



27 June 2019

Theo Samartzopoulos
Branch Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia - Plumbing Division NSW Divisional Branch

Sent via email: theo@nswplumbersunion.com.au
michael.shulman@stannards.com.au

Dear Theo Samartzopoulos,

**Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Plumbing Division NSW Divisional Branch
Financial Report for the year ended 31 March 2019 – (FR2019/15)**

I acknowledge receipt of the financial report of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Plumbing Division NSW Divisional Branch (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 13 June 2019.

The financial report has now been filed.

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

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

You are not required to take any further action in respect of the report lodged, except for the requirements under the sub-heading *Statement of Loans, Grants and Donations*. 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 (GPFR)

Difference in figure reporting in statement of Loans, Grants and Donations and financial report

A loans, grants and donations statement for the reporting unit was lodged with the ROC under subsection 237(1) of the RO Act on 20 June 2019. A figure for donations that exceeded \$1,000 was also disclosed in the financial report, however this figure for donations is different to the total of the figures disclosed in the loans, grants and donations statement.

Please provided an explanation for the difference in the figure reported. If items reported in the loans, grants and donations statement are incorrect or incomplete please lodge an amended statement.

Nil activities disclosure

Item 21 of the reporting guidelines (**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 body of the notes includes the following nil activity disclosures for which there was already an equivalent form of disclosure in different part of the notes:

- "Agreeing to receive financial support from another reporting unit to continue as a going concern" and "agreeing to provide financial support to another reporting unit to ensure they continue as a going concern" are disclosed in both Note 1(b) and Note 23.

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

References to legislation and the ROC

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, the ROC is the new regulator for registered organisations, with effect from 1 May 2017. All references to the Fair Work Commission and General Manager must be changed to the Registered Organisations Commission and Commissioner except in relation to declaration (e)(vi) in the committee of management statement.

I note that Note 2 *Information to be provided to members or General Manager of FWC* refers to the Fair Work Commission and the General Manager instead of the Registered Organisations Commission and the Commissioner.

Inconsistency in disclosure of financial information

The following inconsistencies have been noted within the financial report.

- Note 15 Related Party Transactions:
 - states that 'key management remuneration is set out in Note 16'. Note 16 however, refers to Contingent Liabilities.
- The statement of comprehensive income:
 - the item 'Per Capita Payments' makes reference to Note 14. Note 14 provides the disclosures for Financial Instruments.
- Note 4 Surplus from Ordinary Activities:
 - the item 'Penalties- via RO Act or Fair Work Act' identifies an expense of \$26,017 for 2018 financial year. It would appear that this amount is actually the total of the donations paid for 2019 financial year.
- The statement of change in equity:
 - includes the 'Incidental Fund' and identifies the transfer of monies into this fund from the 'General Fund' during the 2019 financial year. However, Note 22 Fund Analysis discloses a nil activity disclosures in relation to compulsory levies, voluntary contributions or require by the rules of the reporting unit and transactions from a fund, account, asset or controlled entity. I also note that the statement of changes in equity identifies the balance at 31 March 2019 as the balance at 31 March 2018.

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 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

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

Yours sincerely,

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

Kylie Ngo
Registered Organisations Commission

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

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED
SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH

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**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
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**COMMITTEE OF MANAGEMENT OPERATING REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

In accordance with Section 254 of the Fair Work (Registered Organisations) Act 2009 ("the Act"), the Committee of Management ("the committee") of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Plumbing Division New South Wales Branch ("the Union") presents the following Operating Report in respect of the financial year ended 31 March 2019.

Principal Activity

The principal activity of the CEPU New South Wales Branch during the financial year was to provide representation and support to its members. There was no significant change to the principal activity during the year.

Review of Results

The net result of operations for the year was a surplus of \$592,604 (2018 – surplus of \$132,192).

During the year, the Union continued to provide representation and support to its members. It also actively managed the former ACT branch of the Union. Significant time and effort has been used to grow the Union's membership base and provide industrial advice. The Union has positive net assets and expects to operate at a surplus into the future.

Significant Changes in the State of Affairs and Financial Affairs

In the opinion of the Members of the Committee of Management, there were no significant changes in the organisation's state of affairs and activities during the financial year, nor in its financial affairs.

Resignation of Members

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

Number of Members

As at 31 March 2019, the number of members of the organisation was 3,231.

Number of Full Time Employees

As at 31 March 2019, the number of full-time equivalent employees was 8.

Committee of Management and Positions Held

The Committee of Management current members are as follows:

William Patterson - President	(1.4.18 – 31.3.19)	Adrian Benedet – Vice President	(1.4.18 – 31.3.19)
Theo Samartzopoulos - Secretary	(1.4.18 – 31.3.19)	Lance Harrison	(1.4.18 – 31.3.19)
Chris Seet – Assistant Secretary	(1.4.18 – 31.3.19)	Steve McCarney	(1.4.18 – 31.3.19)
John Treble	(1.4.18 – 31.3.19)	Rhyse Zwickl	(1.4.18 – 31.3.19)

Officers or members who are a superannuation fund trustee or director of a superannuation fund trustee company

Details of officers or members, who are directors of a trustee company or individually, acting as superannuation fund trustees, are as follows: -

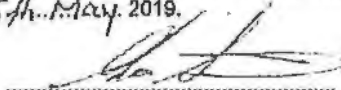
Name of Officeholder	Name of Company or Board	Position Held	Principal Activity of Company or Board	Position Held because nominated by Union or Peak Council
Steve McCarney	A.C.I.R.T.	Director	Redundancy	No

Future Developments

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

Signed in accordance with a resolution passed by the Committee of Management at meeting conducted on

15th May 2019.


Theo Samartzopoulos, Secretary – Designated Officer

Dated this 16th day of May 2019

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH**


**COMMITTEE OF MANAGEMENT STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

The Committee of Management of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Plumbing Division – New South Wales Branch passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 31 March 2019.

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

- a) The financial statements and notes comply with Australian Accounting Standards and the Reporting Guidelines of the Commissioner, Registered Organisations Commission including any other requirements imposed by Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act;
- b) The financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- c) There are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- d) During the financial year to which the general purpose financial report relates and since the end of that year: -
 - (i) Meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of a branch concerned;
 - (ii) The financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned;
 - (iii) The financial records of the reporting unit have been kept and maintained in accordance with the Fair Work (Registered Organisations) Act 2009 and the Fair Work (Registered Organisations) Regulations 2009;
 - (iv) The information sought in any request of a member of the reporting unit or the Commissioner, Registered Organisations Commission duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or the Commissioner, Registered Organisations Commission;
- (v) There have been no orders for inspection of financial records made by the Commission under section 273 of the Fair Work (Registered Organisations) Act 2009 during the year;
- (vi) Where the Union comprises of 2 or more reporting units, the financial records of the reporting unit have been kept, as far as practicable in a manner consistent with each of the other reporting units of the organisation.

Made in accordance with a resolution as passed by the Committee of Management.


Theo Samartzopoulos - Secretary
Designated Officer

Dated this 16th day of May 2019

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH

CERTIFICATE BY PRESCRIBED DESIGNATED OFFICER
FOR THE YEAR ENDED 31 MARCH 2019

I, Theo Smartzopoulos, Secretary of CEPU (NSW Plumbing Division) certify:

- (i) That the documents lodged herewith are copies of the full report for the CEPU (NSW Plumbing Division) for the period ended referred to in Section 268 of the *Fair Work (Registered Organisations) Act 2009*; and
- (ii) That the full report was provided to members of the reporting unit on 17 May 2019; and
- (iii) That the full report was presented to a meeting of the committee of management of the reporting unit on 12 June 2019 in accordance with Section 266 of the *Fair Work (Registered Organisations) Act 2009*.



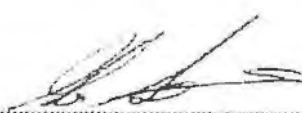
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Theo Smartzopoulos - Secretary
Designated Officer

Dated: 12/6/19

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
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OFFICER DECLARATION STATEMENT

I, Theo Samartzopoulos, being the Secretary of the Branch, declare that all activities required to be disclosed during the reporting period ended 31 March 2019 have been disclosed in the financial report.

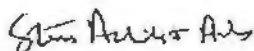

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Theo Samartzopoulos - Secretary
Designated Officer

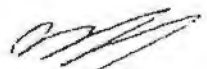
Dated: 16th May 2019

AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2019 there have been: -

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


Stannards Accountants and Advisors


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

Dated this 16th day of May 2019

**TO THE COMMITTEE OF MANAGEMENT OF COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH**

**EXPENDITURE REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The Committee of Management of the Union presents the expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 March 2019.

	2019 \$	2018 \$
CATEGORIES OF EXPENDITURE		
Remuneration and other employment-related costs and Expenses - employees	919,446	1,109,798
Advertising	21	751
Operating Costs	612,718	619,980
Donations to Political Parties	18,200	50
Legal Costs	20,168	5,969
Total	1,670,553	1,816,558


 Theo Samartzopoulos - Secretary
 Designated Officer

Dated: ... 16th May 2019 ...

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
Revenues from ordinary activities	3	2,163,157	1,948,750
Depreciation and Amortisation	4	(17,836)	(16,000)
Employee Benefits Expense	4	(919,446)	(1,189,798)
Per Capita Payments	14	(70,773)	(120,000)
Occupancy Costs		(49,511)	(86,667)
Motor Vehicle Costs		(86,176)	(86,453)
Telephone Costs		(18,544)	(23,369)
Affiliation Costs	4	(29,855)	(7,390)
Postage, printing & stationery		(28,696)	(18,665)
Legal Fees	4	(20,168)	(5,969)
Travel		(18,035)	(3,144)
Computer & Hosting Costs		(2,774)	(26,193)
Payroll Tax		(7,243)	(60,877)
Picnic Costs		(21,403)	(29,594)
Insurance		(7,142)	(7,436)
Audit & Accounting Fees	4	(22,008)	(20,608)
Fringe Benefit Tax		1,371	(6,917)
Staff Amenities & Clothing		(3,666)	(16,341)
Service Fees		(112,837)	(6,038)
Bank Charges & Interest		(17,066)	(10,088)
Merchandise		(8,266)	(4,727)
Other expenses from ordinary activities		(110,479)	(70,284)
Surplus/(Deficit) for the year		592,604	132,192
Other comprehensive income		-	-
Total comprehensive income for the year		592,604	132,192

To be read in conjunction with the Notes to and forming part of the financial statements

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,671,442	1,577,897
Trade and other receivables	6	131,681	24,069
Inventories	7	13,065	20,126
TOTAL CURRENT ASSETS		1,816,188	1,622,092
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,260,715	12,410
TOTAL NON-CURRENT ASSETS		1,260,715	12,410
TOTAL ASSETS		3,076,903	1,634,502
CURRENT LIABILITIES			
Trade and other payables	9	259,804	270,535
Provisions	10	456,421	444,850
Payable to PTEU (Vic) Branch	12	45,583	-
Payable to Federal Office	11	60,000	120,000
TOTAL CURRENT LIABILITIES		821,808	835,385
NON-CURRENT LIABILITIES			
Provisions	10	-	-
Payable to PTEU (Vic) Branch	12	863,374	-
TOTAL NON-CURRENT LIABILITIES		863,374	-
TOTAL LIABILITIES		1,685,182	835,385
NET ASSETS		1,391,721	799,117
EQUITY			
Reserves		792,999	493,638
General Fund		598,722	305,479
TOTAL EQUITY		1,391,721	799,117

To be read in conjunction with the Notes to and forming part of the financial statements

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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PLUMBING DIVISION - NEW SOUTH WALES BRANCH**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Incidental \$	General Fund \$	Total \$
Balance at 1 April 2017	341,128	325,797	666,925
Net surplus for the year	-	132,192	132,192
	341,128	457,989	799,117
Transfer of 1/3 of General Fund to Incidental Fund	152,510	(152,510)	-
Balance at 31 March 2018	493,638	305,479	799,117
Net Surplus for the year	-	592,604	592,604
	493,638	898,083	1,391,721
Transfer of 1/3 of General Fund to Incidental Fund	299,361	(299,361)	-
Balance at 31 March 2019	792,999	598,722	1,391,721

Funds

General Fund

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

Incidental Fund

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

To be read in conjunction with the Notes to and forming part of the financial statements

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	<u>Note</u>	<u>2019</u> \$	<u>2018</u> \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and sundry income		2,049,497	1,941,567
Payments to suppliers and employees		(1,349,749)	(1,554,156)
Receipts from other reporting units		-	-
Payment to other reporting units (Federal Office)		(130,773)	(144,275)
Payment to PTEU- Victoria Branch		(112,837)	(6,038)
Interest received		6,048	5,199
Net cash provided by operating activities	13	462,186	242,297
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(1,266,141)	(1,424)
Net cash (used in) investing activities		(1,266,141)	(1,424)
Cash Flow from Financing Activities			
Loan PTEU (Vic) Branch		897,500	-
Net cash provided by financing activities		897,500	-
Net increase in cash and cash equivalents		93,545	240,873
Cash and Cash Equivalents at beginning of financial year		1,577,897	1,337,024
Cash and Cash Equivalents at end of financial year	13	1,671,442	1,577,897

To be read in conjunction with the Notes to and forming part of the financial statements

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Note 1 Statement of Significant Accounting Policies

Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Fair Work (Registered Organisations) Act 2009. The Union is a 'not for profit' entity.

The financial statements have been prepared on an accruals basis and are based on historical costs, except as explained otherwise. Historical costs are based on the fair value of the consideration given in exchange for assets. The report is presented in Australian dollars. Where necessary, comparative information has been reclassified to comply with current year presentation of the report.

The following is a summary of the material policies adopted by the Union in the preparation of the financial statements.

a) Statement of Compliance

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

b) Going Concern

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

The Committee of Management considers the going concern basis as appropriate for the following reason:

- The Union has again generated a surplus this year. It has a positive net asset position and is forecasting ongoing surpluses.

No adjustments have been made in the financial report relating to the recoverability and classification of recorded asset values or to the amounts and classification of liabilities that might be necessary should the Union not continue as a going concern.

The Union is not reliant on the agreed financial support of any other reporting unit. It has not agreed to provide financial support to any other reporting unit.

c) Impairment of Assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

d) Plant and Equipment

Plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation.

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are:

<u>CLASS OF FIXED ASSET</u>	<u>DEPRECIATION RATE</u>
Motor Vehicles	18.75-25%
Office Equipment	11-33%
Buildings	2.5%

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e) Income Tax

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.

f) Employee Leave Entitlements

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

Retiring allowance, applicable only to officials, is accrued in accordance with clause 51.4 & 51.5 of the Rules. Retiring allowance accrued up to 31 December 1999 is borne by Federal Office and accordingly the Union's accruals recognise retiring allowance accrued from 1/1/2000 to 30/11/2012, after which point in time, such allowances are provided through ACIRT.

Long Service Leave provision in relation to officials is recognised in the accounts, in accordance with clause 51.7 and 51.9 of the Rules. Long service leave accrued up to 31 December 1999 is borne by Federal Office and accordingly the Union's accruals recognise long service leave accrued from 1/1/2000 and subsequent. Long service leave provisions in relation to non-officials are generally recognised upon completion of 5 years of service.

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

g) Leases

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. The Union does not have any finance leases.

h) Revenue

~~Revenue from the rendering of a service is recognised upon the delivery of service to the members.~~

Subscriptions income is recognised on accruals basis and any subscription received in advance for the next period is included in deferred income. Subscriptions are levied semi-annually in respect of membership.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

Donation income is recognised when received.

Grant income is recognised when there is reasonable assurance that the Union will comply with the conditions attaching to the grant and such grants will be/have been received.

All other revenue is stated net of the amount of goods and services tax (GST) and recorded on an accruals basis.

No change to comparative information was required given the adoption of AABS15: Revenue from Contracts with Customers.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in banks at highly liquid investments with a maturity of 3 months or less. It is recognised at its nominal amount.

j) Trade and other receivables

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

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

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- k) **Trade and other payables**
Trade payables and other accounts payable are recognised when the Union becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payable are normally settled within 30 days.
- l) **Inventories**
Inventories of saleable merchandise are measured at the lower of cost and net realisable value.
- m) **Financial Instruments**
Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial Instruments are initially measured at fair value plus transaction costs. Financial Instruments are classified and measured as set out below:

- (i) **Receivables**
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.
- (ii) **Financial Liabilities**
Non-derivative financial liabilities are measured at amortised cost using the effective interest rate method.
- (iii) **Impairment**
At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(iv) Fair Value

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

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

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n) Taxation (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The Union whilst believed to be exempt from income tax still has a Fringe Benefits Tax obligation.

o) Capitalisation Fees

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

p) Critical Accounting Estimates and Judgements

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

Key Estimates – Impairment

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

q) Comparative Information

Where necessary comparative amounts have been reclassified to facilitate preparation of the current year accounts.

r) Employee benefits

The Union applies AASB 119: Employee Benefits and the relevant consequential amendments arising from the related Amending Standards.

~~For the purpose of measurement, AASB 119 defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. Previously, annual leave satisfied the definition of short-term employee benefits and therefore the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability was settled. However, under AASB 119, as the Union expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, obligations for annual leave entitlements now meet the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.~~

s) New Accounting Standards for Application in Future Periods

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

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Union has chosen not to early-adopt AASB 16. However, the Union has conducted a high-level assessment of the impact of this new standard, as follows.

A core change under AASB 16: *Leases* is that most leases will be recognised on the balance sheet by lessees, as the new standard does not differentiate between operating and finance leases.

An asset and a financial liability are recognised in accordance with this new standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

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s) New Accounting Standards for Application in Future Periods (Cont'd)

Given that the Union's activities as a lessor and lessee will not be materially impacted by this new standard, the Union does not expect any significant impact on its financial statements from this perspective. Nonetheless, starting next year, additional disclosures will be required.

AASB 16 will be applied by the Union from its mandatory adoption date of 1 January 2019. The simplified transition approach will be the Union's chosen approach.

Note 2 Information to be provided to members or General Manager of FWC

- a) 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), (2) and (3) of section 272 which read as follows:
- (1) A member of a reporting unit, or the Registered Organisations 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 3 Revenue

	<u>2019</u> \$	<u>2018</u> \$
Revenue from Operating Activities		
- Membership Subscriptions (net of refunds and charges)	1,490,470	1,305,012
- Capitation Fees and other revenue from another reporting unit	-	-
- Interest received	6,048	5,199
- EBA dues	37,500	87,364
- Levies	-	-
- Grants	-	-
- Directors fees	24,660	22,860
- Marsh Industry Fund	366,170	312,472
- Sponsorships	29,727	82,682
- Donations	23,755	33,087
- Revenue from recovery of wages	-	-
- Financial Support – Other Branches	-	-
- Workers Compensation Received	54,043	25,429
- Sundry Income	130,784	74,645
Total Revenue	2,163,157	1,948,750

All revenue is recognised at the point of service recognition, and is sourced in Australia. There are no unsatisfied performance obligations.

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Note 4 Surplus from Ordinary Activities

	<u>2019</u> \$	<u>2018</u> \$
Expenses		
Depreciation and amortisation		
- Motor vehicles	12,660	13,750
- Office plant & equipment	5,176	2,250
Total	17,836	16,000
Remuneration of Auditor		
- Financial Statements Audit	11,000	10,000
- Other services	11,008	10,608
Grants	-	-
Donations - Political Parties (ALP)	18,200	50
- Other	7,817	1,880
	26,017	1,930
Total Donations Paid that were \$1,000 or less	2,054	1,930
No donations were paid that exceeded \$1,000	23,963	-
Penalties – via RO Act or Fair Work Act	26,017	1,930
Operating leases	49,511	86,667
Employee Expenses		
Office Holders:-		
Wages & Salaries	430,986	522,016
Superannuation / ACIRT	89,582	95,943
Leave and other entitlements	103,616	179,629
Separation and redundancies	-	-
Other Employee expenses	-	-
	624,184	797,588
Employees other than office holders: -		
Wages & Salaries	287,694	380,262
Superannuation	56,867	39,835
Leave and other entitlements	(49,299)	(27,887)
Separation and redundancies	-	-
Other Employee expenses	-	-
	295,262	392,210
Total Employee Expenses	919,446	1,189,798

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Note 4 Surplus from Ordinary Activities (cont'd)

	<u>2019</u> \$	<u>2018</u> \$
Affiliation Fees - ALP	14,194	-
- Unions NSW & ACT	8,343	6,682
- Workers Health Centre	-	563
- National Council (CEPU)	7,118	-
- Newcastle Trade Hall Council	200	145
	29,855	7,390
Affiliation Fees > \$1,000	29,202	6,682
Affiliation Fees < \$1,000	653	708
	29,855	7,390
Legal Fees – Litigation	-	-
Legal Fees – Other Matters	20,168	5,969
Consideration to employers for making payroll deductions	-	-
Compulsory levies (other than per Capita to National Office)	-	-
Fees / allowances – meetings and conferences	-	-
Conference and meeting expenses	-	176

Note 5 Cash and Cash Equivalents

	<u>2019</u> \$	<u>2018</u> \$
Cash on hand	2,840	557
Cash at bank	1,668,602	1,577,340
	1,671,442	1,577,897

Note 6 Trade and Other Receivables

	<u>2019</u> \$	<u>2018</u> \$
Trade and other debtors (receivable from other reporting units 2019 \$nil 2018 \$nil)	131,681	24,069
	131,681	24,069

There were no impaired receivables this year (2018: \$nil)

In 2018 and 2019, receivables were all <30 days old (i.e. no receivables were past due). No significant credit risk exists with any single counterparty, nor is there any collateral over receivables.

Note 7 Inventories

	<u>2019</u> \$	<u>2018</u> \$
Merchandise – cost	13,065	20,126

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Note 8 Plant and Equipment

	2019 \$	2018 \$
Buildings – At Cost	1,196,300	-
Office Plant & Equipment		
At Cost	70,192	70,192
Less Accumulated Depreciation	(67,808)	(62,632)
Net Office Equipment	2,384	7,560
Motor Vehicles		
At Cost	73,227	220,129
Less Accumulated Depreciation	(11,196)	(215,279)
Net Motor Vehicles	62,031	4,850
Total Property, Plant and Equipment	1,260,715	12,410

Movements in Carrying Amounts

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

	Balance at beginning of year \$	Additions \$	Disposals \$	Depreciation expense \$	Carrying amount at the end year \$
2018					
Office Plant & Equipment	8,386	1,424	-	(2,250)	7,560
Motor Vehicles	18,600	-	-	(13,750)	4,850
Total	26,986	1,424	-	(16,000)	12,410
2019					
Buildings	-	1,196,300	-	-	1,196,300
Office Plant & Equipment	7,560	-	-	(5,176)	2,384
Motor Vehicles	4,850	69,841	-	(12,660)	62,031
Total	12,410	1,266,141	-	(17,836)	1,260,715

Note 9 Trade and Other Payables

	2019 \$	2018 \$
Consideration to employers for payable deductions	-	-
Legal Costs (litigation and other matters)	-	-
Accounts payable and accruals	120,291	173,768
Annual Leave		
- officeholders	89,222	62,015
- employees other than office holders	50,291	34,752
Deferred revenue	-	-
	259,804	270,535

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Note 10 Provisions

	2019 \$	2018 \$
Current		
Long Service Leave		
- officeholders	246,850	187,803
- employees other than office holders	24,102	80,408
Retiring Allowance		
- officeholders	185,865	168,107
- other employees	(396)	8,532
	456,421	444,850
Non-Current		
Long Service Leave	-	-
- officeholders	-	-
- employees other than office holders	-	-

There are no provisions for separation and redundancy or any other provisions for officeholders or other employees (2018: \$nil)

Provision for Employee Benefits

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

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

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

Note 11 Payable to Federal Office

The amount is unsecured, interest free and repayable as and when surplus funds are available.

Note 12 Payable to PTEU (Vic) Branch

This loan is secured by the property owned by the Branch situated at 1/111 McEvoy Street, Alexandria, NSW. It attracts an interest rate of 5% per annum, and is repayable at \$7,500 per month (interest and principal).

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Note 13 Cash Flow Information

Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes: -

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash on hand	2,840	557
Cash at Bank	1,668,602	1,577,340
	<u>1,671,442</u>	<u>1,577,897</u>
Reconciliation of Cash Flow from Operations with Operating surplus	592,604	132,192
Non cash flow in operating surplus:-		
Depreciation and amortisation	17,836	16,000
Interest Payable	11,457	-
Changes in operating net assets:-		
(Increase)/Decrease in receivables	(107,612)	(1,984)
(Increase)/Decrease in inventories	7,061	(15,835)
Increase/(Decrease) in payables	(70,731)	(23,983)
Increase/(Decrease) in provisions	11,571	135,907
Net cash provided by operating activities	<u>462,186</u>	<u>242,297</u>

Note 14 Financial Instruments

(a) Financial Risk Management

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

The purpose of the financial instruments is to raise finance for the operations of the Union.

(i) Treasury Risk Management

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

(ii) Financial Risks

The main risks the Union is exposed to through its financial instruments are liquidity risk and credit risk.

Liquidity Risk

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

Credit Risk

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

Foreign Currency

The Union is not exposed to fluctuations in foreign currency.

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Note 14 Financial Instruments (cont'd)

(b) Interest Rate Risk

The Union's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates is set out below: -

	Financial Instruments	Floating Interest Rate		Fixed Interest Rate maturing in: less than 1 year		Fixed Interest Rate maturing in: 1 year or more		Non-Interest Bearing		Total Carrying Amount as per Statement of Financial Position		Weighted Average Effecting Interest Rate	
		2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 %	2018 %
(i)	Financial Assets												
	Cash and Cash Equivalents	1,668,602	1,577,340	-	-	-	-	2,840	557	1,671,442	1,577,897	2.20	2.10
	Receivables	-	-	-	-	-	-	131,681	24,069	131,681	24,069		
	Other Financial Assets	-	-	-	-	-	-	-	-	-	-		
	Total	1,668,602	1,577,340	-	-	-	-	134,521	24,626	1,803,123	1,601,966		
(ii)	Financial Liabilities												
	Interest Bearing Debt	-	-	45,583	-	863,374	-	-	-	908,957	-	5.00	n/a
	Payables	-	-	-	-	-	-	319,804	390,535	319,804	390,535		
	Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-		
	Total	-	-	45,583	-	863,374	-	319,804	390,535	1,228,761	390,535		
	Net Financial Assets/(Liabilities)	1,668,602	1,577,340	(45,583)	-	(863,374)	-	(185,283)	(365,909)	574,362	1,211,431		

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Note 14 Financial Instruments (cont'd)

(c) Net Fair Values

The net fair value of the Union's financial assets and liabilities are not expected to be significantly different from the class of assets and liabilities as disclosed and recognised in the statement of financial position as at 31 March 2019.

(d) Sensitivity Analysis

Interest Rate Risk

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

Interest rate sensitivity analysis: -

At 31 March 2019, the effect on surplus and equity as a result of changes in the interest, with all other variables remaining constant, would be as follows:

	2019 \$	2018 \$
Change in surplus		
Increase in interest rate by 2%	33,372	31,547
Decrease in interest rate by 2%	(33,372)	(31,547)
Change in equity		
Increase in interest rate by 2%	33,372	31,547
Decrease in interest rate by 2%	(33,372)	(31,547)

Note 15 Related Party Transactions

The following were the Committee Members of the Union during or after the year: -

Theo Smartzopoulos	Adrian Benedet
Steve McCarney	William Patterson
John Treble	Rhyce Zwickl
Lance Harrison	Chris Seet

Key management remuneration is set out in Note 16. No committee member received fees for sitting on the Committee of Management.

All transactions between the Committee Members and the Union were conducted on normal commercial terms in respect of subscriptions. There were no other transactions with such parties in 2019, nor 2018.

The officeholders received no 'non cash' benefits (2018: \$nil). No officeholder of the Branch during the year and/or the prior year had any material personal interest in a matter that he/she has or did acquire, or a relative of the officeholder has or did acquire.

No share-based payments were received by any officeholder this year or in the prior year.

No officeholder or officer of the Union (this year or last year) received any remuneration in their own name because they were a member of, or held position with a Board or other organisation because: -

- i) The officeholder held such a position with the Board or other organisation only because they were an officeholder of the Branch; or
- ii) They were nominated for the position by the Branch; or
- iii) They received remuneration from any third party, in connection with the performance of their duties as an officeholder of the Branch.

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Note 15 Related Party Transactions (cont'd)

Fees and allowances received by the Union in respect of officeholders or officials holding directorship positions are set out in the statement of comprehensive income and amounted to \$24,660 (2018: \$22,860).

No performance bonuses were received by these staff.

Transactions between New South Wales Branch and Federal Office (or other branches of the Union) were as follows: -

(a) Per Capita Payment

During the year the New South Wales Branch of the Union was charged by the Federal Office of the Union a per capita payment calculated for each full financial member in accordance with the rules.

	<u>2019</u>	<u>2018</u>
	\$	\$
Per Capita Expense:	70,773	120,000
<u>Amounts owed to Federal Office:</u>		
Current liability	60,000	120,000
Repayment to National Office during year:	130,773	144,275

(b) Other

During the year, a loan of \$920,000 was received from PTEU (Vic) Branch. It is repayable at \$7,500 per month (interest and principal) and is serviced by the property owned by the Branch. Total principal repayments for the year were \$11,043, interest payments were \$11,457 (total repayments were henceforth \$22,500).

During the year, the Branch paid service fees of \$112,837 (2018: \$6,038) on commercial terms and conditions to PTEU (Vic) Branch who assisted with financial accounting requirements.

Note 16 Contingent Liabilities

There are no known contingent liabilities as at balance date or to the date of this report.

Note 17 Key Management Personnel

Remuneration for the Reporting Period	<u>2019</u>	<u>2018</u>
	\$	\$
Short-term employee benefits		
Salary	430,986	522,016
Annual leave	27,208	3,356
Performance bonus	-	-
Total short-term employee benefits	458,194	525,372
Post-employment benefits		
Superannuation/ACRIT	89,582	95,943
Total post-employment benefits	89,582	95,943
Other long-term benefits		
Long-service leave & retirement	76,805	176,273
Total long-term benefits	76,805	176,273
Termination benefits	-	-
Total Remuneration	624,581	797,588
Loans to/from key management personnel	-	-
Other transactions with key management personnel	-	-

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Note 18 Commitments

There was no Capital Expenditure Commitments at the year end.

Note 19 Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

Note 20 Segment Reporting

The Union provides services to members employed in executing plumbing, gas fitting, pipe fittings and domestic engineering works in the state of New South Wales and the ACT. Its principal place of business is 1/111 McEvoy Street, Alexandria, NSW.

Note 21 Fair Value Measurement

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

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

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

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

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

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

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Note 21 Fair Value Measurement (cont'd)

Valuation techniques (cont'd)

- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

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

	31 March 2019			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
Non-financial assets				
Freehold land & buildings	-	1,196,300	-	1,196,300
Total non-financial assets recognised at fair value	-	1,196,300	-	1,196,300

	31 March 2018			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss:	-	-	-	-
Available-for-sale financial assets:	-	-	-	-
Total financial assets recognised	-	-	-	-
Non-financial assets				
Freehold land & buildings	-	-	-	-
Total non-financial assets recognised	-	-	-	-

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

Description	Fair Value at 31 March 2019 \$	Valuation Technique(s)	Inputs Used
Available for sale financial assets	-	Income approach using discounted cash flow methodology	Price per share, market yield
<i>Non-financial assets</i> Freehold land & buildings	1,196,300	Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre, borrowing rate

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Note 21 Fair Value Measurement (cont'd)

c. Disclosed Fair Value Measurements

The following assets and liabilities are measured at fair value in the statement of financial position: -

- accounts receivable and other debtors;
- accounts payable and other payables; and
- lease liabilities.

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

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
Assets Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets

Description	Fair Value at Hierarchy Level	Valuation Technique(s)	Inputs Used
Liabilities Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Lease liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

Note 22 Fund Analysis

For the year ended 31 March 2019, there was no applicable fund or account operated in respect of compulsory levies, voluntary contributions or required by the rules of the Branch and there was no transfer and/or withdrawal from a fund, account, asset or controlled entity which is kept for a specific purpose except as disclosed in the report.

Note 23 Other Matters

The Union does not have any formal agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern, nor did it receive any such financial support from any reporting unit.

The Union has not acquired an asset or liability as a result of an amalgamation under Part 2 of Chapter 3 of the Fair Work (Registered Organisations) Act 2009, a restructure of reporting units, or a determination or revocation by the General Manager, Fair Work Commission.

The Union has not acquired assets or liabilities as part of a business combination.

There were no unpaid commissions for Employer payroll deductions at the end of the reporting date (2018: \$nil).

The affairs of the Branch were not administered by another reporting unit. No payments were made by the reporting unit to former related parties in 2019 (2018: \$nil).

Independent Audit Report To The Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – New South Wales Branch ("the Branch")

Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying general purpose financial report of the Branch, which comprises the statement of financial position as at 31 March, 2019, and the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes, the Committee of Management Statement, the subsection 255 (2A) report and the Officer Declaration Statement.

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

- a) Australian Accounting Standards, and Australian Accounting Interpretations;
- b) Any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the Fair Work (Registered Organisations) Act 2009.

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

As part of our audit of the organisation for the year ended 31 March 2019, we are of the opinion that the Committee of Management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Branch in accordance with the independence requirements of Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

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

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 our 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.

Independent Audit Report To The Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – New South Wales Branch ("the Branch") (Cont'd)

Committee of Management Responsibility for the Financial Report

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

In preparing the financial report, the Committee of Management are responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

Independent Audit Report To The Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – New South Wales Branch ("the Branch") (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Report

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

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


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

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

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

We declare that Michael Shulman is a registered auditor under the RO Act.

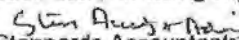

Stannards Accountants and Advisors


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

Dated: 16 May 2019

AUDITORS' DISCLAIMER
ADDITIONAL INFORMATION INCLUDED FOR THE BENEFIT OF MEMBERS ON THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019

This additional financial data presented in the Detailed Profit and Loss Statement is in accordance with the books and records of Communications, Electrical, Energy, Information, Postal, Plumbing & Allied Services Union of Australia Plumbing Division – New South Wales Branch for the year ended 31 March 2019 which have been subject to the auditing procedures applied in our statutory audit of the Union. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither we nor any member or employee of our practice undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein however caused.


Stannards Accountants and Advisors


MB Shulman

Dated this 16th day of May 2019

Partners

Marino Angelini, CA
Michael Shulman, CA
Nello Traficante, CPA
Jason Wall, CA
Peter Angelini, CA
Nick Jearns, CPA

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA
PLUMBING DIVISION - NEW SOUTH WALES BRANCH**

Detailed Profit and Loss Statement For the year ended 31 March 2019

	<u>2019</u> \$	<u>2018</u> \$
Income		
Contributions - Membership	1,490,470	1,305,012
Other income	666,639	638,539
Interest received	6,048	5,199
Total income	2,163,157	1,948,750
Expenses		
ACIRT expenses	27,935	30,708
Affiliation expenses	29,855	7,390
Ambulance service	3,500	4,200
Audit and other services	22,008	20,608
Bank fees and charges	17,066	10,088
Cleaning and security services	3,516	4,566
Computer and copier expenses	434	5,018
Depreciation	17,836	16,000
Donations	26,017	1,930
Electricity	3,702	5,255
Fines	1,422	221
Fringe benefits tax	(1,371)	6,917
Insurance	7,142	7,436
Legal fees	20,168	5,969
Membership hosting	2,340	21,175
Merchandise expenses	8,266	4,727
Motor vehicle expenses	86,176	86,453
Payroll Tax	7,243	60,877
Picnic	21,403	29,594
Postage	9,431	8,136
Printing and stationery	19,265	10,529
Provision for annual leave	42,746	15,835
Provision for long service leave	2,741	70,011
Provision for retirement allowance	8,830	65,896
Rent on land and buildings	49,511	86,667
Salaries & allowances	755,491	902,278
Service Fees	112,837	6,038
Staff amenities & training	3,366	16,341
Subscriptions	1,756	1,724
Sundry expenses	64,215	45,485
Superannuation	81,703	105,070
Telephone	18,544	23,369
Travel, accommodation and conferences	18,035	3,144
Workers compensation	6,651	6,903
Per capita payment to head office	70,773	120,000
Total expenses	1,570,553	1,816,558
Surplus from Ordinary Activities before Income Tax	592,604	132,192

These must be read in conjunction with the attached auditors' disclaimer



3 April 2019

David Broadley
Branch Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia - Plumbing Division NSW Divisional Branch
Sent via email: dave.broadley@nswplumbersunion.com.au

Dear David Broadley,

Re: Lodgement of Financial Report - FR2019/15
Fair Work (Registered Organisations) Act 2009 (the RO Act)

The financial year of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Plumbing Division NSW Divisional Branch (the reporting unit) ended on 31 March 2019. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with the Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 29 June 2019.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 30 September 2019 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of

grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

Yours faithfully,

Kylie Ngo
Registered Organisations Commission

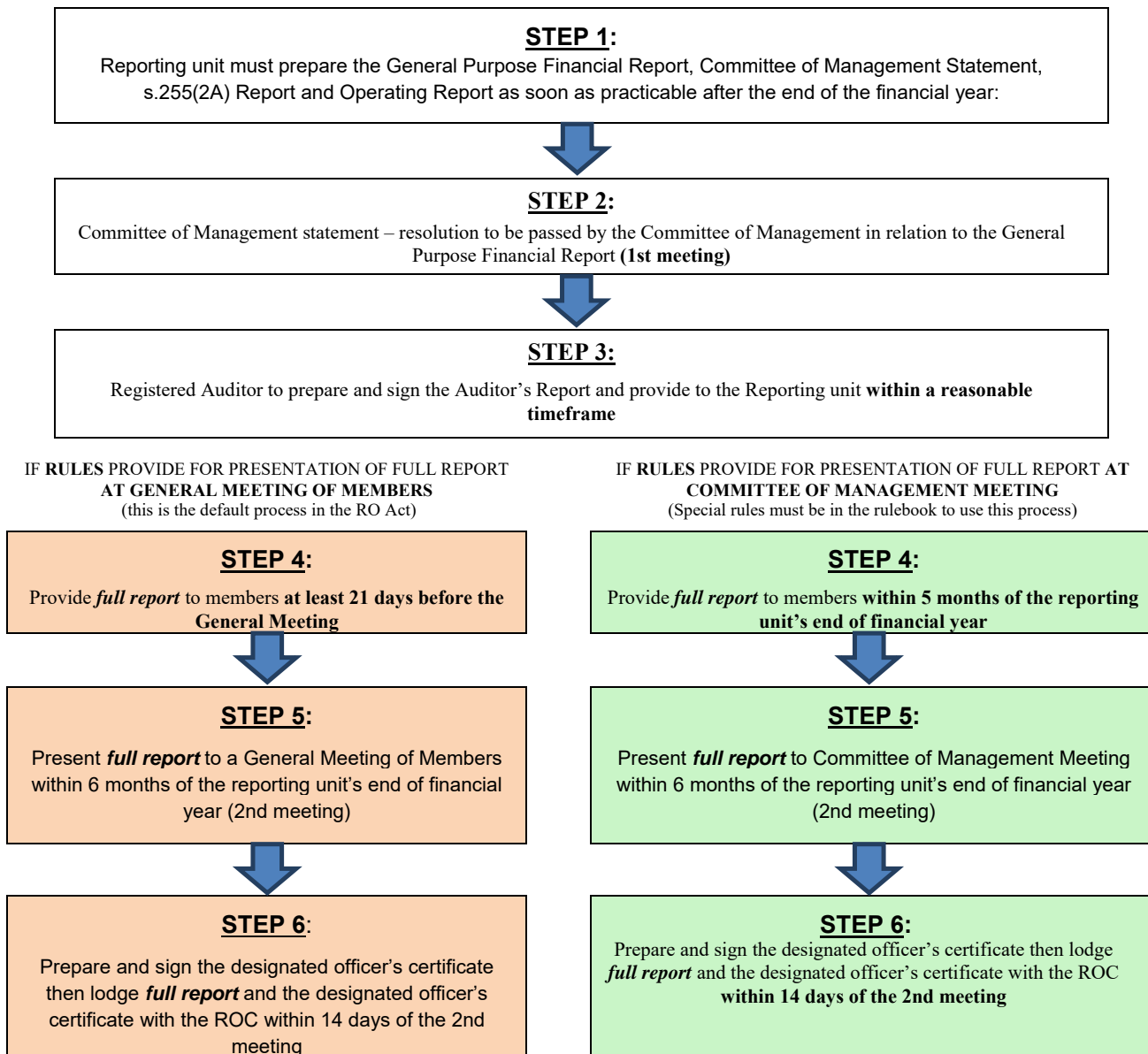


Fact sheet

Summary of financial reporting timelines – s.253 financial reports



















General Information:

- The **full report** consists of the General Purpose Financial Report, Committee of Management Statement, Operating report, s.255(2A) Report and signed Auditors' Report
- For an explanation of each of the steps below see our [Fact sheet—financial reporting process](#).



Misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Financial Reporting Process. They include:

Misconception	Requirement
 The Committee of Management statement is just copied from the Reporting Guidelines	 The Committee of Management statement must have the date of the Committee of Management resolution recorded upon it and it must be signed and dated BEFORE the auditor signs their report Further, if any of the statements within it need to be modified to suit the reporting unit (for instance not holding meetings) these changes must also be made
 The Auditor's Report does not need to be signed until just before it is lodged with the ROC	 The Auditor's Report must be signed and dated BEFORE the full report (including the Auditor's Report) is sent to members and presented to the second meeting
 The Designated Officer's Certificate must be signed before the report is sent to members	 The Designated Officer's Certificate declares what the reporting unit HAS ALREADY DONE to provide the report to members and present it to the meeting. It must be signed and dated AFTER sending the report to members and the second meeting
 Documents can be dated when they should have been signed or when the events in the document occurred	 Documents must always be dated at the date they are actually signed by an officer or auditor
 Any auditor can audit a financial report	 Only registered auditors can audit the financial report
 The Committee of Management statement can be signed at any time	 The resolution passing the Committee of Management Statement must occur and the statement signed and dated BEFORE the auditor's report is signed and dated
 Any reporting unit can present the Full Report to a second COM meeting	 Only reporting units with a 5% rule in their rulebook are able to present their report to a second Committee of Management Meeting. Otherwise, it must be presented to a General Meeting of members
 Everything can be done at one Committee of Management meeting	 If the rules allow for presenting the report to the Committee of Management, there must still be <u>two meetings</u> . The first meeting resolves the Committee of Management statement (including signing and dating it). Between the two meetings the Auditor's report is signed and dated. Only then can the full report be presented to the second Committee of Management meeting (if the rules allow)
 The reporting unit has 6 months and 14 days to lodge their financial report with the ROC	 The reporting unit must lodge the financial report within 14 days of the second meeting

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice.



Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:







- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*

*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
 Only reporting units must lodge the Statement.	 All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.
 Employees can sign the Statement.	 The statement must be signed by an elected officer of the relevant branch.
 Statements can be lodged with the financial report.	 The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.

Grants & Donations within the Financial Report

Item 14(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines.

In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants or donations*

Grants:	2017	2016
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Donations:		
Total expensed that were \$1,000 or less	-	-
Total expensed that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial statements, the notes or in the officer's declaration statement, even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report. Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au