



25 August 2020

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
CC: 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 2020 – (FR2020/12)**

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

The financial report has now been filed.

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

Please note that the financial report for the year ending 31 March 2021 may be subject to an advanced compliance review.

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

General purpose financial report (GPFR)

Nil activities disclosure

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines 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 twice:

- "Receive revenue from undertaking recovery of wages activity" is disclosed in both Note 3 and Note 23; and

- "Pay to a person fees or allowances to attend conferences or meetings as a representative of the reporting unit" is disclosed in both Note 4 and Note 23.

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

Partial disclosure – accounting policies note

Note 1(h) Revenue to the GPFR states that Australian Accounting Standard AASB 15 Revenue from Contracts with Customers has been adopted. However, the accounting policies disclosed in notes 1(h) do not appear to have been updated to reflect these new standards, nor does it appear that the disclosures required by this standard have been included in the GPFR.

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

Reporting Requirements

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

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

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

Yours sincerely,



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 2020**

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
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**COMMITTEE OF MANAGEMENT OPERATING REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020.

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 \$629,685 (2019 – surplus of \$592,604). 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 consolidate 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 2020, the number of members of the organisation was 3,363 (2019: 3,231).

Number of Full Time Employees

As at 31 March 2020, the number of full-time equivalent employees was 7 (2019: 6).

Committee of Management and Positions Held

The Committee of Management current members are as follows:

William Patterson - President	(1.4.19 – 31.3.20)	Adrian Benedet – Vice President	(1.4.19 – 31.3.20)
Theo Samartzopoulos - Secretary	(1.4.19 – 31.3.20)	Lance Harrison	(1.4.19 – 31.3.20)
Chris Seet – Assistant Secretary	(1.4.19 - 31.3.20)	Steve McCarney	(1.4.19 – 31.3.20)
John Treble	(1.4.19 – 31.3.20)	Rhyse Zwickl	(1.4.19 - 31.3.20)
Richard Dietmann	(13.05.19 - 31.3.20)		

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 20/5/2020.


Theo Samartzopoulos, Secretary – Designated Officer

Dated this 20th day of May 2020

**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 2020**

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 2020.

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 Fair Work 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.


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Theo Samartzopoulos - Secretary
Designated Officer

Dated this 20th day of May 2020

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 2020

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 20 May 2020; and
- (iii) That the full report was presented to a meeting of the committee of management of the reporting unit on 17 June 2020 in accordance with Section 266 of the *Fair Work (Registered Organisations) Act 2009*.



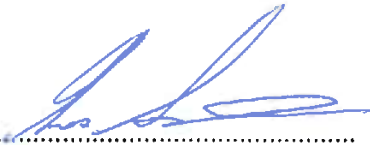
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Theo Samartzopoulos - Secretary
Designated Officer

Dated: 17/06/2020

COMMUNICATIONS, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND
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OFFICER DECLARATION STATEMENT

I, Theo Samartzopoulos, being the Secretary of the Branch, declare that all activities (including \$nil activities) required to be disclosed during the reporting period ended 31 March 2020 have been disclosed in the financial report.



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Theo Samartzopoulos - Secretary
Designated Officer

Dated: 20/05/2020.....

**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**

AUDITOR'S INDEPENDENCE DECLARATION

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2020 there have been: -

- (iv) no contraventions of the auditor independence requirements in relation to the audit; and
- (v) 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 20 day of May 2020

**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 2020**

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 2020.

	2020 \$	2019 \$
CATEGORIES OF EXPENDITURE		
Remuneration and other employment-related costs and Expenses - employees	1,018,612	919,446
Advertising	1,636	21
Operating Costs	521,115	612,718
Donations to Political Parties	12,273	18,200
Legal Costs	9,216	20,168
Total	1,562,852	1,570,553



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Theo Samartzopoulos - Secretary
Designated Officer

Dated: 20/05/2020

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
Revenues from ordinary activities	3	2,192,537	2,163,157
Depreciation and Amortisation	4	(20,692)	(17,836)
Employee Benefits Expense	4	(1,018,612)	(919,446)
Per Capita Payments	15	4,482	(70,773)
Occupancy Costs		-	(49,511)
Motor Vehicle Costs		(65,695)	(86,176)
Telephone Costs		(17,496)	(18,544)
Affiliation Costs	4	(47,873)	(29,855)
Postage, printing & stationery		(21,474)	(28,696)
Legal Fees	4	(9,216)	(20,168)
Travel		(21,614)	(18,035)
Computer & Hosting Costs		(4,422)	(2,774)
Payroll Tax		(1,952)	(7,243)
Picnic Costs		(26,201)	(21,403)
Insurance		(9,308)	(7,142)
Audit & Accounting Fees	4	(6,450)	(22,008)
Fringe Benefit Tax		4,594	1,371
Staff Amenities & Clothing		(3,773)	(3,366)
Service Fees		(88,707)	(112,837)
Bank Charges & Interest		(49,897)	(17,066)
Merchandise		-	(8,266)
Other expenses from ordinary activities		(158,546)	(110,779)
Surplus/(Deficit) for the year		629,685	592,604
Other comprehensive income		-	-
Total comprehensive income for the year		629,685	592,604

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 2020**

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,179,620	1,671,442
Trade and other receivables	6	195,984	131,681
Inventories	7	19,783	13,065
TOTAL CURRENT ASSETS		2,395,387	1,816,188
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,240,023	1,260,715
TOTAL NON-CURRENT ASSETS		1,240,023	1,260,715
TOTAL ASSETS		3,635,410	3,076,903
CURRENT LIABILITIES			
Trade and other payables	9	229,170	259,804
Provisions	10	521,463	456,421
Payable to PTEU (Vic) Branch	12	45,583	45,583
Payable to PTEU Federal Office	11	-	60,000
TOTAL CURRENT LIABILITIES		796,216	821,808
NON-CURRENT LIABILITIES			
Provisions	10	-	-
Payable to PTEU (Vic) Branch	12	817,788	863,374
TOTAL NON-CURRENT LIABILITIES		817,788	863,374
TOTAL LIABILITIES		1,614,004	1,685,182
NET ASSETS		2,021,406	1,391,721
EQUITY			
Reserves		1,002,684	792,999
General Fund		1,018,722	598,722
TOTAL EQUITY		2,021,406	1,391,721

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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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Incidental	General Fund	Total
	\$	\$	\$
Balance at 1 April 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
Net Surplus for the year	-	629,685	629,685
	792,999	1,228,407	2,021,406
Transfer of 1/3 of General Fund to Incidental Fund	209,685	(209,685)	-
Balance at 31 March 2020	1,002,684	1,018,722	2,021,406

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 2020**

	<u>Note</u>	<u>2020</u> \$	<u>2019</u> \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers and sundry income		2,124,081	2,049,497
Payments to suppliers and employees		(1,369,130)	(1,342,631)
Receipts from other reporting units		-	-
Payment to other reporting units (Federal Office)		(60,000)	(130,773)
Payments to PTEU- Victoria Branch		(88,707)	(112,837)
Payments to CEPU – National Office		(12,219)	(7,118)
Interest received		4,153	6,048
Net cash provided by operating activities	13	598,178	462,186
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(1,266,141)
Net cash (used in) investing activities		-	(1,266,141)
Cash Flow from Financing Activities			
Loan PTEU (Vic) Branch		(90,000)	897,500
Net cash provided by financing activities		(90,000)	897,500
Net increase in cash and cash equivalents		508,178	93,545
Cash and Cash Equivalents at beginning of financial year		1,671,442	1,577,897
Cash and Cash Equivalents at end of financial year	13	2,179,620	1,671,442

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 2020**

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.

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 relates 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) Fair Value Measurements

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 (ie. 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 value 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 (ie. 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 entity at the end of the reporting period (ie. 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 and the entity's own equity instruments (excluding those related to share-based payment arrangements) 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 statement.

n) Financial Instruments

Initial recognition and measurement

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

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

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

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1. Summary of Accounting Policies (cont'd)

n) Financial Instruments (Cont'd)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

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

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

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

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

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

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

A financial liability is held for trading if it is:

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

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

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

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

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:

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

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1. Summary of Accounting Policies (cont'd)

n) Financial Instruments (Cont'd)

Measurement is on the basis of two primary criteria:

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

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

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

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

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

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

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

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

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

Equity instruments

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

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

Derecognition

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

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1. Summary of Accounting Policies (cont'd)

n) Financial Instruments (Cont'd)

Derecognition of financial liabilities

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

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

Derecognition of financial assets

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

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

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

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

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

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

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

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

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

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

The entity used the following approaches to impairment, as applicable under AASB9:

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

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1. Summary of Accounting Policies (cont'd)

n) Financial Instruments (cont'd)

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- If there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

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

This approach is applicable to:

- trade receivables; and
- lease receivables.

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

Purchased or originated credit-impaired approach

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

Evidence of credit impairment includes:

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

Low credit risk operational simplification approach

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

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1. Summary of Accounting Policies (cont'd)

n) Financial Instruments (cont'd)

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

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

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

Recognition of expected credit losses in financial statements.

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

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

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

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

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Committee of Management assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen, impairment losses are recognised in the Income Statement.

o) 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.

p) Capitation Fees

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

q) 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.

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1. Summary of Accounting Policies (cont'd)

r) Comparative Information

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

s) 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.

t) Acquisition of assets and or liabilities that do not constitute a business combination

The Union did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, or a restructure of the branches of the organisation, or a determination or revocation by the General Manager of the Fair Work Commission under subsections 245(1) or 249(1) of the RO Act.

u) New Accounting Standards for Application in Future Periods

There are no new Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Union, that are expected to have a significant impact on the Union when adopted in future periods.

Note 2 Information to be provided to members or Commissioner of Registered Organisations Commission

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).

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Note 3 Revenue

	<u>2020</u> \$	<u>2019</u> \$
Revenue from Operating Activities		
- Membership Subscriptions (net of refunds and charges)	1,546,444	1,490,470
- Capitation Fees and other revenue from another reporting unit	-	-
- Interest received	4,153	6,048
- EBA dues	55,059	37,500
- Levies	-	-
- Grants	-	-
- Directors fees	19,395	24,660
- Marsh Industry Fund	382,143	366,170
- Sponsorships	25,000	29,727
- Donations	27,609	23,755
- Revenue from recovery of wages	-	-
- Financial Support – Other Branches	-	-
- Workers Compensation Received	-	54,043
- Sundry Income	132,734	130,784
Total Revenue	<u>2,192,537</u>	<u>2,163,157</u>

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>2020</u> \$	<u>2019</u> \$
Expenses		
Depreciation and amortisation		
- Motor vehicles	18,308	12,660
- Office plant & equipment	2,384	5,176
Total	<u>20,692</u>	<u>17,836</u>
Remuneration of Auditor		
- Financial Statements Audit	6,450	11,000
- Other services	-	11,008
Grants	-	-
Donations - Political Parties (ALP)	12,273	18,200
- Other	41,288	7,817
	<u>53,561</u>	<u>26,017</u>
Total Donations Paid that were \$1,000 or less	637	7,053
Donations paid that exceeded \$1,000	52,924	18,964
	<u>53,561</u>	<u>26,017</u>
Penalties – via RO Act or Fair Work Act	-	-
Operating leases	-	49,511
Employee Expenses		
Office Holders:-		
Wages & Salaries	412,546	458,193
Superannuation / ACIRT	79,238	89,582
Leave and other entitlements	54,040	104,012
Separation and redundancies	-	-
Other Employee expenses	-	-
	<u>545,824</u>	<u>651,787</u>
Employees other than office holders: -		
Wages & Salaries	412,649	297,298
Superannuation	67,934	20,056
Leave and other entitlements	(27,395)	(49,695)
Separation and redundancies	19,600	-
Other Employee expenses	-	-
	<u>472,788</u>	<u>267,659</u>
Total Employee Expenses	<u>1,018,612</u>	<u>919,446</u>

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Note 4 Surplus from Ordinary Activities (cont'd)

	<u>2020</u> \$	<u>2019</u> \$
Affiliation Fees - ALP	14,936	14,194
- Unions NSW & ACT	8,530	8,343
- National Council (CEPU)	24,205	7,118
- Newcastle Trade Hall Council	202	200
	<hr/> 47,873	<hr/> 29,855
Affiliation Fees > \$1,000	45,522	29,202
Affiliation Fees ≤ \$1,000	2,351	653
	<hr/> 47,873	<hr/> 29,855
Legal Fees – Litigation	-	-
Legal Fees – Other Matters	9,216	20,168
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	-	-

Note 5 Cash and Cash Equivalents

	<u>2020</u> \$	<u>2019</u> \$
Cash on hand	2,744	2,840
Cash at bank	2,176,876	1,668,602
	<hr/> 2,179,620	<hr/> 1,671,442

Note 6 Trade and Other Receivables

	<u>2020</u> \$	<u>2019</u> \$
Trade and other debtors (receivable from other reporting units 2020 \$nil 2019 \$nil)	195,984	131,681
	<hr/> 195,984	<hr/> 131,681

There were no impaired receivables this year (2019: \$nil)

In 2020 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>2020</u> \$	<u>2019</u> \$
Merchandise – cost	19,783	13,065

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Note 8 Plant and Equipment

	2020	2019
	\$	\$
Buildings – At Cost	1,196,300	1,196,300
Office Plant & Equipment		
At Cost	70,192	70,192
Less Accumulated Depreciation	(70,192)	(67,808)
Net Office Equipment	-	2,384
Motor Vehicles		
At Cost	73,227	73,227
Less Accumulated Depreciation	(29,504)	(11,196)
Net Motor Vehicles	43,723	62,031
Total Property, Plant and Equipment	1,240,023	1,260,715

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
	\$	\$	\$	\$	\$
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
2020					
Buildings	1,196,300	-	-	-	1,196,300
Office Plant & Equipment	2,384	-	-	(2,384)	-
Motor Vehicles	62,031	-	-	(18,308)	43,723
Total	1,260,715	-	-	(20,692)	1,240,023

Note 9 Trade and Other Payables

	2020	2019
	\$	\$
Consideration to employers for payable deductions	-	-
Legal Costs (litigation and other matters)	-	-
Accounts payable and accruals	128,054	120,291
Annual Leave		
- officeholders	89,243	89,222
- employees other than office holders	11,873	50,291
Deferred revenue	-	-
	229,170	259,804

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Note 10 Provisions

	2020	2019
	\$	\$
Current		
Long Service Leave		
- officeholders	291,639	246,850
- employees other than office holders	34,729	24,102
Retiring Allowance		
- officeholders	195,095	185,865
- other employees	-	(396)
	521,463	456,421
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 (2019: \$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>2020</u>	<u>2019</u>
	\$	\$
Cash on hand	2,744	2,840
Cash at Bank	2,176,876	1,668,602
	<u>2,179,620</u>	<u>1,671,442</u>
Reconciliation of Cash Flow from Operations with Operating surplus	629,685	592,604
Non cash flow in operating surplus:-		
Depreciation and amortisation	20,692	17,836
Interest Payable	44,414	11,457
Changes in operating net assets:-		
(Increase)/Decrease in receivables	(64,303)	(107,612)
(Increase)/Decrease in inventories	(6,718)	7,061
Increase/(Decrease) in payables	(52,237)	(70,731)
Increase/(Decrease) in provisions	26,645	11,571
Net cash provided by operating activities	<u>598,178</u>	<u>462,186</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	
		2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 %	2019 %
(i)	Financial Assets												
	Cash and Cash Equivalents	2,176,876	1,668,602	-	-	-	-	2,744	2,840	2,179,620	1,671,442	1.90	2.20
	Receivables	-	-	-	-	-	-	195,984	131,681	195,984	131,681		
	Other Financial Assets	-	-	-	-	-	-	-	-	-	-		
	Total	2,176,876	1,668,602	-	-	-	-	198,728	134,521	2,375,604	1,803,123		
(ii)	Financial Liabilities												
	Interest Bearing Debt	-	-	45,583	45,583	817,788	863,374	-	-	863,371	908,957	5.00	5.00
	Payables	-	-	-	-	-	-	229,170	319,804	229,170	319,804		
	Non Interest Bearing Liabilities	-	-	-	-	-	-	-	-	-	-		
	Total	-	-	45,583	45,583	817,788	863,374	229,170	319,804	1,092,541	1,228,761		
	Net Financial Assets/(Liabilities)	2,176,876	1,668,602	(45,583)	(45,583)	(817,788)	(863,374)	(30,442)	(185,283)	1,283,063	574,362		

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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 2020.

(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 2020, the effect on surplus and equity as a result of changes in the interest, with all other variables remaining constant, would be as follows:

	2020 \$	2019 \$
Change in surplus		
Increase in interest rate by 2%	43,537	33,372
Decrease in interest rate by 2%	(43,537)	(33,372)
Change in equity		
Increase in interest rate by 2%	43,537	33,372
Decrease in interest rate by 2%	(43,537)	(33,372)

Note 15 Related Party Transactions

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

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

Key management remuneration is set out in Note 17. 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 2020, nor 2019.

The officeholders received no 'non cash' benefits (2019: \$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 \$19,395 (2019: \$24,660).

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>2020</u>	<u>2019</u>
	\$	\$
Per Capita Expense:	(4,482)	70,773
<u>Amounts owed to Federal Office:</u>		
Current liability	-	60,000
Repayment to National Office during year:	60,000	130,773

(b) Other

During the prior 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 this year were \$45,586 (2019: \$11,043) interest payments were \$44,414 (2019: \$11,457), total repayments were henceforth \$90,000 (2019: \$22,500).

During the year, the Branch paid service fees of \$88,707 (2019: \$112,837) on commercial terms and conditions to PTEU (Vic) Branch who assisted with financial accounting requirements.

The Branch at reporting date owes CEPU (National Office) \$11,986 (prior year: \$nil) for affiliation fees levied.

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	2020	2019
	\$	\$
Short-term employee benefits		
Salary	412,525	430,986
Annual leave	21	27,207
Performance bonus	-	-
Total short-term employee benefits	<u>412,546</u>	<u>458,193</u>
Post-employment benefits		
Superannuation/ACRIT	79,238	89,582
Total post-employment benefits	<u>79,238</u>	<u>89,582</u>
Other long-term benefits		
Long-service leave & retirement	54,040	104,012
Total long-term benefits	<u>54,040</u>	<u>104,012</u>
Termination benefits	-	-
Total Remuneration	<u>554,824</u>	<u>651,787</u>
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.

Recurring fair value measurements	31 March 2020			
	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	-	-	-	-
<i>Non-financial assets</i> Freehold land & buildings	-	1,196,300	-	1,196,300
Total non-financial assets recognised at fair value	-	1,196,300	-	1,196,300

Recurring fair value measurements	31 March 2019			
	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	-	-	-	-
<i>Non-financial assets</i> Freehold land & buildings	-	1,196,300	-	1,196,300
Total non-financial assets recognised	-	1,196,300	-	1,196,300

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

Description	Fair Value at 31 March 2020 & 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
<i>Assets</i> 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
<i>Liabilities</i> 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 2020, 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 Statement of Changes in Equity. There was no balance held within a general fund, nor any compulsory or voluntary contributions and funds invested in specific assets, except as disclosed in the Statement of Changes in Equity..

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 assets or liabilities as part of a business combination.

There was no unpaid consideration to Employer payroll deductions at the end of the reporting date (2019: \$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 2020 (2019: \$nil).

The Union did not receive revenue from undertaking recovery of wages activities. The Union did not pay fees or allowances to attend conferences or meetings as a representative of the reporting unit.

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, 2020, 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 2020, 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.
- 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.

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)

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>.

No revenue has been derived from undertaking recovery of wages activity during the 2020 financial year.

I declare that I am an auditor registered 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: 20/5/20

AUDITORS' DISCLAIMER
ADDITIONAL INFORMATION INCLUDED FOR THE BENEFIT OF MEMBERS ON THE FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2020 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
Stannards Accountants and Advisors



MB Shulman

Dated this *20* day of *May*..... 2020

Detailed Profit and Loss Statement For the year ended 31 March 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
Income		
Contributions - Membership	1,546,444	1,490,470
Other income	641,940	666,639
Interest received	4,153	6,048
Total income	2,192,537	2,163,157
Expenses		
ACIRT expenses	34,322	27,935
Affiliation expenses	47,873	29,855
Ambulance service	2,590	3,500
Audit and other services	6,450	22,008
Bank fees and charges	49,897	17,066
Cleaning and security services	4,054	3,516
Computer and copier expenses	4,422	434
Depreciation	20,692	17,836
Donations	53,561	26,017
Electricity	5,245	3,702
Fines	263	1,422
Fringe benefits tax	(4,594)	(1,371)
Insurance	9,308	7,142
Legal fees	9,216	20,168
Membership hosting	-	2,340
Merchandise expenses	-	8,266
Motor vehicle expenses	65,695	86,176
Payroll Tax	1,952	7,243
Picnic	26,201	21,403
Postage	7,660	9,431
Printing and stationery	13,814	19,265
Provision for annual leave	(38,397)	42,746
Provision for long service leave	55,416	2,741
Provision for retirement allowance	9,626	8,830
Rent on land and buildings	-	49,511
Salaries & allowances	844,795	755,491
Service Fees	88,707	112,837
Staff amenities & training	3,773	3,366
Subscriptions	5,503	1,756
Sundry expenses	77,328	64,215
Superannuation	112,850	81,703
Telephone	17,496	18,544
Travel, accommodation and conferences	21,614	18,035
Workers compensation	10,002	6,651
Per capita payment to head office	(4,482)	70,773
Total expenses	1,562,852	1,570,553
Surplus from Ordinary Activities before Income Tax	629,685	592,604

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