



4 August 2016

Mr Earl Setches
Branch Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied
Services Union of Australia – Plumbing Division – Victorian Divisional Branch
52 Victoria Street
CARLTON SOUTH VIC 3053

via email: esetches@pteu.asn.au

Dear Mr Setches

Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Plumbing Division – Victorian Divisional Branch Financial Report for the year ended 31 March 2016 - [FR2016/57]

I acknowledge receipt of the financial report for the year ended 31 March 2016 for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Plumbing Division – Victorian Divisional Branch (the reporting unit). The financial report was lodged with the Fair Work Commission (FWC) on 12 July 2016.

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 2017 may be subject to an advanced compliance review.

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

Statement of Changes in Equity

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. Although the financial report lodged with the FWC include the mandatory Statement of Changes in Equity, the information required under AASB 101 paragraph 106 has not been fully complied with. In particular the information required under paragraph 106(d) is not included, that is for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period.

Please ensure that in future years the Statement of Changes in Equity discloses all of the requirements under AASB 101 paragraph 106.

Reporting Requirements

On the FWC website a number of factsheets in relation to the financial reporting process and associated timelines are available. The most recent copy of the Reporting Guidelines and a model set of financial statements can also be found. The FWC recommends reporting units use this model as it will assist in ensuring compliance with the RO Act, the s.253 Reporting Guidelines and the Australian Accounting Standards. Access to this information may be obtained via [this link](#).

Should you wish to discuss the matters raised in this letter, or if you require further information on the financial reporting requirements of the Act, I may be contacted on (03) 8656 4681 or by email at joanne.fenwick@fwc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Joanne Fenwick', with a long horizontal flourish extending to the right.

Joanne Fenwick
Financial Reporting Specialist
Regulatory Compliance Branch



PLUMBING TRADES EMPLOYEES UNION
Communications, Electrical and Plumbing Union

VICTORIAN BRANCH

ABN 17 685 414 428

EARL SETCHES

Branch Secretary

PADDY McCRUDDEN

Assistant Secretary

52 Victoria St
Carlton South 3053

Ph: 03 9662 3388

Fax: 03 9663 2613

www.pteu.asn.au

12 July 2016

Attn: Stephen Kellett

Fair Work Commission
Level 8, 80 William Street
East Sydney NSW 2011

Re: Lodgement of Financial Statements and Accounts (Victorian Branch)

We would like to lodge our financial statements and accounts for 2016 in accordance with the provisions of Chapter 8, Part 3 of the Fair Work Act 2009 as follows:

1. Full financial report
2. Secretary's certificate

If you need any further information, please feel free to contact me on 03 9662 3388.

Yours truly,

Bob Vaughan
Trustee





PLUMBING TRADES EMPLOYEES UNION
Communications, Electrical and Plumbing Union

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SECRETARY'S CERTIFICATE

I (Earl Setches) being the State Secretary of the CEPU Plumbing Division Victorian Branch, certify:

- That the documents lodged herewith are copies of the full audited reports of the CEPU Plumbing Victorian Branch for the financial year ended 31st March 2016, referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- That the full report was provided to members on our website on and from 1 July 2016; and
- That the full report was presented to a Committee Meeting of Members on 28 June 2016 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Earl Setches
State Secretary

Date: 12/07/2016



**Communications, Electrical, Electronic,
Energy, Information, Postal, Plumbing and
Allied Services Union of Australia**

Plumbing Division – Victoria Branch

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

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

**Operating Report
For the year ended 31 March 2016**

Principal activities

The principal activities of the CEPU Victoria Branch during the financial year were to provide representation and support to our members. There were no significant changes to the principal activities during the year.

Review of results

The net result of operations for the year was a profit of \$688,116 (2015: profit of \$497,587). The organisation continued to represent its members in industrial and other matters, focusing particularly on training and educational projects to advance the industry. During the year, it also paid particular attention to corporate governance, ensuring that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$12.47 million (2015: \$11.79 million), and had reduced interest bearing debt from the prior year. The organisation is well placed to meet the future needs of the industry and moreover its members, through enhanced representation and training services, the latter arising given the ongoing developments at PICAC Ltd. Close alignment with the U.A. (USA) also continues to enhance member services and delivery.

Significant Changes in the State of Affairs

In the opinion of the Members of the Committee of Management, there were no significant changes in the organisation's state of affairs during the financial year.

Resignation of Members

As per section 174 of the Fair Work (Registered Organisations) Act 2009, 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 2016, the number of members of the organisation recorded in the register of members was 11,814 (2015: 11,908).

Number of Employees

As at 31 March 2016, the number of full time equivalent employees was 24 (2015: 24).

Committee of Management

The Committee of Management members are as follows:-

N Ottobre	(1.4.15 – 31.3.16)	E Setches	(1.4.15 – 31.3.16)
C Delidakis	(1.4.15 – 31.3.16)	P McCrudden	(1.4.15 – 31.3.16)
R Menzies	(1.4.15 – 31.3.16)	D Saunders	(1.4.15 – 31.3.16)
B Jovanovski	(1.4.15 – 31.3.16)	T Smart	(1.4.15 – 31.3.16)
S Bamford	(1.4.15 – 31.3.16)	R Vaughan	(1.4.15 – 31.3.16)
I Marris	(1.4.15 – 31.3.16)	B Rendina	(1.4.15 – 31.3.16)
D McClusky	(1.4.15 – 31.3.16)	M. Robbins	(1.4.15 – 31.3.16)

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

**Operating Report
For the year ended 31 March 2016 (cont'd)**

Officers & employees who are directors of a company or a member of a board

Details of officers and employees, who held positions as a superannuation fund trustee or director of a company that is a superannuation fund trustee, are as follows:


Name of Officeholder	Name of Company or Board	Position Held	Principal Activity of Company or Board	Position Held because officer or employee of Union or nominated by Union or Peak Council
Earl Setches	CBUS	Director	Superannuation	Yes

Future Developments

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

Signed in accordance with a resolution of the Committee of Management.


.....
C Delidakis


.....
R Vaughan

Dated this 7 day of June 2016

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

CERTIFICATE OF COMMITTEE OF MANAGEMENT

The Committee of Management of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union Of Australia, Plumbing Division – Victoria Branch passed the following resolution in relation to the general purpose financial report of the reporting unit for the financial year ended 31 March 2016.

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 the Reporting Guidelines of the General Manager of FWC and Australian Accounting Standards;
- (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 General Manager of FWC duly made under section 272 of the Fair Work (Registered Organisations) Act 2009 has been furnished to the member or General Manager of FWC;
 - v. there have been no orders for inspection of financial records made by Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009 during the period; and
 - 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.
- (e) in relation to recovery of wages activity no revenue has been derived from undertaking recovery of wages activity during the reporting period.

Resolved for the Committee of Management:


.....
C Delidakis


.....
R Vaughan

Dated this 7 day of June 2016

AUDITOR'S INDEPENDENCE DECLARATION

**TO THE COMMITTEE OF MANAGEMENT OF COMMUNICATIONS, ELECTRICAL,
ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES
UNION OF AUSTRALIA PLUMBING DIVISION – VICTORIA BRANCH –**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2016 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 7th day of June 2016

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 \$	2015 \$
Revenue		
Membership Subscriptions	4,042,635	3,897,637
Enrolment Fees	30,418	25,164
Rental Income from Investment Property	559,919	558,261
Directors' Fees	182,854	180,412
Work Safe and Aboriginal Grants Income	401,821	481,539
Costs Recovered from Training, Education Centres and Others	1,111,060	1,246,371
Sundry Income	248,603	206,150
Profit on disposals of fixed assets	9,091	-
Donations or Grants	-	-
Sponsorships – C Bus	-	-
Levies	-	-
Capitation Fees	-	-
Total Revenue	6,586,401	6,595,534
Expenses		
Affiliations		
ALP (Political Party)	55,746	58,489
CEPU National Office	7,278	3,703
VTHC	41,017	40,178
Regional Trade Councils / Other	10,766	10,215
Administrative Services		
ACIRT	-	571
Advertising	2,021	3,738
Audit Fees– Financial Report	8,000	8,800
– Other Services	-	-
Compliance Fees	5,450	29,555
Bank and Other Finance Charges	34,778	31,148
Bad Debts and Doubtful Debts	-	28,869
Cleaning and Security Services	15,500	7,676
Committee Fees	(15,336)	8,389
Computer Programming Expenses	85,022	60,576
Depreciation (includes assets <\$1,000 written off)	280,499	281,827
Fringe Benefit Tax	59,674	58,328
Grants	-	-
Interest Paid	3,590	4,421
Insurance	144,336	123,490
Land Tax	-	90,543
Legal Fees – Litigation	3,590	-
Legal Fees – Other Matters	144,336	58,541
Loss on disposal of fixed assets	13,495	158,286
Electricity	9,592	9,181
Repairs and Maintenance	9,677	14,225
Motor Vehicles Expenses	145,315	148,465
Payroll Tax	172,956	185,134
Penalties – via FW(RO) Act or Regulations	-	-
Postage and Mail Outs	113,897	122,520
Printing and Stationery	274,303	268,251
Annual Leave	48,948	(21,249)
Long Service Leave and Retiring Allowances	422,104	266,298

(continued)

The accompanying notes form part of this Financial Report

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 \$	2015 \$
Administrative Services (cont'd)		
Rates	15,892	19,263
Rent	13,111	6,740
Salaries and Wages	2,773,436	2,867,776
Sundries	45,517	73,730
Superannuation	468,271	463,863
Telephone and Internet Services	59,429	86,292
Travel and Accommodation	20,694	36,061
Fines	1,593	2,325
Fitness and Clothing Allowances	19,071	20,525
Other allowances	17,355	78,883
Debt Collection Expenses	897	106
Staff Amenities and Miscellaneous Expenses	12,070	11,784
Consideration to Employers Making Payroll Deductions	-	-
Compulsory Levies	-	-
Fees / allowances – Meeting and Conferences	-	-
Work Safe Expenses	2,463	9,543
	5,528,530	5,737,059
Per Capita Payment to National Office	278,957	301,314
	5,807,487	6,038,373
Total Expenses		
Profit / (Loss) for Year	778,914	557,161
Fair Value Adjustments to Property	-	-
Net Profit/ (Loss) available for appropriation between General and Incidental Fund	778,914	557,161
Net (Expenses) / Revenue from other Funds	(90,798)	(59,574)
Net Profit for the Year	688,116	497,587

The accompanying notes form part of this Financial Report

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 \$	2015 \$
Profit / (Loss) for the period	688,116	497,587
Other comprehensive income for the period	-	-
Total comprehensive income for the period	688,116	497,587
Total comprehensive income attributable to: Members of the organisation	688,116	497,587

The accompanying notes form part of this Financial Report

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

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Notes	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	4	6,615,812	5,535,256
Receivables	5	933,103	819,734
Inventory	1(b)	75,845	34,546
Other	6	64,270	74,431
Loan - CEPU WA		17,237	6,469
Total Current Assets		7,706,267	6,470,436
Non Current Assets			
Property, Plant and Equipment	7	2,617,294	2,611,078
Investment Property	8	5,442,945	5,517,743
Total Non Current Assets		8,060,239	8,128,821
Total Assets		15,766,506	14,599,257
Current Liabilities			
Payables	9	387,318	392,726
Interest Bearing Debt	13	12,314	12,517
Non Interest Bearing Liabilities	10	717,261	557,951
Provisions	11	1,933,141	1,670,438
Total Current Liabilities		3,050,034	2,633,632
Non Current Liabilities			
Provisions	11	188,418	117,254
Interest Bearing Debt	13	53,313	61,746
Total Non Current Liabilities		241,731	179,000
Total Liabilities		3,291,765	2,812,632
Net Assets		12,474,741	11,786,625
Equity			
Defence Fund	12(a)	2,963,056	2,920,403
General Fund	12(a)	4,532,104	3,955,064
Incidental Fund	12(a)	2,437,237	2,146,253
Special Purpose Fund	12(a)	784,492	1,007,053
Asset Revaluation Reserve	12(b)	1,757,852	1,757,852
Total Equity		12,474,741	11,786,625

The accompanying notes form part of this Financial Report

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	2016 \$	2015 \$
Accumulated Profit / (Deficit) – Beginning of Year	-	-
Profit / (Loss) for the Year	688,116	497,587
Distribution to:-		
Defence Fund	(42,653)	(40,073)
General Fund	(577,040)	(420,613)
Incidental Fund	(290,984)	(212,622)
Special Purpose Fund	222,561	175,721
Total Accumulated Profit / (Deficit) – End of the Year	-	-

The accompanying notes form part of this Financial Report

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 Inflows/ (Outflows) \$	2015 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contributions and enrolment fees from Members		4,073,053	3,922,801
Interest Received		146,471	132,603
Grants Received		401,821	481,539
Levies Received		-	-
Other Income		257,694	269,354
Directors' Fees		182,854	180,412
Rent Received – Investment Property (PJTF)		559,919	558,261
Amounts recharged and recouped		1,106,012	815,461
Payments to Suppliers and Employees		(5,271,337)	(5,592,543)
Interest Paid		(3,654)	(4,421)
Net Cash Provided by Operating Activities	15	1,452,833	763,467
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment and Investment Properties		(236,628)	(200,370)
Proceeds from Sale of Property, Plant and Equipment		12,248	1,324,174
Net Cash Provided by / (Used in) Investing Activities		(224,380)	1,123,804
Cash flows from Financing Activities			
Borrowings		(8,636)	(8,064)
Repayments (by)/to Federal Office		(119,647)	(92,551)
Repayments (by)/to CEPU WA Branch		(19,614)	24,486
Net Cash Provided by/(Used) in Financing Activities		(147,897)	(76,129)
Net Increase in Cash and Cash Equivalents		1,080,556	1,811,142
Cash and Cash Equivalents at Beginning of Year		5,535,256	3,724,114
Cash and Cash Equivalents at End of Year	15	6,615,812	5,535,256

The accompanying notes form part of this Financial Report

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

1. Statement of Significant Accounting Policies

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 requirements of the Fair Work (Registered Organisations) Regulations 2009 and Fair Work (Registered Organisations) Act 2009.

Basis of Preparation

The financial report complies with Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS). Comparative information has been restated where necessary to comply with current year presentation of the financial report.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. The Union is a 'not for profit' organisation.

Cost is based on fair values of consideration given in exchange for assets.

The accounting policies set out below have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Property, Plant and Equipment

Cost and valuation

Freehold land and buildings that constitute investment properties are measured at cost or on a fair value basis. At each reporting date, the value of assets in this asset class is reviewed to ensure that it does not differ materially from the asset's book value at that date. Any significant increase or decrease is recognised in accordance with accounting standards. Buildings are being depreciated as set out below.

All other fixed assets are also measured at the lower of cost and fair value.

Depreciation

Depreciation is calculated on the prime cost and diminishing value methods and is brought to account over the estimated economic lives of all buildings, motor vehicles, equipment, furniture and fittings. Depreciation rates applied are:

	2016	2015
Buildings	2.5%	2.5%
Motor Vehicles	25%	25%
Furniture and Office Equipment	12.5-33.33%	15-33.33%
Fixtures and Fittings	13%	13%

(b) Inventories

Inventories are valued at the lower of cost and net realisable value (cost is based on a FIFO basis).

(c) 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. An obligation for fringe benefits tax and goods and services tax still exists and has been accounted for by the Union.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(d) Employee Benefits

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.

Long service leave provisions in relation to officials is recognised in the accounts, in accordance with clause 51.7 and 51.9 of the Rules. Long service leave for non-officials is accrued based on probability of pay-out and years of service.

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

The number of employees at the end of the year was 24.

(e) Revenue Recognition

Contributions from members are shown net of refunds and are accounted for on an accruals basis. Any contribution received in advance for the next period is included in deferred income.

Interest revenue is recognised on an accrual basis.

Revenue arising from the disposal of non-current assets is recognised when the organisation and the buyer are both committed to a contract and settlement has occurred.

Investment property revenue is recognised on a straight-line basis over the lease term. All other revenue is recognised on an accruals basis.

(f) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the assets or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(g) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, cash at bank and investments in money market instruments.

(h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are 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 income statement as an expense.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(i) 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.

(j) Capitation Fees

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

(k) 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.

(l) Fair value measurement

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 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 (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 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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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(m) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations 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 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The Committee of Management anticipates that the adoption of AASB 9 will not have an impact on the Union's financial instruments.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Committee of Management anticipates that the adoption of AASB 15 will not have an impact on the Union's financial statements.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

1. Statement of Significant Accounting Policies (cont'd)

(n) Going Concern

The Union is not reliant on the agreed financial support of any entity nor has it agreed to provide financial support to any entity so they can continue as a going concern other than PTEU WA Branch. Such support to that Branch is being provided indefinitely and is interest free.

2. Information to be provided to Members or General Manager of FWC

In accordance with the requirements of the Fair Work (Registered Organisations) Act 2009, the attention of members is drawn to the provisions of sub-section (1), (2) and (3) of Section 272 which reads as follows:-

- (1) A Member of an organisation, or the General Manager of FWC, may apply to the organisation for specified prescribed information in relation to the organisation 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 organisation.
- (3) An organisation must comply with an application made under subsection (1).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

3. Fund Analysis

3.1 Defence Fund	Notes	2016 \$	2015 \$
INCOME			
Interest Received		42,653	40,073
Levies		-	-
Total Income		42,653	40,073
MOVEMENT			
Surplus for Year		42,653	40,073
Surplus B/Fwd		2,920,403	2,880,330
Accumulated Surplus	12(a)	2,963,056	2,920,403
3.2 General Fund			
INCOME			
Interest Received		57,764	49,172
Net Surplus/(Deficit) transferred (2/3 of Net Profit / (Loss) from Ordinary Activities)		519,276	371,441
Total Income		577,040	420,613
MOVEMENT			
Surplus/(Deficit) for Year		577,040	420,613
Surplus B/Fwd		3,955,064	3,534,451
Accumulated Surplus	12(a)	4,532,104	3,955,064
3.3 Incidental Fund			
INCOME			
Interest Received		31,346	26,902
Net Surplus/(Deficit) transferred (1/3 of Net Profit/(Loss) from Ordinary Activities)		259,638	185,720
Total Income		290,984	212,622
MOVEMENT			
Surplus/(Deficit) for the Year		290,984	212,622
Surplus B/Fwd		2,146,253	1,933,631
Accumulated Surplus	12(a)	2,437,237	2,146,253
3.4 Special Purpose Fund			
INCOME			
Interest Received		14,708	16,455
Sales of t-shirts / windcheaters		13,095	13,494
Federal Office Levy		-	-
Total Income		27,803	29,949
EXPENDITURE			
Donations		* 107,847	* 169,441
Functions – staff and other		87,352	9,922
T-shirts / windcheater purchases		55,165	26,307
Federal Office Levy Payments (Forgiveness)		-	-
Total Expenditure		250,364	205,670
MOVEMENTS			
(Deficit) / Surplus for the year		(222,561)	(175,721)
Surplus B/Fwd		1,007,053	1,182,774
Accumulated Surplus	12(a)	784,492	1,007,053

* Of this amount \$86,615 (2015: \$153,462) of donations were in excess of \$1,000 each, the balance \$21,232 (2015: \$15,979) were less than \$1,000 each.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

3. Fund Analysis (cont'd)

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 surplus allocatable 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.

Defence Fund

This fund represents the accumulated levy made on members of the Victorian Branch. Legal Fees incurred are deemed to be for the defence of the Union and can be written off against this fund. However, this year legal fees have been written off in the General Fund.

Special Purpose

This reserve is used for specific purposes approved by the Divisional Council or Divisional Executive. It incorporates levies in respect of the Federal Office, and membership transactions.

	2016	2015
	\$	\$
4. Cash and Cash Equivalents		
Cash at Bank	6,611,312	5,530,756
Cash on Hand	4,500	4,500
	6,615,812	5,535,256
5. Receivables		
Sundry Debtors and Accrued Income	12	1,255
GST Receivable	(34,006)	(65,468)
Amounts due from related parties	529,392	27,802
Amounts due from Training and Education Centres	437,705	856,145
	933,103	819,734
No receivables were impaired at reporting date (2015: \$nil). All receivables are aged between 0-120 days, as follows:-		
Days	\$ 2016	\$ 2015
0 – 30	390,794	308,104
31 – 60	-	1,255
61 – 90	526,315	575,843
90+	50,000	-
	967,109	885,202
6. Other Current Assets		
Prepayments	64,270	74,431

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7. Property, Plant and Equipment	2016 \$	2015 \$
Non-Current		
Freehold Land		
At Valuation	1,105,650	1,105,650
At Cost	-	-
	1,105,650	1,105,650
Buildings on Freehold Land		
At Valuation	900,000	900,000
At Cost	551,386	551,386
Less: Accumulated Depreciation	(340,742)	(304,321)
	1,110,644	1,147,065
Motor Vehicles		
At Cost	672,652	609,529
Less: Accumulated Depreciation	(402,147)	(377,827)
	270,505	231,702
Furniture and Equipment		
At Cost	834,981	781,224
Less: Accumulated Depreciation	(712,066)	(665,972)
	122,915	115,252
Fixtures and Fittings		
At Cost	45,431	45,431
Less: Accumulated Depreciation	(37,851)	(34,022)
	7,580	11,409
Total Property, Plant and Equipment (Non Current)	2,617,294	2,611,078

Freehold land and buildings located at 50-52 Victoria Street, Carlton North were valued by D Brindley, Certified Practising and Sworn Valuers of Woodards (Network) Pty Ltd on 31 March 2013. The basis of valuation of the property was the capitalisation of estimated net rental at the rate that reflects the risks relating to such property classes in the location. Property acquired subsequently is measured at cost.

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FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

7. Property, Plant and Equipment (cont'd)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current year.

2016	Freehold Land \$	Buildings \$	Motor Vehicles \$	Furniture & Equipment \$	Fixtures & Fittings \$	Total \$
Carrying amount at beginning of year	1,105,650	1,147,065	231,702	115,252	11,409	2,611,078
Additions	-	-	182,872	53,756	-	236,628
Disposals	-	-	(25,743)	-	-	(25,743)
Impairment Loss	-	-	-	-	-	-
Depreciation Expense	-	(36,421)	(118,326)	(46,093)	(3,829)	(204,669)
Carrying amount at end of year	1,105,650	1,110,644	270,505	122,915	7,580	2,617,294

2015	Freehold Land \$	Buildings \$	Motor Vehicles \$	Furniture & Equipment \$	Fixtures & Fittings \$	Total \$
Carrying amount at beginning of year	1,405,650	2,237,082	353,998	83,593	15,315	4,095,638
Additions	-	130,764	-	69,606	-	200,370
Disposals	(300,000)	(1,176,903)	-	(5,559)	-	(1,482,462)
Impairment Loss	-	-	-	-	-	-
Depreciation expense	-	(43,878)	(122,296)	(32,388)	(3,906)	(202,468)
Carrying amount at end of year	1,105,650	1,147,065	231,702	115,252	11,409	2,611,078

	2016 \$	2015 \$
8. Investment Property		
Carrying amount at the beginning of year	5,875,691	5,875,691
Less: Depreciation	(432,746)	(357,948)
Carrying amount at the end of year	5,442,945	5,517,743

* (Valued by Jones Lang LaSalle, Certified Practising Valuers on 23 March 2010 on a 'market value for mortgage security' basis).

9. Payables		
Creditors and accruals (includes \$20,284 payable to CEPU WA)	387,318	392,726
Consideration to employers for payroll deductions	-	-
Legal Costs – other matters / litigation	-	-
	387,318	392,726
10. Non Interest Bearing Liabilities		
Amount Payable to Federal Office	717,261	557,951

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FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

11. Provisions		2016	2015
		\$	\$
	<i>Current</i>		
	Annual Leave	306,720	257,772
	Long Service Leave and Retiring Allowances	1,626,421	1,412,666
		1,933,141	1,670,438
	<i>Non Current</i>		
	Long Service Leave and Retiring Allowances	188,418	117,254
		188,418	117,254

Of the amounts owing above, they are payable as follows:-

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Officeholders	88,273	71,077	616,501	519,173	704,774	590,250
Other Staff	218,447	186,695	1,198,338	1,010,747	1,416,785	1,197,442
Total	306,720	257,772	1,814,839	1,529,920	2,121,559	1,787,692

There are no provisions for separation and redundancy or other provisions for officeholders or other employees (2015: \$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.

12. Equity		Defence	General	Incidental	Special Purpose
(a)	Accumulated Funds	\$	\$	\$	\$
	Balance at beginning of year	2,920,403	3,955,064	2,146,253	1,007,053
	Surplus/(Deficit) for the year	42,653	577,040	290,984	(222,561)
	Balance at end of year	2,963,056	4,532,104	2,437,237	784,492
(b)	Asset Revaluation Reserve			2016	2015
	Opening balance			\$	\$
	Revaluation increment arising on revaluing freehold land & buildings			1,757,852	1,757,852
	Closing balance			1,757,852	1,757,852

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13. Interest Bearing Debt	2016	2015
	\$	\$
Current	12,314	12,517
Non Current	53,313	61,746
	65,627	74,263

This debt repayable over 12 years is secured by a first registered mortgage over the land and buildings located at 22-28 Phoenix Street, Brunswick and Units 6,7,8, 306 Albert Street, Brunswick.

14. Employee Benefits

Employee benefits paid/accrued during the year	Elected Officials		Employees		Total	
	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$
Wages and Salaries	462,498	430,485	2,310,938	2,437,291	2,773,436	2,867,776
Annual Leave	14,087	4,494	34,861	(25,743)	48,948	(21,249)
Long Service Leave and Retirement Allowance	143,404	69,912	278,700	196,386	422,104	266,298
Superannuation	87,371	78,622	380,900	385,241	468,271	463,863
Total	707,360	583,513	3,005,399	2,933,175	3,712,759	3,576,688

No separation or redundancy costs or other expenses were incurred this year for elected officials or employees (2015: \$nil).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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15. Cash Flow Information

	2016	2015
	\$	\$
a. Reconciliation of Cash		
Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:-		
Cash at Bank	6,611,312	5,530,756
Cash on Hand	4,500	4,500
	6,615,812	5,535,256
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net Profit / (Loss)</u>	Notes	
Defence Fund	3.1	42,653
General Fund	3.2	577,040
Incidental Fund	3.3	290,984
Special Purpose Fund	3.4	(222,561)
		688,116
<u>Non Cash Items</u>		
Depreciation		279,467
Provisions		333,867
(Profit) / Loss on Disposal of Non Current Assets		13,495
Per Capita Charge		278,957
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Prepayments		10,161
(Increase)/Decrease in Inventories		(41,299)
Increase/(Decrease) in Trade Creditors and Accruals		(5,408)
(Increase)/Decrease in Sundry Debtors and Training Centre Receivables		(73,061)
(Increase)/Decrease in GST Receivables		(31,462)
Net Cash Provided by Operating Activities		1,452,833
		763,467

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16. Related Party Information

- a. The names or persons who formed part of the Committee of Management at any time during the year were:-

<u>President</u> N. Ottobre <u>Trustee</u> C. Delidakis <u>Secretary</u> E. Setches <u>Committee of Management</u> I. Marris B. Jovanovski N. McCubbin B. Redina S. Bamford M. Robbins D. Saunders D. McClusky R. Menzies	<u>Vice-President</u> T. Smart <u>Trustee</u> R. Vaughan <u>Assistant Secretary</u> P. McCrudden
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- b. Amounts received or due and receivable (ie. wages paid to E Setches, R Vaughan, P McCrudden and committee fees paid) to members of the Committee of Management were \$462,498 (2015 : \$430,485). Annual leave provisions to these personnel during the year, long service leave and retirement allowances are disclosed in Note 14. There were no bonuses or termination benefits paid to officeholders. There were no loans to/from officeholders (2015: \$nil). Amounts paid on behalf of the Secretary, Assistant Secretary and Committee Members to the Building Union Superannuation Scheme in respect to the retirement of Committee of Management members were \$87,371 (2015: \$78,622).

Other transactions between the Committee Members and the Union were conducted on normal commercial terms in respect of subscriptions.

- c. Amounts paid to key officers are:-

Remuneration of Key Officers	Short-term Benefits Remuneration		Post – Employment Benefits		Other Benefits	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
E. Setches	164,782	154,140	28,713	25,743	-	-
P. McCrudden	161,833	149,708	31,903	28,181	-	-
TOTAL	326,615	303,848	60,616	53,924	-	-

Annual leave and long service leave provisions accrued during the year are:-

	Annual Leave		Long Service Leave	
	2016 \$	2015 \$	2016 \$	2015 \$
E. Setches	6,251	2,834	67,207	27,153
P. McCrudden	4,998	10,057	21,413	19,568
TOTAL	11,249	12,891	88,620	46,721

No termination benefit or share based payments or bonuses were received by key personnel or other officeholders.

The officeholders received no 'non cash' benefits not included in remuneration (2015: \$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.

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16. Related Party Information (cont'd)

c. No officeholder or officer of the Branch (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.

Directors fees received by officeholders in their positions as directors of other entities and passed on directly to the Union amounted to \$182,854 (2015: \$180,412).

d. Other transactions between the Committee Members and the Union were conducted on normal commercial terms in respect of subscriptions and supply of other goods and services.

e. Transactions with Federal Office, Branches and Related entities

	2016	2015
Per Capital Payment		
During the year, the Victorian Branch of the Union paid to the Federal Office a per capital payment calculated in accordance with the rules.	278,957	301,314
Transfer of motor vehicle to WA Branch	(12,249)	(11,818)
Transfer of motor vehicle to CEPUTEC	(13,495)	-
Transfer of motor vehicle from PJTF Ltd	26,070	-
Rental Income on Investment Property - PICAC Ltd	549,992	543,788
Rental Income on office – CEPU National Office	9,927	9,927
f. Related Party balances at year end		
Amounts receivable/(payable) at reporting date – Federal office and other branches		
Federal	(717,261)	(557,951)
Western Australia (net)	(3,047)	(22,661)
	(720,308)	(580,612)
Rent receivable – related entity		
PJTF Ltd	341,030	773,162
Payable to Union – related entity		
NUDJ Plumbing Services Ltd	25,000	25,000
CEPUTEC	505,067	2,802

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16. Related Party Information (cont'd)

Branch Receivables / Payables	2016	2015
	\$	\$
Balance Reconciliation - Branches		
Federal Office		
Carrying amount at beginning of the year	(557,951)	(349,188)
Capita charge	(278,957)	(301,314)
Sundry charges	-	-
Waivered – Capita and Levy	-	-
Receipts	(1,673)	(7,449)
Payment made	121,320	100,000
Carrying amount at end of the year	<u>(717,261)</u>	<u>(557,951)</u>
Western Australia Branch		
Carrying amount at beginning of the year	(22,661)	1,825
Levy charge	-	-
Sundry charges	-	-
Sundry income	-	-
Receipts	116,854	6,469
Payment made	(97,240)	(30,955)
Carrying amount at end of the year	<u>(3,047)</u>	<u>(22,661)</u>

17. Donations

	2016	2015
	\$	\$
Political Party	28,659	123,970
Other	79,188	45,471
	<u>107,847</u>	<u>169,441</u>
Donations < \$1,000	21,232	15,979
Donations > \$1,000	86,615	153,462
	<u>107,847</u>	<u>169,441</u>

18. Affiliation Fees

Australian Labour Party - Victorian Branch	55,746	58,489
CEPU National Office	7,278	3,703
Victorian Trades Hall Council	41,017	40,178
North East & Border Trades & Labour Council	640	680
Golburn Valley Trades & Labour Council	140	168
South West Trades & Labour Council	186	372
Geelong & Region Trade Hall Council	3,449	3,354
Sunraysia Trades and Labour Council	125	360
Ballarat Trades Hall	2,112	1,440
Gippsland Trades & Labour Council	436	409
Bendigo Trades Hall Council	515	270
Community Radio Federation	3,163	3,163
	<u>114,807</u>	<u>112,586</u>

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19. Commitments

Capital expenditure commitments as at 31 March 2016 are \$nil (2015: \$nil).

20. Contingent Liability

There was no contingent liability at 31 March 2016 (2015: \$nil).

21. Segment Reporting

The Union Provides services to members employed in executing plumbing, gas fitting, pipe fittings and domestic engineering works in the state of Victoria.

22. 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. It did not receive any financial support from any other reporting unit.

The Union did not acquire an asset or liability as a result of an amalgamation, restructure or alternative reporting unit determination or revocation.

The Union did not acquire assets or liabilities as part of a business combination.

23. Union's Details

The principal place of business of the branch is:

52 Victoria Street
CARLTON VIC 3053

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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24. Financial Instruments

a. Financial Risk Management

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

The Union's does not have any derivative instruments at 31 March 2016.

The purpose of the financial instruments is to raise finances for the operations of the entity.

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 Risk

The main risks the Union's is exposed to through its financial instruments are liquidity risk, interest rate risk and credit risk.

Foreign Currency

The Union's is not exposed to fluctuations in foreign currency.

Liquidity Risk

The Union's 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.

The entity has a material credit risk exposure amounting to \$437,705 (2015: \$856,145) to debtors under financial transactions entered into by the entity.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (cont'd)**

24. Financial Instruments (cont'd)

iii) Interest Rate Risk

The Union's exposure to interest rate risks and the effective interest rates of financial assets and liabilities both recognised and unrecognised are as follows:

	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	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 %	2015 %
(i) Financial Assets												
Cash and Cash Equivalents	6,611,312	5,530,756	-	-	-	-	4,500	4,500	6,615,812	5,535,256	2.50	2.90
Receivables	-	-	-	-	-	-	933,103	819,734	933,103	819,734		
Other Financial Assets	-	-	-	-	-	-	-	-	-	-		
Total	6,611,312	5,530,756	-	-	-	-	937,603	824,234	7,548,915	6,354,990		
(ii) Financial Liabilities												
Interest Bearing Debt	-	-	12,314	12,517	53,313	61,746	-	-	65,627	74,263	5.35	5.53
Payables	-	-	-	-	-	-	387,318	392,726	387,318	392,726		
Non Interest Bearing Liabilities	-	-	-	-	-	-	717,261	557,951	717,261	557,951		
Total	-	-	12,314	12,517	53,313	61,746	1,104,579	950,677	1,170,206	1,024,940		
Net Financial Assets/(Liabilities)	6,611,312	5,530,756	(12,314)	(12,517)	(53,313)	(61,746)	(166,976)	(126,443)	6,378,709	5,330,050		

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

24. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of investments in commercial bills/securities at 31 March 2016 is estimated at \$nil (carrying amount \$nil). The net fair value of the Union's other financial assets and financial liabilities are not significantly different from the class of assets and liabilities as disclosed above and recognised in the statement of financial position as at 31 March 2016.

c. 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 2016, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2016 \$	2015 \$
Change in profit		
Increase in interest rate by 2%	132,226	110,615
Decrease in interest rate by 2%	(132,226)	(110,615)
Change in equity		
Increase in interest rate by 2%	132,226	110,615
Decrease in interest rate by 2%	(132,226)	(110,615)

25. 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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

25. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

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.
- 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 Branch's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation with the fair value hierarchy.

	Note	31 March 2016			Total \$
		Level 1 \$	Level 2 \$	Level 3 \$	
Recurring fair value measurements					
<i>Financial assets</i>					
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		-	7,659,239	-	
Total non-financial assets recognised at fair value		-	7,659,239	-	

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

25. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

	Note	Level 1 \$	31 March 2015 Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements					
<i>Financial assets</i>					
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		-	7,770,458	-	7,770,458
Total non-financial assets recognised at fair value		-	7,770,458	-	7,770,458

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

Description	Fair Value at 31 March 2016 \$	Fair Value at 31 March 2015 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>				
Financial assets at fair value through profit or loss:	7,659,239	7,770,458	Market approach using recent observable market data or income approach using discounted cash flows	Price per square metre, market borrowing rate
Available-for-sale financial assets:	-	-	Market approach using recent observable market data or discounted cashflows	Price per share, market borrowing rate
	7,659,239	7,770,458	-	-

c. Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:-

- accounts receivable and other debtors;
- accounts payable and other payables; and
- hire purchase liabilities.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016 (cont'd)**

25. Fair Value Measurement (cont'd)

c. Disclosed Fair Value Measurements

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 techniques(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
<i>Liabilities</i>			
Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Hire purchase liabilities	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

26. 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.

INDEPENDENT AUDIT REPORT

To the Members of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – Victorian Branch

Scope

The financial report and Committee of management responsibility

The financial report comprises the Certificate of Committee of Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement, and accompanying notes to the financial statements for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Plumbing Division – Victorian Branch for the year ended 31 March 2016 set out on pages 3 to 32.

The Committee of Management are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards, the Reporting Guidelines of the General Manager of FWC and other mandatory financial reporting requirements in Australia. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Victorian Branch. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards, the Reporting Guidelines of the General Manager of FWC and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Union's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting estimates made by members of the Committee of Management.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**INDEPENDENT AUDIT REPORT
(cont'd)**

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion


In our opinion, under the Fair Work (Registered Organisations) Act 2009, 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. in relation to recovery of wages activity;
 - (i) that the scope of the audit encompassed recovery of wages activity
 - (ii) that the financial statements and notes and recovery of wages activity fairly report all information required by the reporting guidelines of General Manager of FWC, including;
 1. Any fees charged to or reimbursements of expenses claimed from members and others for recovery of wages activity; and
 2. Any donations or other contributions deducted from recovered money; and
- c. Any other requirements imposed by these Reporting Guidelines or 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 2016, we are of the opinion that management's use of the going concern basis of accounting in the preparation of its financial statements is appropriate.


Stannards Accountants and Advisors


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

Dated this 7th day of June 2016



12 April 2016

Mr Earl Setches
Branch Secretary

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

Sent via email: info@pteu.asn.au

Dear Mr Setches,

**Re: Lodgement of Financial Report - [FR2016/57]
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 Victorian Divisional Branch (the reporting unit) ended on 31 March 2016.

This is a courtesy letter to remind you of the obligation to prepare and lodge the financial report for the reporting unit by the due date under s.268 of the RO Act, that being within 14 days after the meeting referred to in s.266 of the RO Act. The latest possible date for lodgement available to your reporting unit is 15 October 2016 subject to compliance with the requirements of ss. 266 and 268.

The RO Act sets out a particular chronological order in which financial documents and statements must be prepared, audited, provided to members and presented to a meeting. For your assistance, the attached *Timeline/Planner* summarises these requirements.

Fact sheets and guidance notes in relation to financial reporting under the RO Act are provided on the Fair Work Commission website. This includes a model set of financial statements which have been developed by the FWC. 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. The model statement, Reporting Guidelines and other resources can be accessed through our website under [Financial Reporting](#) in the Compliance and Governance section.

Also you are reminded of the obligation to prepare and 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 requires this statement to be lodged with the FWC within 90 days of the end of the reporting unit's financial year, that is on or before 29 June 2016. A sample statement of loans, grants or donations is available at [sample documents](#).

It is requested that the financial report and any Statement of Loans, Grant or Donations be lodged electronically by emailing orgs@fwc.gov.au.

It should be noted that s.268 is a civil penalty provision. Failure to lodge a financial report may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$54,000 for a body corporate and \$10,800 for an individual per contravention) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Should you wish to seek any clarification in relation to the above, please contact me on (03) 8656 4699 or via email at Sam.Gallichio@fwc.gov.au.

Yours sincerely,



Sam Gallichio
Adviser
Regulatory Compliance Branch

Financial reporting timelines

Financial reports are to be lodged with the Fair Work Commission (the Commission) within 14 days of the meeting at which the financial reports have been presented, by completing the steps as outlined below.

See Fact sheet—Financial reporting for an explanation of each of these steps.

