



24 August 2018

Mr Earl Setches
Secretary, Victorian Branch
Plumbing Division
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied
Services Union of Australia

Sent via email:

Dear Mr Setches

Re: – Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Plumbing Division, Victorian Branch - financial report for year ending 31 March 2018 (FR2018/8)

I refer to the financial report of the Victorian Branch of the Plumbing Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia. The documents were lodged with the ROC on 29 June 2018.

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

You are not required to take any further action in respect of the report lodged. Please note the report for year ending 31 March 2019 may be subject to an advanced compliance review.

Reporting requirements

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

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

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

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

**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 2018**

**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 2018**

Principal activities

The principal activities of the CEPU Victoria Branch during the financial year were to provide representation and support to the 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 \$373,769 (2017: profit of \$264,229). 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 continued to pay particular attention to corporate governance, ensuring that it complies with legislative requirements. As at reporting date, it had accumulated net assets of \$13.113 million (2017: \$12.739 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

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 2018, the number of members of the organisation recorded in the register of members was 9,254.

Number of Employees

As at 31 March 2018, the number of full time equivalent employees was 24 (2017: 24).

Committee of Management

The Committee of Management members are as follows:-

N Ottobre	(1.4.17 – 31.3.18)	E Setches	(1.4.17 – 31.3.18)
C Delidakis	(1.4.17 – 31.3.18)	P McCrudden	(1.4.17 – 31.3.18)
R Menzies	(1.4.17 – 31.3.18)	D Saunders	(1.4.17 – 31.3.18)
B Jovanovski	(1.4.17 – 31.3.18)	T Smart	(1.4.17 – 31.3.18)
S Bamford	(1.4.17 – 31.3.18)	R Vaughan	(1.4.17 – 31.3.18)
I Marris	(1.4.17 – 31.3.18)	B Rendina	(1.4.17 – 31.3.18)
D McClusky	(1.4.17 – 9.5.17)	M. Robbins	(1.4.17 – 31.3.18)
J Sanders	(9.5.17– 31.3.18)	K Fitzgerald	(1.4.17 – 31.3.18)

**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 2018 (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 Selches	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 24 day of May 2018

**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 on ~~22nd~~ 24 May 2018 in relation to the general purpose financial report of the reporting unit for the financial year ended 31 March 2018.

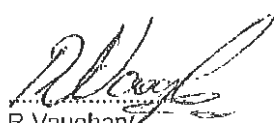
The Committee of Management declares in relation to the general purpose financial report that in its opinion:

- (a) the financial statements and notes comply with the Reporting Guidelines of the Commissioner, Registered Organisations Commission 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 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 Registered Organisations Commission 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 24 day of May 2018

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 2018 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 & Advisors

Stannards Accountants and Advisors



MB Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2018/45)

Dated this 25 day of May 2018

**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 2018**

	2018 \$	2017 \$
Revenue		
Membership Subscriptions	4,114,811	4,130,931
Enrolment Fees	-	-
Rental Income from Investment Property Activities	570,805	557,437
Directors' Fees	174,645	179,099
Work Safe and Aboriginal Grants Income	506,706	430,413
Costs Recovered from Training, Education Centres and Others	1,164,963	1,279,207
Sundry Income	227,525	311,583
Profit on disposals of fixed assets	41,660	7,363
Donations	-	-
Grants	-	-
Levies	-	-
Capitation Fees	-	-
Total Revenue	6,801,115	6,896,033
Expenses		
Affiliations		
ALP (Political Party)	62,818	59,325
CEPU National Office	32,231	70,417
VTHC	90,197	68,455
Regional Trade Councils / Other	7,983	10,633
Administrative Services		
Advertising	93,126	47,591
Audit Fees – Financial Report	10,000	9,800
– Other Services	7,160	-
Compliance Fees	11,875	33,343
Bank and Other Finance Charges	36,309	39,823
Bad Debts and Doubtful Debts	62,558	-
Cleaning and Security Services	67,038	12,257
Committee Fees	8,424	15,658
Computer Programming Expenses	91,628	80,290
Depreciation & Amortisation (includes assets <\$1,000 written off)	260,997	327,707
Fringe Benefit Tax	72,591	85,186
Grants	-	-
Interest Paid	2,380	2,166
Insurance	131,069	117,234
Land Tax	40,356	35,103
Legal Fees – Litigation	51,784	78,151
Legal Fees – Other Matters	79,052	36,956
Loss on disposal of fixed assets	-	5,647
Professional Services	173,930	131,080
Electricity	9,490	10,577
Repairs and Maintenance	30,700	15,894
Motor Vehicles Expenses	157,374	151,886
Payroll Tax	190,110	190,023
Penalties – via RO Act or Regulations	-	-
Postage and Mail Outs	28,180	115,949
Printing and Stationery	281,130	375,659
Annual Leave	22,751	35,648
Long Service Leave and Retiring Allowances	254,312	205,311

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**

(continued)

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 \$	2017 \$
Administrative Services (cont'd)		
Rates	16,131	14,266
Rent	1,263	3,734
Salaries and Wages	3,183,085	3,093,858
Sundries	53,201	46,438
Superannuation	445,078	482,339
Telephone and Internet Services	46,009	44,396
Travel and Accommodation	53,376	16,778
Fines	1,805	1,436
Fitness and Clothing Allowances	19,996	22,296
Other Allowances	16,499	16,434
Debt Collection Expenses	-	-
Staff Amenities	5,592	37,540
Consideration to Employers For Making Payroll		
Deductions	-	-
Compulsory Levies	-	-
Meetings and Conferences	-	-
Work Safe Expenses	6,033	8,650
	6,215,621	6,155,934
Per Capita Payment to National Office	175,190	367,022
Total Expenses	6,390,811	6,522,956
Profit / (Loss) for Year	410,304	373,077
Fair Value Adjustments to Property	-	-
Net Profit/ (Loss) available for appropriation between General and Incidental Fund	410,304	373,077
Net (Expenses) / Revenue from other Funds	(36,535)	(108,848)
Net Profit for the Year	373,769	264,229

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 2018**

	2018 \$	2017 \$
Profit / (Loss) for the period	373,769	264,229
Other comprehensive income for the period	-	-
Total comprehensive income for the period	373,769	264,229
Total comprehensive income attributable to: Members of the organisation	373,769	264,229

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 2018**

	Notes	2018 \$	2017 \$
Current Assets			
Cash and Cash Equivalents	4	4,308,523	4,868,462
Receivables	5	5,608,590	3,490,561
Inventory	1(b)	77,562	82,560
Other	6	66,696	55,897
Loan - CEPU WA		67,278	23,637
Total Current Assets		10,128,649	8,521,117
Non Current Assets			
Property, Plant and Equipment	7	2,573,092	2,594,634
Investment Property	9	5,293,488	5,368,218
Website Development	8	16,780	-
Total Non Current Assets		7,883,360	7,962,852
Total Assets		18,012,009	16,483,969
Current Liabilities			
Payables	10	1,336,751	490,402
Interest Bearing Debt	14	12,140	12,140
Non Interest Bearing Liabilities	11	876,107	835,653
Provisions	12	2,566,673	2,214,383
Total Current Liabilities		4,791,671	3,552,578
Non Current Liabilities			
Provisions	12	72,909	148,135
Interest Bearing Debt	14	34,690	44,286
Total Non Current Liabilities		107,599	192,421
Total Liabilities		4,899,270	3,744,999
Net Assets		13,122,739	12,738,970
Equity			
Defence Fund	13(a)	3,021,352	2,997,992
General Fund	13(a)	5,145,463	4,834,260
Incidental Fund	13(a)	2,747,285	2,590,333
Special Purpose Fund	13(a)	440,788	558,533
Asset Revaluation Reserve	13(b)	1,757,852	1,757,852
Total Equity		13,112,739	12,738,970

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 2018**

	2018 \$	2017 \$
Accumulated Profit / (Deficit) – Beginning of Year	-	-
Profit / (Loss) for the Year	373,769	264,229
Distribution to:-		
Defence Fund	(23,360)	(34,936)
General Fund	(311,202)	(302,156)
Incidental Fund	(156,951)	(153,096)
Special Purpose Fund	117,745	225,959
Total Accumulated Profit / (Deficit) – End of the Year	-	-

	Defence Fund \$	General Fund \$	Incidental Fund \$	Special Purpose Fund \$	Asset Revaluation Reserve \$	Total \$
2018						
Balance – Start of Period	2,997,992	4,834,260	2,590,333	558,533	1,757,852	12,738,970
Net Surplus / (Deficit)	23,360	311,202	156,951	(117,745)	-	373,769
Balance – End of Period	3,021,352	5,145,463	2,747,285	440,788	1,757,852	13,112,739

	Defence Fund \$	General Fund \$	Incidental Fund \$	Special Purpose Fund \$	Asset Revaluation Reserve \$	Total \$
2017						
Balance – Start of Period	2,963,056	4,532,104	2,437,237	784,492	1,757,852	12,474,741
Net Surplus / (Deficit)	34,936	302,156	153,096	(225,959)	-	264,229
Balance – End of Period	2,997,992	4,834,260	2,590,333	558,533	1,757,852	12,738,970

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 2018**

	Notes	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
Cash flows from Operating Activities			
Contributions and enrolment fees from Members		4,114,811	4,130,931
Interest Received		85,561	126,362
Grants Received		506,706	430,414
Levies Received		-	-
Other Income		227,525	272,665
Directors' Fees		174,645	174,549
Rent Received – Investment Property		570,805	557,437
Amounts recharged and recouped		860,769	1,168,304
Payments to Suppliers and Employees		(4,834,727)	(5,715,041)
Interest Paid		(2,380)	(2,166)
Net Cash Provided by Operating Activities	16	1,703,715	1,143,455
Cash flows from Investing Activities			
Payments for Property, Plant and Equipment and Investment Properties		(187,981)	(269,947)
Proceeds from Sale of Property, Plant and Equipment		48,136	44,951
Net Cash Provided by / (Used in) Investing Activities		(139,845)	(224,996)
Cash flows from Financing Activities			
Borrowings		(9,596)	(9,201)
Payments by/(to) employees		(5,000)	-
Payments by/(to) Federal Office		(83,365)	(300,001)
Payments by/(to) CEPU WA Branch		(44,164)	(14,622)
Payments by/(to) PJTF Ltd		116,498	1,013
Payments by/(to) CEPU National Office		-	500
Loans by/(to) CEPUTEK Ltd		(2,220,000)	-
Payments by/(to) CEPUTEK Ltd		6,230	(2,343,498)
Payments by/(to) PICAC Ltd		115,588	-
Net Cash Provided by/(Used) in Financing Activities		(2,123,809)	(2,665,809)
Net Increase in Cash and Cash Equivalents		(559,939)	(1,747,350)
Cash and Cash Equivalents at Beginning of Year		4,868,462	6,615,812
Cash and Cash Equivalents at End of Year	16	4,308,523	4,868,462

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 2018**

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.

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:

	2018	2017
Buildings	2.5%	2.5%
Motor Vehicles	25%	25%
Furniture and Office Equipment	10-50%	15-33.33%
Fixtures and Fittings	13-20%	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 2018 (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 nominal 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 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 Union 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 2018 (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.

**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 2018 (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 that may affect the Union on initial application 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. Hedge accounting requirements are required to be prospectively applied.

The initial application of AASB 9 is not expected to have an impact on the financial statements.

- 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 in AASB 118 and the related interpretations. 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. Revenue is recognised through a five-step process that notably involves identifying a contract with customer and the related performance obligations and recognising revenue (as a portion of transaction price allocated to such performance obligations) as and when the performance obligation is satisfied. The standard is not expected to impact the Union's financial statements.

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

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

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

(m) New Accounting Standards for Application in Future Periods

- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The Transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect or retrospective application as an adjustment to opening equity on the date of initial application.

Although the Committee anticipate that the adoption of AASB 16 will impact the Union's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Contributions* to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will have no impact the Union's financial statements.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (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 Commissioner, Registered Organisations Commission

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 Commissioner, Registered Organisations Commission, 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 2018 (cont'd)**

3. Fund Analysis

3.1 Defence Fund	Notes	2018	2017
		\$	\$
INCOME			
Interest Received		23,360	34,936
Levies		-	-
Total Income		23,360	34,936
MOVEMENT			
Surplus for Year		23,360	34,936
Surplus B/Fwd		2,997,992	2,963,056
Accumulated Surplus	13(a)	3,021,352	2,997,992
3.2 General Fund			
INCOME			
Interest Received		37,666	53,438
Net Surplus/(Deficit) transferred (2/3 of Net Profit / (Loss) from Ordinary Activities)		273,536	248,718
Total Income		311,202	302,156
MOVEMENT			
Surplus/(Deficit) for Year		311,202	302,156
Surplus B/Fwd		4,834,260	4,532,104
Accumulated Surplus	13(a)	5,145,463	4,834,260
3.3 Incidental Fund			
INCOME			
Interest Received		20,183	28,737
Net Surplus/(Deficit) transferred (1/3 of Net Profit/(Loss) from Ordinary Activities)		136,768	124,359
Total Income		156,951	153,096
MOVEMENT			
Surplus/(Deficit) for the Year		156,951	153,096
Surplus B/Fwd		2,590,333	2,437,237
Accumulated Surplus	13(a)	2,747,285	2,590,333
3.4 Special Purpose Fund			
INCOME			
Interest Received		4,352	9,250
Sales of t-shirts / windcheaters		12,703	13,507
Total Income		17,055	22,757
EXPENDITURE			
Donations		*103,158	*194,700
Functions – staff and other		3,200	13,927
T-shirts / windcheater purchases		28,442	40,089
Total Expenditure		134,800	248,716
MOVEMENTS			
(Deficit) / Surplus for the year		(117,745)	(225,959)
Surplus B/Fwd		558,533	784,492
Accumulated Surplus	13(a)	440,788	558,533

* Of this amount \$96,140 (2017: \$174,951) of donations were in excess of \$1,000 each, the balance \$7,018(2017: \$19,749) 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 2018 (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 allocated 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 where deemed to be for the defence of the Union can be written off against this 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.

	2018	2017
	\$	\$
4. Cash and Cash Equivalents		
Cash at Bank	4,303,923	4,863,962
Cash on Hand	4,600	4,500
	4,308,523	4,868,462
5. Receivables		
Sundry Debtors and Accrued Income	387,198	45,087
GST Receivable	(177,082)	(42,291)
Amounts due from related parties (Including Training Centres)	5,398,474	3,487,765
	5,608,590	3,490,561
No receivables were impaired at reporting date (2017: \$nil).		
All receivables are aged as follows:-		
Days	\$ 2018	\$ 2017
0 – 30	539,348	600,553
No set terms*	5,069,242	2,890,008
	5,608,590	3,490,561
* No specific repayment terms set.		
6. Other Current Assets		
Prepayments	66,696	55,897

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7. Property, Plant and Equipment	2018	2017
	\$	\$
Freehold Land		
At Valuation	1,105,650	1,105,650
At Cost	-	-
	<hr/>	<hr/>
	1,105,650	1,105,650
Buildings on Freehold Land		
At Valuation	900,000	900,000
At Cost	591,801	551,386
Less: Accumulated Depreciation	(413,792)	(377,027)
	<hr/>	<hr/>
	1,078,009	1,074,359
Motor Vehicles		
At Cost	762,034	769,256
Less: Accumulated Depreciation	(438,754)	(462,653)
	<hr/>	<hr/>
	323,280	306,603
Furniture and Equipment		
At Cost	870,822	870,101
Less: Accumulated Depreciation	(806,940)	(765,860)
	<hr/>	<hr/>
	63,882	104,241
Fixtures and Fittings		
At Cost	45,431	45,431
Less: Accumulated Depreciation	(43,160)	(41,650)
	<hr/>	<hr/>
	2,271	3,781
Total Property, Plant and Equipment (Non Current)	<hr/> <hr/>	<hr/> <hr/>
	2,573,092	2,594,634

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. The Committee of Management believe the current written down value of land and buildings is appropriate as a basis on which to measure fair value.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (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.

2018	Freehold Land \$	Buildings \$	Motor Vehicles \$	Furniture & Equipment \$	Fixtures & Fittings \$	Total \$
Carrying amount at beginning of year	1,105,650	1,074,359	306,603	104,241	3,781	2,594,634
Additions	-	40,415	126,645	10,821	-	177,881
Disposals	-	-	(6,477)	-	-	(6,477)
Transfer to Website development	-	-	-	(10,100)	-	(10,100)
Depreciation Expense	-	(36,764)	(103,491)	(41,080)	(1,511)	(182,846)
Carrying amount at end of year	1,105,650	1,078,010	323,280	63,882	2,270	2,573,092
2017	Freehold Land \$	Buildings \$	Motor Vehicles \$	Furniture & Equipment \$	Fixtures & Fittings \$	Total \$
Carrying amount at beginning of year	1,105,650	1,110,644	270,505	122,915	7,580	2,617,294
Additions	-	-	234,827	35,120	-	269,947
Disposals	-	-	(43,235)	-	-	(43,235)
Depreciation expense	-	(36,285)	(155,494)	(53,794)	(3,799)	(249,372)
Carrying amount at end of year	1,105,650	1,074,359	306,603	104,241	3,781	2,594,634

	2018 \$	2017 \$
8 Website Development Costs		
Website development costs	20,200	-
Less: Accumulated amortisation	(3,420)	-
	<u>16,780</u>	<u>-</u>
9. Investment Property		
Carrying amount at the beginning of year	5,875,691	5,875,691
Less: Accumulated Depreciation	(582,203)	(507,473)
Carrying amount at the end of year	<u>5,293,488</u>	<u>5,368,218</u>
* (Valued by Jones Lang LaSalle, Certified Practising Valuers on 23 March 2010 on a 'market value for mortgage security' basis). No market valuation decrement is believed to have occurred from the previous valuation, based on market information available.		
10. Payables		
Creditors and accruals (includes \$13,050 payable to WA Branch)	1,293,810	440,637
Other payables	33,600	-
Consideration to employers for payroll deductions	-	-
Legal Costs - litigation	-	-
Legal Costs – other matters	9,341	49,765
	<u>1,336,751</u>	<u>490,402</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

	2018	2017
	\$	\$
11. Non Interest Bearing Liabilities		
Amount Payable to Federal Office*	876,107	834,282
Amount Payable to Western Australia Branch	-	358
Amount Payable to PJTF Ltd	-	1,013
	876,107	835,653

* Receivable of \$50,000 in 2017 disclosed at Note 5, Nil in 2018. (Amount due from related parties).

12. Provisions	2018	2017
	\$	\$
<i>Current</i>		
Annual Leave	365,119	342,368
Long Service Leave and Retiring Allowances	2,201,554	1,872,015
	2,566,673	2,214,383
<i>Non Current</i>		
Long Service Leave and Retiring Allowances	72,909	148,135
	72,909	148,135

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

	Annual Leave		Long Service Leave and Retirement Allowance		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Officeholders	126,218	128,832	696,094	630,392	822,312	759,224
Other Staff	238,901	213,536	1,578,369	1,389,758	1,817,270	1,603,294
Total	365,119	342,368	2,274,463	2,020,150	2,639,582	2,362,518

There are no other provisions for separation and redundancy or other provisions for officeholders or other employees (2017: \$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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

13. Equity	Defence	General	Incidental	Special Purpose
(a) Accumulated Funds	\$	\$	\$	\$
Balance at beginning of year	2,997,992	4,834,260	2,590,333	558,533
Surplus/(Deficit) for the year	23,360	311,202	156,951	(117,745)
Balance at end of year	<u>3,021,352</u>	<u>5,145,463</u>	<u>2,747,285</u>	<u>440,788</u>
			2018	2017
(b) Asset Revaluation Reserve (i)			\$	\$
Opening balance			1,757,852	1,757,852
Revaluation increment			-	-
Closing balance			<u>1,757,852</u>	<u>1,757,852</u>

(i) Reflects increments in fair value of fixed asset classes.

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FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

14. Interest Bearing Debt	2018 \$	2017 \$
Current	12,140	12,140
Non Current	34,690	44,286
	46,830	56,426

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.

15. Employee Benefits

Employee benefits paid/accrued during the year	Officeholders		Employees		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Wages and Salaries	532,184	477,034	2,084,640	2,616,824	3,183,085	3,093,858
Annual Leave	56,585	13,857	(33,834)	21,791	22,751	35,648
Long Service Leave and Retirement Allowance	65,702	70,287	188,610	135,024	254,312	205,311
Superannuation	73,669	87,542	371,409	394,797	445,078	482,339
Total	728,140	648,720	2,610,825	3,168,436	3,905,226	3,817,156

No separation or redundancy costs or other expenses were incurred this year for officeholders or other employees (2017: \$nil).

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

16. Cash Flow Information

	2018	2017
	\$	\$
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	4,303,923	4,863,962
Cash on Hand	4,600	4,500
	4,308,523	4,868,462
b. Reconciliation of Net Cash Provided by Operating Activities to Net Profit		
<u>Net Profit / (Loss)</u>	Notes	
Defence Fund	3.1	23,360
General Fund	3.2	311,202
Incidental Fund	3.3	156,951
Special Purpose Fund	3.4	(117,745)
		373,769
<u>Non Cash Items</u>		
Depreciation & Amortisation		260,997
Provisions		277,064
(Profit) / Loss on Disposal of Non Current Assets (nett)		(41,660)
Per Capita Charge		175,190
		367,022
<u>Changes in Operating Assets and Liabilities</u>		
(Increase)/Decrease in Prepayments		(10,799)
(Increase)/Decrease in Inventories		4,998
Increase/(Decrease) in Trade Creditors and Accruals		846,349
(Increase)/Decrease in Sundry Debtors and GST Receivables		(182,193)
Net Cash Provided by Operating Activities		1,703,715
		1,143,455

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17. Related Party Information

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

President

N. Ottobre

Trustee

C. Delidakis

Secretary

E. Setches

Committee of Management

I. Marris B. Jovanovski

R. Menzies B. Redina

S. Bamford M. Robbins

D. Saunders K. Fitzgerald

D. McClusky (resigned 9.5.2017)

J. Sanders (appointed 9.5.2017)

Vice-President

T. Smart

Trustee

R. Vaughan

Assistant Secretary

P. McCrudden

- b. Amounts received or due and receivable (i.e. wages paid to E Setches, R Vaughan, P McCrudden and committee of management fees paid) were \$532,184 (2017: \$477,034). Annual leave provisions to these personnel during the year, long service leave and retirement allowances are disclosed in Note 12. There were no bonuses or termination benefits paid to officeholders. There were no loans to/from officeholders (2017: \$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 \$73,669 (2017: \$87,542).

- c. Amounts paid to key officers are:-

Remuneration of Key Officers	Short-term Benefits Remuneration		Post – Employment Benefits		Other Benefits	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
E. Setches	199,164	170,515	24,558	29,586	-	-
P. McCrudden	183,937	167,720	24,060	30,397	-	-
R. Vaughan	149,083	138,799	25,051	27,559	-	-
TOTAL	532,184	477,034	73,669	87,542	-	-

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 (2017: \$nil). No officeholder of the Branch during the year and/or in 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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17. 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 \$174,645 (2017: \$179,099).

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

e. Transactions with Federal Office, Branches and Related entities

	2018	2017
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.	175,190	367,022
Rental Income on Investment Property -		
PICAC Ltd	557,829	549,992
Rental Income on office – CEPU National Office	12,976	7,445
f. Related Party balances at year end		
Amounts receivable/(payable) at reporting date – Federal office and other branches		
Federal	(876,107)	(784,282)
Western Australia Branch	54,806	11,575
CEPU National Office	500	500
CEPU Electrical Division	1,196	-
	(819,605)	(772,207)
Training Fees receivable – related entity		
PJTF Ltd	314,497	432,008
Development cost recoverable – related entity		
PICAC Ltd	-	115,588
Other Receivables/(Payables) – related entities		
PJTF Ltd	-	(1,013)
NUDJ Plumbing Services Ltd	-	25,000
CEPUTEC Ltd	5,069,242	2,855,472

* All related party loans are interest free and unsecured.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

17. Related Party Information (cont'd)

Branch Receivables / Payables	2018	2017
	\$	\$
Balance Reconciliation - Branches		
Federal Office		
Carrying amount at beginning of the year	(784,282)	(717,261)
Capita charge	(175,190)	(367,022)
Receipts	(212,796)	(66,146)
Payments made	296,161	366,147
Carrying amount at end of the year	<u>(876,107)</u>	<u>(784,282)</u>
Western Australia Branch		
Carrying amount at beginning of the year	11,575	(3,047)
Levy charge	-	-
Sundry charges	(933)	-
Sundry income	-	-
Receipts	(13,050)	(11,897)
Loans made	42,471	-
Payments made	14,743	26,519
Carrying amount at end of the year	<u>54,806</u>	<u>11,575</u>
CEPU National Office		
Carrying amount at beginning of the year	500	-
Sundry income	-	-
Payments made	-	500
Carrying amount at end of the year	<u>500</u>	<u>500</u>
CEPU Electrical Division		
Carrying amount at beginning of the year	-	-
Sundry income	1,196	-
Payments made	-	-
Carrying amount at end of the year	<u>1,196</u>	<u>-</u>

18. Donations

	2018	2017
	\$	\$
Political Parties	65,000	160,386
Other	38,158	34,314
	<u>103,158</u>	<u>194,700</u>
Donations < \$1,000	7,018	19,749
Donations > \$1,000	96,140	174,951
	<u>103,158</u>	<u>194,700</u>

19. Affiliation Fees

Australian Labour Party - Victorian Branch	62,818	59,325
CEPU National Office	32,231	70,417
Victorian Trades Hall Council	90,197	68,455
North East & Border Trades & Labour Council	880	678
Golburn Valley Trades & Labour Council	56	154
South West Trades & Labour Council	186	465
Geelong & Region Trade Hall Council	3,539	3,487
Sunraysia Trades and Labour Council	-	-
Ballarat Trades Hall	528	2,112
Gippsland Trades & Labour Council	464	348
Bendigo Trades Hall Council	540	540
Ballarat Regional Trades & Labour Council	1,790	-
Electrical Trades Union	-	2,849
	<u>193,229</u>	<u>208,830</u>

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

20. Commitments

Capital expenditure commitments as at 31 March 2018 are \$nil (2017: \$nil).

21. Contingent Liability

There was no contingent liability at 31 March 2018 (2017: \$nil).

22. 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.

23. Other Matters

The Union does not have any agreement to provide financial support to another reporting unit to ensure its ability to continue as a going concern other than PTEU WA Branch. 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.

24. 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
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

25. 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 2018 (2017: \$nil).

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.

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

25. Financial Instruments (cont'd)

ii) 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:

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	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 %	2017 %
Financial Assets												
Cash and Cash Equivalents	4,303,923	4,863,962	-	-	-	-	4,600	4,500	4,308,523	4,868,462	1.70	1.75
Receivables		-	-	-	-	-	5,608,590	3,490,561	5,608,590	3,490,561		
Other Financial Assets		-	-	-	-	-	-	-				
Total	4,303,923	4,863,962	-	-	-	-	5,613,190	3,495,061	9,917,113	8,359,023		
Financial Liabilities												
Interest Bearing Debt	-	-	12,140	12,140	34,690	44,286	-	-	46,830	56,426	4.84	4.84
Payables	-	-	-	-	-	-	1,336,751	490,402	1,336,751	490,402		
Non Interest Bearing Liabilities	-	-	-	-	-	-	876,107	835,653	876,107	835,653		
Total	-	-	12,140	12,140	34,690	44,286	2,212,858	1,326,055	2,259,688	1,382,481		
Net Financial Assets/(Liabilities)	4,303,923	4,863,962	(12,140)	(12,140)	(34,690)	(44,286)	3,400,332	2,169,006	7,657,425	6,976,542		

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

25. Financial Instruments (cont'd)

b. Net Fair Values

The net fair value of investments in commercial bills/securities at 31 March 2018 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 2018.

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 2018, the effect on profit and equity as a result of changes in the interest, with all other variable remaining constant, would be as follows:

	2018	2017
	\$	\$
Change in profit		
Increase in interest rate by 2%	85,141	96,151
Decrease in interest rate by 2%	(85,141)	(96,151)
Change in equity		
Increase in interest rate by 2%	85,141	96,151
Decrease in interest rate by 2%	(85,141)	(96,151)

26. 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 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 2018 (cont'd)**

26. 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 Union'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 2018			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		-	7,477,147	-	-
Total non-financial assets recognised at fair value		-	7,477,147	-	-

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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (cont'd)**

25. Fair Value Measurement (cont'd)

a. Fair Value Hierarchy (cont'd)

	Note	31 March 2017			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		-	7,548,227	-	
Total non-financial assets recognised at fair value		-	7,548,227	-	

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

Description	Fair Value at 31 March 2018 \$	Fair Value at 31 March 2017 \$	Valuation Technique(s)	Inputs Used
<i>Non-financial assets</i>				
Financial assets at fair value through profit or loss:	7,477,147	7,548,227	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
	7,477,147	7,548,227		

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 approximate book value as 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 2018 (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

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, 2018, 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 and the Committee of Management Statement.

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 the Commissioner, Registered Organisations Commission, 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 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 2018, 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 by the *Corporations Act 2001*, 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.

**INDEPENDENT AUDIT REPORT
(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 Reporting Guidelines of the Commissioner, Registered Organisations Commission. 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- 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
(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.

From the matters communicated with the Committee of Management, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We can describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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>.

Stannards Accountants & Advisors

Stannards Accountants and Advisors



Michael Shulman
Registered Company Auditor (163888)
Holder of Current Public Practice Certificate
Approved Auditor (FWC Act and Regulations – AA2018/45)

Dated: 25 May 2018

CEPU (PLUMBING DIVISION) VICTORIAN BRANCH

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

Certificate By Prescribed Designated Officer¹

Certificate for the year ended 31 March 2018

I *Patrick McCrudden* being the *Victorian Assistant Secretary* of the *CEPU (PLUMBING DIVISION) VICTORIAN BRANCH* certify:

- that the documents lodged herewith are copies of the full report for the *CEPU (PLUMBING DIVISION) VICTORIAN BRANCH* for the period ended referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit on *31 May 2018* and
- that the full report was presented to a *meeting of the committee of management* of the reporting unit on *26 June 2018* in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.

Signature of prescribed designated officer:



Name of prescribed designated officer: PADDY MCCRUDDEN

Title of prescribed designated officer: ASSISTANT SECRETARY

Dated: 27 June 2018

¹ Regulation 162 of the *Fair Work (Registered Organisations) Regulations 2009* defines a 'prescribed designated officer' of a reporting unit for the purposes of s.268(c) as:
(a) the secretary; or
(b) an officer of the organisation other than the secretary who is authorised by the organisation or by the rules of the organisation to sign the certificate mentioned in that paragraph.

