,000

Reconciliation of Opening and Closing Balances of Land

As at 1 January		
Gross book value	**150,000**	150,000
Accumulated depreciation and impairment	**-**	-
Net book value 1 January	**150,000**	150,000
Additions:		
By purchase	**-**	-
By revaluation	**-**	-
Depreciation expense	**-**	-
Disposals:		
By sale	**-**	-
Net book value 31 December	**150,000**	150,000
Net book value as of 31 December represented by:		
Gross book value	**150,000**	150,000
Accumulated depreciation and impairment	**-**	-
Net book value 31 December	**150,000**	150,000

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

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

	2019	2018
	$	$
Note 6B: Buildings		
Buildings:		
at valuation – 105 New Town Road, New Town	**320,000**	320,000
accumulated depreciation	**(43,366)**	(30,566)
Capital work in progress	**35,115**	-
Total Buildings	**311,749**	289,434

Reconciliation of Opening and Closing Balances of Buildings

As at 1 January		
Gross book value	**320,000**	320,000
Accumulated depreciation and impairment	**(30,566)**	(17,766)
Net book value 1 January	**289,434**	302,234
Additions:		
By purchase	**35,115**	-
Depreciation expense	**(12,800)**	(12,800)
Disposals:		
By sale	**-**	-
Net book value 31 December	**311,749**	289,434
Net book value as of 31 December represented by:		
Gross book value	**355,115**	320,000
Accumulated depreciation and impairment	**(43,336)**	(30,566)
Net book value 31 December	**311,749**	289,434

	2019 $	2018 $
Note 6C: Furniture, Fittings and Office Equipment		
Furniture, fittings and office equipment:		
at cost	**87,781**	141,160
accumulated depreciation	**(66,019)**	(99,893)
Total Furniture, Fittings and Office Equipment	**21,762**	41,267

Reconciliation of Opening and Closing Balances of Furniture, Fittings and Office Equipment

As at 1 January		
Gross book value	**141,160**	139,176
Accumulated depreciation and impairment	**(99,893)**	(78,778)
Net book value 1 January	**41,267**	60,398
Additions:		
By purchase	**875**	1,984
Depreciation expense	**(20,380)**	(21,115)
Disposals:		
By sale	**-**	-
Net book value 31 December	**21,762**	41,267
Net book value as of 31 December represented by:		
Gross book value	**87,781**	141,160
Accumulated depreciation and impairment	**(66,019)**	(99,893)
Net book value 31 December	**21,762**	41,267

	2019	2018
	$	$
Note 6D: Motor Vehicles		
Motor Vehicles:		
at cost	**119,078**	131,603
accumulated depreciation	**(43,495)**	(81,294)
Total Motor Vehicles	**75,583**	50,309

Reconciliation of Opening and Closing Balances of Motor Vehicles

As at 1 January		
Gross book value	**131,603**	135,913
Accumulated depreciation and impairment	**(81,294)**	(127,139)
Net book value 1 January	**50,309**	8,774
Additions:		
By purchase	**57,498**	61,780
Depreciation expense	**(32,224)**	(20,245)
Disposals:		
By sale	**-**	-
Net book value 31 December	**75,583**	50,309
Net book value as of 31 December represented by:		
Gross book value	**119,078**	131,603
Accumulated depreciation and impairment	**(43,495)**	(81,294)
Net book value 31 December	**75,583**	50,309

	2019	2018
	$	$
Note 7 Current Liabilities		
Note 7A: Trade payables		
Trade creditors and accrued expenses	**19,957**	24,825
Subtotal trade payables	**19,957**	24,825
Payables to other reporting units		
CEPU – Electrical, Energy and Services Division	**7,511**	7,788
Subtotal payables to other reporting units	**7,511**	7,788
Total trade payables	**27,468**	32,613

Settlement is usually made within 30 days.

Note 7B: Other payables

	2019	2018
Credit card liabilities	**5,135**	4,349
FBT payable	**1,420**	1,401
PAYG payable	**15,151**	13,601
Payroll tax payable	**4,162**	-
GST payable (net)	**20,818**	15,227
Total other payables	**46,686**	34,578
Total other payables are expected to be settled in:		
No more than 12 months	**46,686**	34,578
More than 12 months	**-**	-
Total other payables	**46,686**	34,578

	2019 $	2018 $
Note 8 Provisions		
Note 8A: Employee Provisions		
Office Holders:		
Annual leave	**19,217**	10,593
Subtotal employee provisions—office holders	**19,217**	10,593
Employees other than office holders:		
Annual leave	**42,950**	31,653
Long service leave	**20,414**	7,276
Subtotal employee provisions—employees other than office holders	**63,364**	38,929
Total employee provisions	**82,581**	49,522
Current	**62,167**	42,246
Non-Current	**20,414**	7,276
Total employee provisions	**82,581**	49,522

	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:		
Cash and cash equivalents as per:		
Cash flow statement	**913,414**	849,121
Statement of financial position	**913,414**	849,121
Difference	**-**	-
Reconciliation of deficit to net cash from operating activities:		
Surplus/ (deficit) for the year	**53,526**	(5,230)
Adjustments for non-cash items		
Depreciation/ amortisation	**65,404**	54,160
Gain on disposal of property, plant and equipment	**(21,000)**	(18,835)
Changes in assets/liabilities		
(Increase)/ decrease in net receivables	**3,500**	12,395
(Increase)/ decrease in other current assets	**(4,671)**	6,481
Increase/ (decrease) in trade and other payables	**6,963**	(49,805)
Increase/ (decrease) in provisions	**33,059**	(39,010)
Net cash used in operating activities	**136,781**	(39,844)

	2019	2018
	$	$
Note 9 Cash Flow (Continued)		
Note 9B: Cash flow information		
Cash inflows from other reporting units		
CEPU – Electrical, Energy and Services Division	**548**	808
CEPU – Electrical, Energy and Services Division (Victoria) Branch/ ETU Victoria	**149,323**	120,890
Total cash inflows	**149,871**	121,698
Cash outflows to other reporting units		
CEPU – National Council	**(2,845)**	(2,608)
CEPU – Electrical, Energy and Services Division	**(186,473)**	(194,783)
CEPU – Electrical, Energy and Services Division (South Australia) Branch	**(2,186)**	-
Total cash outflows	**(191,504)**	(197,391)

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

Note 9C: Credit standby arrangements and loan facilities

	2019	2018
<u>ANZ Mastercard Facility</u>		
Used facility	**5,135**	4,349
Unused facility	**21,865**	20,651
Total facility	**27,000**	25,000
<u>ANZ Direct Debit Facility</u>		
Used facility	**-**	-
Unused facility	**100,000**	100,000
Total facility	**100,000**	100,000

Note 9D: Non-cash transactions

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

	2019	2018
	$	$
Note 9E: Net debt reconciliation		
Cash and cash equivalents	**913,414**	849,121
Borrowings – repayable within one year	**-**	-
Borrowings – repayable after one year	**-**	-
Net debt	**913,414**	849,121

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	933,894	-	-	933,894
Cash flows	(84,773)	-	-	(84,773)
Net debt at 31 December 2018	849,121	-	-	849,121
Cash flows	**64,293**	**-**	**-**	**64,293**
Net debt at 31 December 2019	**913,414**	**-**	**-**	**913,414**

Note 10 Contingent Liabilities, Assets and Commitments

Note 10A: Commitments and Contingencies

Capital commitments

At 31 December 2019 the Branch 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*.

The Committee of Management of the CEPU has formally appealed the decision issued by the Federal Court of Australia and therefore the following is unknown:

- whether the CEPU will be successful in its appeal, or be able to reduce some of the penalty; and
- on what basis the Divisions or Branches of the CEPU will be levied for the sum of the penalty, if the appeal is unsuccessful;

As a result, 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 – Electrical, Energy and Services Division
CEPU – QLD Electrical Branch
CEPU – NSW Electrical Branch
CEPU – VIC 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

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
	$	$
The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.		
Expenses paid to CEPU – National Council includes the following:		
Levies	**2,586**	2,371
Revenue received from CEPU –Electrical, Energy and Services Division includes the following:		
Reimbursement of travel expenses	**348**	734
Other operating expense reimbursement	**200**	-
Expenses paid to CEPU – Electrical, Energy and Services Division includes the following:		
Sustentation fees	**147,145**	141,242
Reimbursement of national journal costs	**7,511**	7,080
Reimbursement of travel expenses	**10,636**	2,828
Subscriptions/ research	**2,477**	2,219
Other operating costs	**2,182**	4,150
Amounts owed to CEPU – Electrical, Energy and Services Division includes the following:		
Reimbursement of national journal costs	**7,511**	7,788
Expenses paid to CEPU – Electrical, Energy and Services Division –SA Branch includes the following:		
Merchandise reimbursement	**1,987**	-

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 – Electrical, Energy and Services Division – VIC Branch/ ETU Victoria includes the following:		
Protect insurance commissions	**140,677**	99,605
Refund of EAP operating fees	**-**	12,000
Amounts owed by CEPU – Electrical, Energy and Services Division – VIC Branch/ ETU Victoria includes the following:		
Protect insurance commissions	**15,522**	10,100

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 Branch 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)

	2019	2018
	$	$

Key Management Personnel

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

- Ken Mayes (Branch President – 1/1/19 – 24/07/19))
- Neil Gillham (Branch President – 24/07/19 – 31/12/19)
- Michael Anderson (Branch Secretary)
- All remaining members of the Committee of Management.

Note 11B: Key Management Personnel Remuneration for the Reporting Period

	2019	2018
Short-term employee benefits		
Salary (including annual leave taken)	**127,105**	147,438
Other	**-**	-
Total short-term employee benefits	**127,105**	147,438
Post-employment benefits:		
Superannuation	**21,388**	27,366
Total post-employment benefits	**21,388**	27,366
Other long-term benefits:		
Long-service leave	**-**	771
Total other long-term benefits	**-**	771
Termination benefits	**-**	-
Total	**148,493**	175,575

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 and Consultants		
Value of the services provided		
MGI Audit Pty Ltd and related entities		
Financial statement audit services	**14,678**	11,000
Other services	**-**	-
Total remuneration of auditors	**14,678**	11,000
Value of the services provided		
Sarah McCarthy & Associates		
Accounting and taxation services	**8,550**	15,300
Total remuneration of consultants	**8,550**	15,300
Total auditors and consultants remuneration	**23,228**	26,300

Note 13 Financial Instruments

Financial Risk Management Policy

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

(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 Branch. The Branch does not have any material credit risk exposures as its major source of revenue is the receipt of membership income across a diversified membership base.

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 Branch 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 Branch.

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

The following table details the Branch'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 Branch 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 Branch.

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	**12,218**	**-**	**-**	**-**	**-**	**12,218**
Receivables from other reporting units	**15,522**	**-**	**-**	**-**	**-**	**15,522**
Total	**27,740**	**-**	**-**	**-**	**-**	**27,740**

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	10,100	-	-	-	-	10,100
Receivables from other reporting units	21,140	-	-	-	7,500	28,640
Total	31,240	-	-	-	7,500	38,740

The Branch 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 Branch 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 Branch might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The Branch 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 Branch 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	**27,468**	32,613	**-**	-	**-**	-	**27,468**	32,613
Other payables	**46,686**	34,578	**-**	-	**-**	-	**46,686**	34,578
Total expected outflows	**74,154**	67,191	**-**	-	**-**	-	**74,154**	67,191
Financial assets – cash flow receivable								
Cash and cash equivalents	**913,414**	849,121	**-**	-	**-**	-	**913,414**	849,121
Trade and other receivables	**27,740**	31,240	**-**	-	**-**	-	**27,740**	31,240
Total anticipated inflows	**941,154**	880,361	**-**	-	**-**	-	**941,154**	880,361
Net inflow on financial instruments	**867,000**	813,170	**-**	-	**-**	-	**867,000**	813,170

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 Branch 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 are as follows:

	Weighted Average Effective Interest Rate			
	2019	2018	**2019**	**2018**
	%	%	**$**	**$**
Floating rate instruments				
Cash and cash equivalents	**1.23**	**1.77**	**913,414**	**849,121**

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.

<u>Sensitivity Analysis</u>

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

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

	Profit $	**Equity $**
Year ended 31 December 2019		
+1% in interest rates	**6,591**	**6,591**
-1% in interest rates	**(5,834)**	**(5,834)**
Year ended 31 December 2018		
+1% in interest rates	6,831	6,831
-1% in interest rates	(4,283)	(4,283)

No sensitivity analysis has been performed on foreign exchange risk as the Branch 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 13 Financial Instruments (Continued)

(c) Market Risk (continued)

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

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

Note 14 Fair Value Measurements

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 Branch. 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 Branch.

Note 14 Fair Value Measurements (Continued)

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

		2019		2018	
	Footnote	Carrying value	Fair value	Carrying value	Fair value
		$	$	$	$
Financial assets					
Cash and cash equivalents	(i)	**913,414**	**913,414**	849,121	849,121
Accounts receivable and other debtors	(i)	**27,740**	**27,740**	31,240	31,240
Total financial assets		**941,154**	**941,154**	880,361	880,361
Financial liabilities					
Trade payables	(i)	**27,468**	**27,468**	32,613	32,613
Other payables	(i)	**46,686**	**46,686**	34,578	34,578
Total financial liabilities		**74,154**	**74,154**	67,191	67,191

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.

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.

Note 14 Fair Value Measurements (Continued)

Fair Value Hierarchy (Continued)

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 following tables provide an analysis of financial and non-financial assets and liabilities that are measured at fair value, by fair value hierarchy.

Fair value hierarchy – 31 December 2019

	Note	Date of Valuation	Level 1	Level 2	Level 3
		$	$	$	$
Assets measured at fair value					
Land and Buildings – 105 New Town Road, New Town	**6A & 6B**	**25 Feb 2016**	**-**	**-**	**470,000**
Total			**-**	**-**	**470,000**

The Branch does not have any other assets or liabilities that are recorded using a fair value technique.

Fair value hierarchy – 31 December 2018

	Note	Date of Valuation	Level 1	Level 2	Level 3
		$	$	$	$
Assets measured at fair value					
Land and Buildings – 105 New Town Road, New Town	6A & 6B	25 Feb 2016	-	-	**470,000**
Total			-	-	**470,000**

The Branch does not have any other assets or liabilities that are recorded using a fair value technique.

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 Branch Details

The registered office of the Branch is:

CEPU – Electrical Division – Tasmania Branch
105 New Town Road
NEW TOWN TAS 7008

Note 17 Segment Information

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

The Branch operates from one reportable geographical segment being the state of Tasmania.

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

OFFICER DECLARATION STATEMENT

I Michael Anderson, being the Branch Secretary of the Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electronic, Energy and Services Division – Tasmania Branch 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 capitation fees from another reporting unit
- Receive revenue via compulsory levies
- Receive donations or grants
- Receive revenue from undertaking recovery of wages activity
- Incur fees as consideration for employers making payroll deductions of membership subscriptions
- Pay a grant that was $1,000 or less
- Pay a grant that exceeds $1,000
- Pay a donation that was $1,000 or less
- Pay separation and redundancy to holders of office
- Pay other employee expenses to holders of office
- Pay separation and redundancy to holders of office (other than holders of office)
- Pay other employee expenses to holders of office (other than holders of office)
- Pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit
- Incur expenses due to holding a meeting as required under the rules of the organisation
- Pay 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 long service leave provision in respect of holders of office
- Have a separation and redundancy provision in respect of holders of office
- Have other employee provisions in respect of holders of office
- Have a separation and redundancy provision in respect of holders of office (other than holders of office)
- Have other employee provisions in respect of holders of office (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

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

OFFICER DECLARATION STATEMENT (CONTINUED)

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

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Michael Anderson

Branch Secretary

20 April 2020