Australian Government
Registered Organisations Commission

6 September 2018

Mr David McKinley
Secretary, New South Wales Divisional Branch,
Electrical, Energy and Services Division
Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia

Dear Mr McKinley

Re: – New South Wales Divisional Branch, Electrical, Energy and Services Division - financial report for year ending 31 December 2017 (FR2017/322)

I refer to the financial report of the New South Wales Divisional Branch of the Electrical, Energy and Services Division of the CEPU. The documents were lodged with the Registered Organisations Commission ('ROC') on 7 June 2018.

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

You are not required to take any further action in respect of the report lodged. However I make the following comments to assist you when preparing the next report. Please note the report for the year ending 31 December 2018 will be subject to an advanced compliance review.

Statement of comprehensive income

Debt write-off

A doubtful debt of $64,680, being in respect of unpaid rent invoices to AEITC in 2013, and which was the subject of a resolution of a meeting of the Branch State Council on 10 April 2017 was not written off in accordance with that resolution, as confirmed by advice received from Mr Warwick Penfold on 15 August 2018.

Mr Penfold has proposed to process the appropriate journal entry and write off the debt in the 2018 accounts, and the ROC considers this will satisfactorily address the matter. The financial report for the year ending 31 December 2018 should reflect the write off.

Reporting Requirements

New Reporting Guidelines will apply to organisations and branches with financial years commencing on or after 1 July 2017. The new Reporting Guidelines are now available on the ROC website and any further information or updates on the guidelines will be provided through the subscription service.

On the ROC website is a number of factsheets in relation to the financial reporting process and associated timelines. Along with the new Reporting Guidelines, a model set of financial statements can also be found. The ROC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via this link.

If you have any questions about the above or the reporting requirements, please do not hesitate to contact me by email at stephen.kellett@roc.gov.au.

Yours faithfully

Stephen Kellett
Financial Reporting
Registered Organisations Commission

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Financial Statements

For the Year Ended 31 December 2017

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Contents

For the Year Ended 31 December 2017

PAM PINKER - ARNOLD - McLOUGHLIN
Chartered Accountants
RICHARD PINKER BEc FCA CA SMSF Specialist GRANT ARNOLD BCom FCA

Independent Audit Report to the members of C.E.P.U. Electrical Division (NSW Branch)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of C.E.P.U. Electrical Division (NSW Branch) (the Reporting Unit), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Committee of Management.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Reporting Unit as at 31 December 2017, and its financial performance and its cash flows for the year ended on that date in accordance with:

(i) the Australian Accounting Standards; and

(ii) 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 Reporting Unit 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 Reporting Unit in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance

Management 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 management determines 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, management is responsible for assessing the Reporting Unit'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 management either intends to liquidate the Reporting Unit or to cease operations, or has 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 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:

a) 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.

b) 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 Reporting Unit's internal control.

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

d) Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit'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 Reporting Unit to cease to continue as a going concern.

e) 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.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for my audit opinion.

PAM PINKER - ARNOLD - McLOUGHLIN
Chartered Accountants
RICHARD PINKER B.Ec FCA CA SMSF Specialist GRANT ARNOLD B.Com FCA

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 my audit.

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

Pinker Arnold & McLoughlin Chartered Accountants

Richard Pinker
Chartered Accountant & Approved Auditor #AA2017/4

2-4 Merton St, Sutherland NSW 2232

Dated this ....16th.......... day of ....MAY..........2018

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Certificate by Prescribed Designated Officer

s268 Fair Work (Registered Organisations) Act 2009

Certificate for the period ended 31 December 2017

I, Dave McKinley, being the Secretary of the Communications Electrical Electronic Energy Information Postal and Allied Services Union of Australia Electrical Division NSW Branch (C.E.P.U. Electrical Division NSW) certify:

- that the documents lodged herewith are copies of the full report for the C.E.P.U. Electrical Division NSW for the period ended 31st December 2017 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 ...17TH... day of ......MAY.........2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on ...4TH... day of ....JUNE......2018 in accordance with s.266 of the Fair Work (Registered Organisations) Act 2009.

Signature of prescribed designated officer:..

Name of prescribed designated officer:...DAVID MCKINLEY...

Title of prescribed designated officer: ....SECRETARY..

Dated: ....4 JUNE 2018...

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Operating Report
31 December 2017

The committee presents its report on the reporting unit for the year ended 31st December 2017.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year.

The principal activity of the C.E.P.U. Electrical Division NSW was that of a registered Trade Union.
There has been no significant change to the way the Union has carried out these activities during the last year.
The operating surplus (deficit) of C.E.P.U. Electrical Division NSW for the year ended 31st December 2017 was $305,135 and then after including Other Comprehensive Income, $238,638. Prior year: ($37,145) and ($2,037,145).

Significant changes in financial affairs.

There have been no significant changes to the financial affairs of the Branch in the last year.
A review of the operations of the Union during the financial year found that there was no significant change in the nature or the results of the operations during the year.

Right of members to resign.

Members have the right to resign their membership of the union by giving written notice of resignation to the Branch Secretary. The written notification is accepted subject to the rules of the branch and in accordance with section 174 of the Fair Work (Registered Organisations) Act 2009.

Officers or members who are superannuation fund trustee(s) or director of a company that is a superannuation fund trustee.

Nil.

Number of members.

As at 31st December 2017 the organisation had 17,041 members. The number of financial members of the Union as at 31st December 2017 was 14,983.

Number of employees.

Nil.

Names of Committee of Management members and period positions held during the year.

Name	From:	To:	Office:
James MacFadyen	1 Jan 2017	11 Sep 2017	President
Glen Potter	11 Sep 2017	31 Dec 2017	President
Glen Potter	1 Jan 2017	11 Sep 2017	Member
Stephen Butler	1 Jan 2017	28 Feb 2017	Secretary
David McKinley	28 Feb 2017	31 Dec 2017	Secretary
Malcolm Hoy	14 Aug 2017	31 Dec 2017	Treasurer
Malcolm Hoy	1 Jan 2017	14 Aug 2017	Member
Phillip Oswald	1 Jan 2017	14 Aug 2017	Treasurer
Phillip Oswald	14 Aug 2017	31 Dec 2017	Vice President
Peter Johnston	1 Jan 2017	14 Aug 2017	Vice President
Graeme Paterson	9 Oct 2017	31 Dec 2017	Member
Colin Harris	1 Jan 2017	31 Dec 2017	Member
Peter Henne	1 Jan 2017	31 Dec 2017	Member
Mary Stylli	1 Jan 2017	31 Dec 2017	Member

Signature of designated officer: ....

Name and title of designated officer: DAVID McKINLEY, SECRETARY

Dated: 14 MAY 2018

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Committee of Management Statement

for the period ended 31st December 2017

On the ...14TH... day of ......MAY.........2018 the committee of management of the C.E.P.U. Electrical Division NSW passed the following resolution in relation to the general purpose financial report (GPFR) for the year ended 31st December 2017:

The committee of management declares that in its opinion:

(a) the financial statements and notes comply with the Australian Accounting Standards;

(b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009 (the RO Act);

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

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

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

 (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and

 (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and

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

 (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 with each of the other reporting units of the organisation; and

 (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or General Manager; and

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

(f) No revenue has been derived from undertaking recovery of wages activity during the reporting period.

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

Signature of designated officer: ....

Name and title of designated officer: DAVID MCKINLEY, SECRETARY

Dated: 14 MAY 2018

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 560 276

Statement of Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 $	2016 $
Revenue			
Member subscription	3(a)	**5,505,448**	6,989,902
Capitation fees	3(b)	**-**	-
Levies	3(c)	**71,382**	30,300
Interest	3(d)	**169,013**	387,454
Rental revenue	3(f)	**45,318**	-
Dividend revenue	3(g)	**44,117**	-
Total Revenue		**5,835,278**	7,407,656
Other Income			
Grants and/or donations	3(e)	**-**	-
Total Other Income		**-**	-
Total Income		**5,835,278**	7,407,656
Expenses			
Service agreement expense	4(a)	**(5,297,768)**	(5,548,907)
Employee expenses	4(b)	**-**	-
Capitation fees	4(c)	**(827,221)**	(814,356)
Affiliation fees	4(d)	**-**	-
Administration expenses	4(e)	**724,480**	(737,219)
Grants or donations	4(f)	**(26,000)**	(10,000)
Depreciation & amortisation	4(g)	**(27)**	(34)
Finance costs	4(h)	**(21,807)**	(180,895)
Legal costs	4(i)	**-**	-
Audit fees	17	**(21,000)**	(21,000)
Other expenses	4(j)	**(60,800)**	(58,100)
Total Expenses		**(5,530,143)**	(7,370,511)
Profit (loss) for the year		**305,135**	37,145
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain (loss) on revaluation of land & buildings		**-**	2,000,000
Items that will be reclassified to profit or loss			
Gain (loss) on financial assets		**(66,497)**	-
Total comprehensive income (loss) for the year		**238,638**	2,037,145

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

Statement of Financial Position

31 December 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**3,836,574**	8,834,844
Trade and other receivables	6	**528,092**	589,258
TOTAL CURRENT ASSETS		**4,364,666**	9,424,102
NON-CURRENT ASSETS			
Financial assets	7	**5,152,497**	-
Property, plant and equipment	8	**6,450,110**	6,450,137
Other non-current assets	9	**-**	1,300,000
TOTAL NON-CURRENT ASSETS		**11,602,607**	7,750,137
TOTAL ASSETS		**15,967,273**	17,174,239
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	**2,100,754**	1,973,358
Employee provisions	12	**-**	-
TOTAL CURRENT LIABILITIES		**2,100,754**	1,973,358
NON-CURRENT LIABILITIES			
Trade and other payables	10	**8,184**	8,184
Other non-current liabilities	11	**-**	1,573,000
Employee provisions	12	**-**	-
TOTAL NON-CURRENT LIABILITIES		**8,184**	1,581,184
TOTAL LIABILITIES		**2,108,938**	3,554,542
NET ASSETS		**13,858,335**	13,619,697
EQUITY			
Reserves	13	**4,591,713**	4,591,713
Retained earnings	13	**9,266,622**	9,027,984
		13,858,335	13,619,697
TOTAL EQUITY		**13,858,335**	13,619,697

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

C.E.P.U. Electrical Division (NSW Branch)

ABN 46 878 660 276

Statement of Changes in Equity

For the Year Ended 31 December 2017

2017

	Note	Retained Earnings $	Asset Realisation Reserve $	Total $
Balance at 1 January 2017		9,027,984	4,591,713	13,619,697
Profit (loss) attributable to members		305,135	-	305,135
Other comprehensive income		(66,497)	-	(66,497)
Balance at 31 December 2017		9,266,622	4,591,713	13,858,335

2016

	Note	Retained Earnings $	Asset Realisation Reserve $	Total $
Balance at 1 January 2016		8,990,839	2,591,713	11,582,552
Profit (loss) attributable to members		37,145	-	37,145
Other comprehensive income		-	2,000,000	2,000,000
Balance at 31 December 2016		9,027,984	4,591,713	13,619,697

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

Statement of Cash Flows
For the Year Ended 31 December 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received			
Membership fees		**6,460,652**	6,233,041
Levies		**71,382**	30,300
Receipts from other reporting units	14(c)	**-**	-
Interest		**169,013**	387,454
Rental revenue		**45,318**	-
Cash Used			
Suppliers		**(5,852,060)**	(5,690,053)
Payments to other reporting units	14(c)	**(808,782)**	(1,355,281)
Grants or donations		**(26,000)**	(10,000)
Interest		**(21,807)**	(180,895)
Net cash provided by/(used in) operating activities	14(b)	**37,716**	(585,434)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of financial assets		**(5,174,877)**	-
Net cash used by investing activities		**(5,174,877)**	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash Received			
ETU of Aust - NSW Branch		**138,891**	341,571
Net cash used by financing activities		**138,891**	341,571
Net increase/(decrease) in cash and cash equivalents held		**(4,998,270)**	(243,863)
Cash and cash equivalents at beginning of year		**8,834,844**	9,078,707
Cash and cash equivalents at end of financial year	5	**3,836,574**	8,834,844

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

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1 **Summary of Significant Accounting Policies**

(a) 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 C.E.P.U. Electrical Division NSW is a not-for-profit reporting unit.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

(b) Comparative Amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year.

The following comparative figures were adjusted:

1) The amount recognised at note 4(f) Grants & Donations in 2016 has been adjusted to better reflect the Fair Work guidelines for grants and donations disclosures. The remaining amount initially recognised in 2016 is now disclosed at note 4(j). These amounts have also been adjusted in the Statement of Cash Flows under Grants & Donatations.

2) The amounts recognised at note 14 Contingent Liabilities, Assets & Commitments were incorrectly stated in 2016. These errors have been restated and the correct amounts are disclosed under note 15 Contingent Liabilities, Assets & Commitments for 2016.

(c) Significant accounting judgement & estimates

No 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.

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

1) The fair value of real property is taken to be the market value of similar properties as determined by an independent valuer and is reviewed periodically with adjustments shown in other comprehensive income.

2) Receivables are reviewed periodically and at reporting date. Provisions for doubtful debts are made for any amounts that management believes are likely to be un-recoverable.

(d) Adoption of new and revised accounting standards

Adoption of New Australian Accounting Standard requirements

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

Future Australian Accounting Standards Requirements

1 **Summary of Significant Accounting Policies**

(d) Adoption of new and revised accounting standards

No new standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the future reporting period are expected to have a future financial impact on C.E.P.U. Electrical Division NSW.

(e) Revenue and other income

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 reporting unit 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 reporting unit.

Donation income is recognised when it is received.

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

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

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Gain on disposal of non-current assets

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

(f) 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.

(g) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of

1 **Summary of Significant Accounting Policies**

(g) Leases

benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(h) Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

(i) Cash and cash equivalents

Cash and cash equivalents are 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 6 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(j) Financial instruments

Financial assets and financial liabilities are recognised when the reporting unit becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or

1 **Summary of Significant Accounting Policies**

(j) **Financial instruments**

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the reporting unit has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Available-for-sale financial assets

Listed shares and listed redeemable notes held by the reporting unit that are traded in an active market are classified as available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the reporting unit right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised

1 Summary of Significant Accounting Policies

(j) Financial instruments

cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the reporting units past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are

1 Summary of Significant Accounting Policies

(j) Financial instruments

not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The reporting unit derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss..

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the reporting unit manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the reporting units documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on

1 **Summary of Significant Accounting Policies**

(j) Financial instruments

remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The reporting unit derecognises financial liabilities when, and only when, the reporting units obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(k) 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.

(l) Property, plant and equipment

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position.

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

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

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 **Summary of Significant Accounting Policies**

(l) Property, plant and equipment

An item of land, buildings, 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.

(m) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit and loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(n) Impairment of non-financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the C.E.P.U. Electrical Division NSW were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

(o) Taxation

C.E.P.U. Electrical Division NSW 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 cash flow statement 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 Summary of Significant Accounting Policies

(p) Fair value measurement

The C.E.P.U. Electrical Division NSW 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 18.

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the C.E.P.U. Electrical Division NSW 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 C.E.P.U. Electrical Division NSW 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.

Notes to the Financial Statements

For the Year Ended 31 December 2017

1 Summary of Significant Accounting Policies

(q) Going concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

C.E.P.U. Electrical Division NSW has not agreed to provide financial support to another reporting unit to ensure they can continue on a going concern basis.

C.E.P.U. Electrical Division NSW is not reliant on the agreed financial support of another reporting unit to continue on a going concern basis.

2 Events after the reporting period

There were no other events that occurred after 31st December 2017, and prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of the C.E.P.U. Electrical Division NSW.

3 Income

(a) Membership fees

	2017	2016
	$	$

	2017	2016
	$	$
Member subscription	5,505,448	6,989,902
Total	5,505,448	6,989,902

(b) Capitation fees

	2017	2016
	$	$
Capitation fees	-	-
Total	-	-

(c) Levies

	2017	2016
	$	$
Distress & mortality fund levy (i)	71,382	30,300
Total	71,382	30,300

(i) The C.E.P.U. Electrical Division NSW maintains a Distress and Mortality Fund for the benefit of members. Payments are made to members from the fund as per the rules of the C.E.P.U. Electrical Division NSW.

Notes to the Financial Statements

For the Year Ended 31 December 2017

3 Income

(d) Interest

	2017 $	2016 $
Deposits	97,648	237,954
Loans	71,365	149,500
Total	169,013	387,454

(e) Grants or donations

	2017 $	2016 $
Grants	-	-
Donations	-	-
Total	-	-

(f) Rental revenue

	2017 $	2016 $
Properties	45,318	-
Total	45,318	-

(g) Dividend revenue

	2017 $	2016 $
Dividend revenue	44,117	-
Total	44,117	-

Notes to the Financial Statements

For the Year Ended 31 December 2017

4 Expenses

(a) Service agreement expense

	2017	2016
	$	$
Electrical Trades Union of Aust (NSW Branch)	5,297,768	5,548,907
Total	5,297,768	5,548,907

(b) Employee expenses

	2017	2016
	$	$
Holders of office	-	-
Employees other than office holders	-	-
Total	-	-

(c) Capitation fees

	2017	2016
	$	$
CEPU Electrical Energy & Services Division	827,221	814,356
Total	827,221	814,356

(d) Affiliation fees

	2017	2016
	$	$
Affiliation fees	-	-
Total	-	-

(e) Administration expenses

	2017	2016
	$	$
Consideration to employers for payroll deductions	-	-
Compulsory levies	-	-
Fees/allowances - meetings & conferences	-	-
Conference & meeting expenses	-	-
Doubtful debts provision	(766,473)	672,820
Bank charges	29,013	27,067
Research costs	-	36,738
Postage	-	336
Sundry expenses	12,980	258
Total	(724,480)	737,219

Notes to the Financial Statements

For the Year Ended 31 December 2017

4 Expenses

(f) Grants or donations

	2017 $	2016 $
Grants		
Total paid that exceeded $1,000	-	-
Donations		
Total paid $1,000 or less	-	-
Total paid that exceeded $1,000	26,000	10,000
Total	26,000	10,000

(g) Depreciation & amortisation

	2017 $	2016 $
Land & buildings	-	-
Plant & equipment	27	34
Total	27	34

(h) Finance costs

	2017 $	2016 $
Overdrafts/loans	21,807	180,895
Total	21,807	180,895

(i) Legal costs

	2017 $	2016 $
Litigation	-	-
Other legal matters	-	-
Total	-	-

(j) Other expenses

	2017 $	2016 $
Penalties via RO Act or RO regulations	-	-
D&M entitlements paid	60,800	58,100
Total	60,800	58,100

Notes to the Financial Statements

For the Year Ended 31 December 2017

5 Cash and Cash Equivalents

	2017	2016
	$	$
Cash at bank	1,503,967	1,149,524
Cash on hand	100	100
Short-term deposits	2,332,507	7,685,220
Total	3,836,574	8,834,844

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2017	2016
	$	$
Cash and cash equivalents	3,836,574	8,834,844
Balance as per statement of cash flows	3,836,574	8,834,844

6 Trade and Other Receivables

	2017	2016
	$	$
CURRENT		
Trade receivables	65,010	96,110
Less provision for doubtful debts	(64,680)	(64,680)
Net trade receivables	330	31,430
Receivables from other reporting units	-	-
Less provision for doubtful debts	-	-
Net other reporting units receivable	-	-
Income in arrears	1,661,207	2,457,746
Less provision for doubtful debts	(1,133,445)	(1,899,918)
Net income in arrears	527,762	557,828
Total current trade and other receivables	528,092	589,258

7 Financial Assets

	2017	2016
	$	$
NON-CURRENT		
Managed fund investments	5,152,497	-
Total	5,152,497	-

Notes to the Financial Statements

For the Year Ended 31 December 2017

8 Property, plant and equipment

	2017	2016
	$	$
Buildings		
At independent valuation	**6,450,000**	6,450,000
Office equipment		
At cost	**366**	366
Accumulated depreciation	**(256)**	(229)
Total office equipment	**110**	137
Total property, plant and equipment	**6,450,110**	6,450,137

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Office Equipment	Total
	$	$	$
Year ended 31 December 2017			
Balance at the beginning of the year	**6,450,000**	**137**	**6,450,137**
Depreciation expense	**-**	**(27)**	**(27)**
Balance at the end of the year	**6,450,000**	**110**	**6,450,110**

	Buildings	Office Equipment	Total
	$	$	$
Year ended 31 December 2016			
Balance at the beginning of the year	4,450,000	170	4,450,170
Depreciation expense	-	(33)	(33)
Revaluations	2,000,000	-	2,000,000
Balance at the end of the year	6,450,000	137	6,450,137

The revalued buildings consist of two properties: 1) level 5, 370 Pitt St, Sydney NSW; 2) Unit 4, 63 Market St, Wollongong NSW. Management determined that these constitute one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined by using market comparable method. This means that valuations

Notes to the Financial Statements

For the Year Ended 31 December 2017

8 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation in October 2016, the properties' fair values are based on valuations performed by Keen Property, an accredited independent valuer.

Significant unobservable valuation input: 1) Pitt St valuation used $5,900 per square metre; 2) Market St valuation used $4,000 per square metre. A significant increase (decrease) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

9 Other Non-Current Assets

	2017	2016
	$	$
Loan - Related party receivables	-	1,300,000
	-	1,300,000

10 Trade and Other Payables

	2017	2016
	$	$
CURRENT		
Trade payables		
Trade payables	950	950
Related party payables	1,333,713	921,822
Payables to other reporting unit - CEPU Electrical Energy & Services Division	474,815	474,130
Total	1,809,478	1,396,902
Other payables		
Consideration to employers for payroll deductions	-	-
Legal costs	-	-
Deferred income	273,003	519,200
Current tax payable	18,273	57,256
Total	2,100,754	1,973,358

	2017	2016
	$	$
NON-CURRENT		
Deposits	8,184	8,184
Total	8,184	8,184

Notes to the Financial Statements

For the Year Ended 31 December 2017

11 Other Non-Current Liabilities

	2017	2016
	$	$
Loan - Related party payables	-	1,573,000
	-	1,573,000

12 Employee Provisions

	2017	2016
	$	$
CURRENT		
Office holders	-	-
Employees other than office holders	-	-
Total employee provisions	-	-

	2017	2016
	$	$
NON-CURRENT		
Office holders	-	-
Employees other than office holders	-	-
Total employee provisions	-	-

13 Equity

	2017	2016
	$	$
Asset revaluation reserve		
Balance at start of year	**4,591,713**	2,591,713
Transfer to reserve - valuation increase	-	2,000,000
Balance at end of year	**4,591,713**	4,591,713
General funds		
Balance at start of year	**9,027,984**	8,990,839
Profit (loss) for year	**305,135**	37,145
Other comprehensive income	**(66,497)**	-
Balance at end of year	**9,266,622**	9,027,984
Other specific disclosures - Funds		
Distress & mortality supplementary fund	**116,881**	116,881
Sustenance assistance fund	**406,967**	402,660
General fund	**8,742,774**	8,508,443
Total	**9,266,622**	9,027,984

Notes to the Financial Statements

For the Year Ended 31 December 2017

14 Cash Flow Information

(a) Cash Flow Reconciliation

	2017 $	2016 $
Cash and cash equivalents as per:		
Statement of Financial Position	**3,836,574**	8,834,844
Statement of Cash Flows	**(3,836,574)**	(8,834,844)
Difference	**-**	-

(b) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017 $	2016 $
Profit for the year	**305,135**	37,145
Non-cash flows in profit:		
- depreciation	**27**	34
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**17,049**	(209,957)
- increase/(decrease) in trade and other payables	**(284,495)**	(412,656)
Cashflows from operations	**37,716**	(585,434)

(c) Cash Flow Information

	2017 $	2016 $
Cash inflows		
CEPU Electrical Energy & Services Division	**-**	-
Total cash inflows	**-**	-
Cash outflows		
CEPU Electrical Energy & Services Division	**808,782**	1,355,281
Total cash outflows	**808,782**	1,355,281

Notes to the Financial Statements

For the Year Ended 31 December 2017

15 Contingent liabilities, assets & commitments

Operating lease commitments - as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 31 Dec are:

	2017	2016
	$	$
Within one year	**46,439**	45,086
After one year but not more than five years	**31,572**	78,011
More than five years	-	-
Total	**78,011**	123,097

The amounts above are exclusive of GST. The lease term is for three year with two further options for a further three years each (nine years in total). The lease term commenced on 1st Sept 2016 and expires on 31st Aug 2019. The rent will increase by 3% each year on the anniversary of the lease commencement. The lease agreement included a rent free period which expired on 31st Dec 2016.

16 Related Parties

Transactions with related parties

The financial affairs of the C.E.P.U. Electrical Division NSW (the Branch) are administered under a service agreement with the Electrical Trades Union of Australia NSW Branch (the T&I). Refer to note:- Note 20 Administration of financial affairs by a third party.

The following transactions occurred with the related party Electrical Trades Union of Aust NSW Branch

	2017	2016
	$	$
Interest received	**71,365**	149,500
Interest expense	**21,807**	180,895
Service agreement expense	**5,297,768**	5,548,907
Related party payables	**1,333,713**	921,822
Loan - Related party receivables	-	1,300,000
Loan - Related party payables	-	1,573,000

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 yearend 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 31st December 2017, the C.E.P.U. Electrical Division NSW has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: $Nil). This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Financial Statements

For the Year Ended 31 December 2017

17 Auditors' Remuneration

	2017	2016
	$	$
- Financial statement audit services	**21,000**	21,000
- other services	-	-
Total	**21,000**	21,000

No other services were provided by the auditors of the financial statements.

18 Financial Instruments

The reporting unit's financial instruments comprise cash and cash equivalents, amounts receivable from trade and other debtors, investments in managed funds and amounts payable to trade and other creditors. The main risks arising from the reporting unit's financial instruments are liquidity risk, credit risk and market price risk. The reporting unit does not use derivative instruments to manage risks associated with its financial instruments.

The committee of management has overall responsibility for risk management, including risks associated with financial instruments. This note presents information about the reporting unit's exposure to liquidity, credit and market price risk and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The following are the categories of financial instruments:

	2017	2016
	$	$
Financial Assets		
Fair value through profit or loss		
Cash on hand	**100**	100
Cash at bank	**1,503,967**	1,149,524
Other financial assets	**5,152,497**	-
	6,656,564	1,149,624
Held to maturity		
Short-term deposits	**2,332,507**	7,685,220
	2,332,507	7,685,220
Available for sale assets		
Available for sale assets	-	-
	-	-
Loans & receivables		
Trade and other receivables	**528,092**	589,258
Related party receivables	-	1,300,000
	528,092	1,889,258
Carrying amount of financial assets	**9,517,163**	10,724,102

Notes to the Financial Statements

For the Year Ended 31 December 2017

18 Financial Instruments

	2017	2016
	$	$
	2017	2016
	$	$
Financial liabilities		
Fair value through profit or loss		
Trade and other payables	2,100,754	1,973,358
	2,100,754	1,973,358
Other financial liabilities		
Trade and other payables	8,184	8,184
Related party payables	-	1,573,000
	8,184	1,581,184
Carrying amount of financial liabilities	2,108,938	3,554,542

	2017	2016
	$	$
Net income & expenses from financial assets		
Held to maturity		
Interest revenue	97,648	237,954
	97,648	237,954
Loans & receivables		
Interest revenue	71,365	149,500
Impairment	766,473	(672,820)
	837,838	(523,320)
Fair value through profit or loss		
Dividend revenue	44,117	-
	44,117	-
Net gain(loss) from financial assets	979,603	(285,366)

The net income/expense from financial assets not at fair value from profit and loss is $0 (2016: $Nil)

Notes to the Financial Statements

For the Year Ended 31 December 2017

18 Financial Instruments

	2017	2016
	$	$
Net income & expenses from financial liabilities		
At amortised cost		
Interest expense	**(21,807)**	(180,895)
Net gain(loss) from financial liabilities	**(21,807)**	(180,895)

The net income/expense from financial liabilities not at fair value from profit and loss is $0 (2016: $Nil)

Liquidity risk

Liquidity risk arises from reporting unit's management of working capital. It is the risk that the reporting unit will encounter difficulty in meeting its financial obligations as they fall due.

The reporting unit manages liquidity risk by monitoring cash inflows versus cash outflows and preparing a budget to ensure that adequate liquid funds will be available to meet normal operating expenses for the year.

At the reporting date, these reports indicate that the reporting unit expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Contractual maturities for financial liabilities 2017:

	On Demand	< 1 year	1-2 years	2-5 years	> 5 years	Total
	$	$	$	$	$	$
Trade & other payables	-	273,954	-	8,184	-	282,138
CEPU Electrical Division	-	474,814	-	-	-	474,814
GST payable	-	18,273	-	-	-	18,273
ETU of Aust NSW	-	1,333,713	-	-	-	1,333,713
	-	2,100,754	-	8,184	-	2,108,938

Notes to the Financial Statements

For the Year Ended 31 December 2017

18 Financial Instruments

Liquidity risk

Contractual maturities for financial liabilities 2016:

	On Demand $	< 1 year $	1-2 years $	2-5 years $	> 5 years $	Total $
Trade & other payables	-	520,150	-	8,184	-	528,334
CEPU Electrical Division	-	474,130	-	-	-	474,130
GST payable	-	57,256	-	-	-	57,256
ETU of Aust NSW	1,573,000	921,822	-	-	-	2,494,822
Total	1,573,000	1,973,358	-	8,184	-	3,554,542

Credit risk

Credit risk is the risk of financial loss to the reporting unit if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The reporting unit is exposed to two sources of credit risk: amounts receivable in respect of trade and other debtors, and counterparty risk in respect of funds deposited with banks and other financial institutions.

The majority of amounts receivable from trade and other debtors are from members who are unfinancial at year-end. These fees have been impaired to the Committee's best estimate. Where management has determined a specific risk of default in accounts receivable, a provision for doubtful debts has been created / increased. Where debts previously provided for have been collected, a provision for doubtful debts has been removed / decreased.

Funds are deposited only with those banks and financial institutions approved by the Executive. Such approval is only given in respect of banks that hold investment grade ratings from a reputable ratings agency.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due or impaired $	Past due or impaired $
2017		
Cash & cash equivalents	**3,836,574**	**-**
Trade receivables	**528,092**	**1,198,125**
Financial assets	**5,152,497**	**22,380**
Total	**9,517,163**	**1,220,505**
2016		
Cash & cash equivalents	8,834,844	-
Trade receivables	589,258	1,964,598
ETU of Aust NSW Branch	1,300,000	-
Total	10,724,102	1,964,598

Notes to the Financial Statements

For the Year Ended 31 December 2017

18 Financial Instruments

No financial assets were past due and not impaired.

Market risk

The C.E.P.U. Electrical Division NSW is exposed to interest rate risk and price risk, but not to currency risk.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows. The financial assets that expose the reporting unit to interest rate risk are cash and cash equivalents. The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2016: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2017		2016	
	+1.00%	-1.00%	+1.00%	-1.00%
	$	$	$	$
Net results	48,414	(48,414)	83,938	(83,938)
Equity	-	-	-	-

(ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being fair value through profit and loss.
Such risk is managed through diversification of investments across industries and geographic location.

The reporting unit's investments are held in the following sectors at reporting date:

	2017	2016
	%	%
Cash	4	-
Fixed interest	20	-
International fixed interest	22	-
Australian equities	23	-
International equities	18	-
Property trusts	12	-
Other	1	-
	100	0

Notes to the Financial Statements

For the Year Ended 31 December 2017

19 Fair Value Measurement

Management of the reporting unit assessed that cash, investment in managed funds, trade payables, and other current liabilities approximate their carrying amounts.

The fair value of financial assets and liabilities is included at the amount which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- Fair values of the reporting unit's interest-bearing borrowings and loans are determined by using a discounted cash flow method. The discount rate used reflects the issuer's borrowing rate as at the end of the reporting period. The own performance risk as at 31st December 2017 was assessed to be insignificant.
- Fair value of financial assets is derived from quoted market prices in active markets.
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the reporting unit based on parameters such as interest rates and individual credit worthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The following table contains the carrying amounts and related fair values for the C.E.P.U. Electrical Division NSW financial assets and liabilities:

	Carrying amount		Fair value	
	2017	2016	2017	2016
	$	$	$	$
Financial assets				
Cash & cash equivalents	**3,836,574**	8,834,844	**3,836,574**	8,834,844
Loans & receivables	**1,726,217**	3,853,856	**528,092**	1,889,258
Investment in mgd funds	**5,174,877**	-	**5,152,497**	-
Total	**10,737,668**	12,688,700	**9,517,163**	10,724,102
Financial liabilities				
Loans & payables	**2,108,938**	3,554,542	**2,108,938**	3,554,542
Total	**2,108,938**	3,554,542	**2,108,938**	3,554,542

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

19 Fair Value Measurement

Fair value hierarchy

The table below shows the assigned level for each asset and liability held at fair value by the reporting unit.

	Level 1	Level 2	Level 3	Total
31 December 2017	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Property, plant and equipment				
Sydney NSW CBD - valued 11/10/2016	-	**5,800,000**	-	**5,800,000**
Wollongong NSW CBD - valued 31/10/2016	-	**650,000**	-	**650,000**
	-	**6,450,000**	-	**6,450,000**

There have been no transfers between levels during the year.

	Level 1	Level 2	Level 3	Total
31 December 2016	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Property, plant and equipment				
Sydney NSW CBD - valued 11/10/2016	-	5,800,000	-	5,800,000
Wollongong NSW CBD - valued 31/10/2016	-	650,000	-	650,000
	-	6,450,000	-	6,450,000

There have been no transfers between levels during the year.

Notes to the Financial Statements
For the Year Ended 31 December 2017

20 Administration of financial affairs by a third party

The terms and conditions of the arrangement are that all administrative and operational costs incurred in the day to day running of the Branch and the T&I including affiliation fees to other organisations or associations having objects similar to the T&I, other than sustentation fees to be paid by the Branch to the C.E.P.U Electrical Energy and Services Division (the CEPU) pursuant to the Rules of the CEPU, will be met by the T&I from its own funds and thereafter reimbursed by the Branch to the T&I from the funds of the Branch.

At the end of each financial year any surplus which may exist between those entrance fees or subscriptions collected from joint members and the said administrative and operational costs will be divided equally between the Branch and the T&I and any deficit will be met equally by the Branch and the T&I.

Refer to Note 16 - Related Parties for more information.

21 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 General Manager:

(1) A member of a reporting unit, or the General Manager, 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).