



Australian Government
Australian Industrial Registry

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Mr Peter Tighe
National Secretary,
CEPU
Suite 701, Level 7, 1 Rosebery Avenue
ROSEBERY NSW 2018

Dear Mr Tighe

**Re: Lodgement of Financial Statements and Accounts – Electrical Division, Southern States ices
Branch, CEPU – for year ending 31 December 2005 (FR2005/608)**

I refer to the abovementioned financial statements and accounts which were lodged in the Registry on 28 September 2006.

The legislative requirements appear to have been met. I take this opportunity however to mention the following items.

Donations over \$1,000

The amount for Donations at Note 4 shows as \$104,470. If this total amount included any single donation exceeding \$1,000, a separate statement providing relevant particulars is required to be lodged under s237 of the RAO Schedule. If this is the case and you have not already done so, this should be lodged as soon as possible.

Recovery of Wages Activity Report

I note the financial report did not contain any Recovery of Wages Activity report. Paragraph 16 of the Industrial Registrar's Guidelines (applying to financial years commencing after 11 November 2004) states:

Where the reporting unit has undertaken recovery of wages activity (and has derived revenues for the financial year in respect of such activity) the reporting unit must cause to be prepared for purposes of paragraph 253(2)(c) of the RAO Schedule a financial report in which is disclosed financial information associated with such activity.

Paragraphs 17-23 describe what such a report must contain, and paragraph 25(f) requires that the Committee of Management Statement contain various declarations in relation to such recovery wages activity.

My purpose in drawing the above provisions to attention is so that if such activity occurs in future years, the Branch is made aware that it should be reported in accordance with these Guidelines.

The documents have been filed.

Yours sincerely,

Stephen Kellett
Statutory Services Branch

16 October 2006

7 September 2006

Stephen Kellet
Australian Industrial Registry
Level 8, Terrace Towers
80 William Street
East Sydney NSW 2011

**Lodgement of Financial Returns of the Electrical Division – National Office,
Southern States and West Australian Branches for year ending 31 December 2005**

Dear Stephen,

Pursuant to s268 of Schedule 1B of the Workplace Relations Act 1996, please find attached the Certificate of Secretary for the Electrical Division National office, Southern States and West Australian Branches for the year ending 31 December 2005.

Please accept my sincere apologies for the delay in remitting the above financial returns. I have appended to this letter the statements for the CEPU above-mentioned branches.

If you have any queries in relation to the documents remitted, please contact the undersigned.

Yours faithfully,



Peter Tighe
NATIONAL SECRETARY



CEPU

**COMMUNICATIONS
ELECTRICAL
PLUMBING
UNION**

**NATIONAL
OFFICE**

Peter Tighe
National Secretary

Brian Baulk
National President

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

Certificate of Secretary
S268 of Schedule 1B Workplace Relations Act 1996

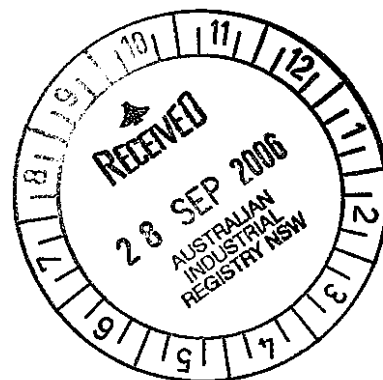
I, Peter Tighe, being the National Secretary of the Communications Electrical Plumbing Division certify:

That the full report of the Southern States Branch was provided to members the first week in June 2006; and

That the full report was presented to a meeting of the committee of management of the reporting unit on 31st July 2006; in accordance with section 266 of the RAO Schedule.

Signed: 

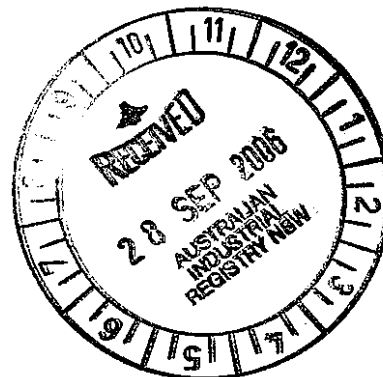
Date: 6/9/06



**Electrical Trades Union of Australia
Southern States Branch**

ABN 37 211 681 988

**Financial report for the financial year ended 31
December, 2005**



ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

Annual financial report for the financial year ended 31 December 2005

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ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

Operating Report

This Operating Report covers the activities of the CEPU Electrical Division Southern States Branch (ETU) for the financial year ended 31 December 2005, the results of those activities and any significant changes in the nature of those activities during the year.

1. Principal Activities of the Southern States Branch

The principal activities of the Electrical Division Southern States Branch of the Union during the past year fell into the following categories:

- Implementation of the decisions of the Branch Executive and Branch Council.
- Implementation of the union's organising agenda, including direct assistance and strategic advice on particular industry or site organising projects, the training and development of officials and assistance to branches on planning and resourcing campaigns.
- Industrial support including representation of individual member grievances, advice on legal and legislative matters, pursuing relevant changes to the conditions of eligibility rules on the union, and responding to other unions' rules applications where they impact on membership of the ETU.
- The administration of federal awards, the variation of awards following major test cases (such as living wage) and making applications to vary federal awards on behalf of branches.
- Management of information technology and strategic membership systems designs to support organising.
- Media and communications to members and to the broader community via media releases in support of campaigns, video and film development, and targeted publications, including the magazine ETU News.
- National bargaining in key industries and assistance to branches on bargaining by request.

The branch has also been involved in lobbying and negotiations with different levels of Government and key industry organisations around issues of importance to ETU members, e.g. shorter hours, apprentices, safety, licences.

2. Right of Members to Resign

All members of the Union have the right to resign from the Union in accordance with Rules of the Union, (and Section 174 of the Workplace Relations Act); namely, by providing written notice addressed and delivered to the Secretary of the relevant Branch, including via email.

3. Other Prescribed Information

In accordance with s254 of the RAO Schedule we advise that the names of those who have been members of the Committee of Management of the Branch at any time during the financial year were:

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

Dean Mighell
John Doran
Garry Laycock
John Cleary
Gary Carruthers
Kevin Loveday
Eric O'Neill
Dennis Butcher

All members of the Committee of Management held office for the full year ended 31 December, 2005. There were no appointments or resignations from the Committee of Management during the year ended 31 December, 2005.

4. Membership of the Union

There were 18,292 Members of the union and 764 suspended Members as at 31 December, 2005.

5. Employees of the Electrical Division Southern States Branch

As at 31 December, 2005 the Electrical Division Southern States Branch employed 43 full time employees.



DEAN MIGHELL, BRANCH SECRETARY

Date. 22/6/06

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

COMMITTEE OF MANAGEMENT STATEMENT

22 6
On the 1 / 2006 the Executive Committee of the Electrical Trades Union Of Australia - Southern States Branch, passed the following resolution in relation to the general purpose financial report for the year ended 31 December, 2005.

The Electrical Trades Union of Australia – Southern States Branch declares in relation to the GPFR that in its opinion:

- (a) the financial report and notes comply with the Australian Accounting Standards;
- (b) the financial report and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial report and notes give a true and fair view of the financial performance, financial position and cash flows of the Electrical Trades Union of Australia – Southern States Branch for the financial year ended 31 December, 2005.
- (d) there are reasonable grounds to believe that the Electrical Trades Union of Australia – Southern States Branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year ended 31 December, 2005 and since the end of the financial year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the Electrical Trades Union of Australia – Southern States Branch ; and
 - (ii) the financial affairs of the Electrical Trades Union of Australia – Southern States Branch have been managed in accordance with the rules of the Electrical Trades Union of Australia – Southern States Branch; and
 - (iii) the financial records of the Electrical Trades Union of Australia – Southern States Branch have been kept and maintained in accordance with Schedule 1B to the Workplace Relations Act 1996 and the Workplace Relations (Registration and Accountability of Organisations) Regulations 2003; and
 - (iv) the financial records of the Electrical Trades Union of Australia – Southern States Branch have been kept, as far as practicable, in a consistent manner to each of the other branches of the national organisation; and
 - (v) no information has been sought in any request of a member of the Electrical Trades Union of Australia or a Registrar under section 272 of Schedule 1B to the Workplace Relations Act 1996; and
 - (vi) no orders have been made by the Industrial Registrar under section 273 of Schedule 1B to the Workplace Relations Act 1996

For the Committee of Management


.....
DEAN MIGHELL

22 16 / 2006

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

CERTIFICATE OF SECRETARY

I, Dean Mighell being the State Secretary of the Electrical Trades Union of Australia (Southern States Branch) certify:

- That the document lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- that the full report was provided to members on 22/06/06 ; and
- that the full report was presented to BRANCH COUNCIL Of the reporting unit on 27/7/06 ; in accordance with section 266 of the RAO Schedule.


Signature:

Date: 27/7/06

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

INDEPENDENT AUDIT REPORT

To the members of the Electrical Trades Union of Australia – Southern States Branch.

Scope

The Financial Report and the Responsibility of the Committee of Management and the State Secretary

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the Committee of Management's statement for the Electrical Trades Union of Australia – Southern States Branch for the year ended 31 December, 2005.

The Committee of Management and the State Secretary are responsible for the preparation and true and fair representation of the financial report in accordance with the Workplace Relations Act 1996. 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 have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Electrical Trades Union of Australia – Southern States Branch. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance 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 controls, 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 the Workplace Relations Act 1996, including compliance with Accounting Standards and other mandatory professional reporting requirements in Australia a view which is consistent with our understanding of the Electrical Trades Union of Australia – Southern States Branch's financial position and 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 policies and disclosures used and the reasonableness of significant accounting estimates made by the Electrical Trades Union of Australia and the State Secretary.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

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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.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Workplace Relation Act. 1996

Audit Opinion

In our opinion the financial report of Electrical Trades Union of Australia – Southern States Branch is in accordance with the requirements of:

- (a) the Workplace Relations Act 1996, including;
 - (i) giving a true and fair view of the Electrical Trades Union of Australia – Southern States Branch's financial position as at 31 December, 2005 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards; and
 - (iii) complying with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Act; and
- (b) other mandatory professional reporting requirements in Australia.

Emphasis of Matter

Without qualification to the opinion expressed above, attention is drawn to the following matters.

As stated in Note 19 to the financial statements, the comparative figures for the year ended 31 December, 2004 have been restated by management due to transactions having effect prior to 31 December, 2004 being incorrectly classified in the financial statements for that accounting period or earlier accounting periods.

The financial report has been revised subsequent to the issue of our audit report on 3 August, 2005. Note 19 to the financial statements sets out the reason for the issue of the revised financial report.

In our opinion, the additional disclosures are relevant for the proper understanding of the financial report.

LUNDSTROM DICKSON BARBANTI

CHARTERED ACCOUNTANTS

SUITE 3

1-3 ALBERT STREET

BLACKBURN VIC 3130


.....
T J A DICKSON

Registered Company Auditor

Date 2 July 2006

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Economic Entity		ETU	
		2005 \$	2004 \$	2005 \$	2004 \$
Membership Revenue	3	6,365,018	5,983,544	6,365,018	5,983,544
Other Revenue from Ordinary Activities	3	6,035,762	3,560,766	6,003,044	3,549,164
Employee benefits expense		(3,864,303)	(3,148,368)	(3,864,303)	(3,143,314)
Depreciation and amortisation expense	4a	(372,370)	(638,135)	(363,920)	(621,281)
Bad and doubtful debts expense	4a	(22,130)	(417,976)	(38,417)	(417,976)
Impairment of assets		(374,249)	-	(374,249)	-
Other expenses from ordinary activities	4b	(4,094,970)	(3,674,539)	(4,071,825)	(3,641,500)
Surplus(Loss) from ordinary activities	4	<u>3,672,758</u>	<u>1,665,292</u>	<u>3,655,348</u>	<u>1,708,637</u>

The accompanying notes form part of these financial statements.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2005

	Note	Economic Entity		ETU	
		2005	2004	2005	2004
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	5	14,804,138	9,007,645	4,659,272	4,331,891
Receivables	6	1,338,534	2,862,954	475,000	504,160
Inventories	7	34,089	9,775	34,089	9,775
Prepayments	8	16,311	35,951	16,311	35,951
TOTAL CURRENT ASSETS		16,193,072	11,916,325	5,184,672	4,881,777
NON-CURRENT ASSETS					
Other financial assets	9	225,823	812,922	225,836	812,947
Receivables	6	140,632	-	140,632	-
Property, plant and equipment	10	12,554,883	9,690,930	11,511,579	8,716,499
TOTAL NON-CURRENT ASSETS		12,921,338	10,503,852	11,878,047	9,529,446
TOTAL ASSETS		29,114,410	22,420,177	17,062,719	14,411,223
CURRENT LIABILITIES					
Trade and other payables	11	688,200	717,815	685,311	500,787
Income received in advance		1,068,586	778,442	1,068,586	778,442
Interest Bearing Liabilities	12	28,520	-	28,520	-
Short term-provisions	13	888,477	664,944	888,477	664,944
TOTAL CURRENT LIABILITIES		2,673,783	2,161,201	2,670,894	1,944,173
NON-CURRENT LIABILITIES					
Long term-provisions	13	96,923	270,060	96,923	270,060
TOTAL NON-CURRENT LIABILITIES		96,923	270,060	96,923	270,060
TOTAL LIABILITIES		2,770,706	2,431,261	2,767,817	2,214,233
NET ASSETS		26,343,704	19,988,916	14,294,902	12,196,990
EQUITY					
Reserves	14	4,182,232	1,441,031	4,104,908	1,441,031
Accumulated Funds		22,161,472	18,547,885	10,189,994	10,755,959
TOTAL EQUITY		26,343,704	19,988,916	14,294,902	12,196,990

The accompanying notes form part of these financial statements.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

Economic Entity	Note	Asset	Accumulated	
		Revaluation	Funds	Total
		\$	\$	\$
Balance at 1 January, 2004		1,399,578	17,172,160	18,571,738
Surplus from ordinary activities as per prior year financial statements		-	1,718,559	1,718,559
Adoption of AIFRS retained earnings adjustment	2	-	(71,142)	(71,142)
Adoption of AIFRS 2004 income statement adjustment	2	-	(140,417)	(140,417)
Prior year 2004 income statement adjustment	19	-	87,150	87,150
Decrease in trust corpus		-	(131,275)	(131,275)
Distribution of trust corpus		-	(87,150)	(87,150)
Revaluation increment		41,453	-	41,453
Balance at 31 December, 2004		1,441,031	18,547,885	19,988,916
Surplus from ordinary activities		-	3,672,758	3,672,758
Deconsolidation of CEPU Pty Ltd		-	(12)	(12)
Revaluation Increment		2,741,201	-	2,741,201
Distribution of trust corpus		-	(59,159)	(59,159)
Balance at 31 December, 2005		4,182,232	22,161,472	26,343,704

ETU

		Asset	Accumulated	
		Revaluation	Funds	Total
		\$	\$	\$
Balance at 1 January, 2004		1,399,578	11,398,725	12,798,303
Surplus from ordinary activities as per prior year financial statements		-	1,761,905	1,761,905
Prior year retained earnings adjustment	19	-	344,037	344,037
Adoption of AIFRS retained earnings adjustment	2	-	(69,611)	(69,611)
Prior year 2004 income statement adjustment	19	-	87,150	87,150
Prior year adjustment – deed of gift	19	-	(2,625,830)	(2,625,830)
Adoption of AIFRS 2004 profit and loss adjustment	2	-	(140,417)	(140,417)
Revaluation increment		41,453	-	41,453
Balance at 31 December, 2004		1,441,031	10,755,959	12,196,990
Surplus from ordinary activities		-	3,655,348	3,655,348
Revaluation Increment		2,663,877	-	2,663,877
Deed of gift		-	(4,221,313)	(4,221,313)
Balance at 31 December, 2005		4,104,908	10,189,994	14,294,902

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Economic Entity		ETU	
		2005	2004	2005	2004
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and members		12,861,540	8,697,108	12,922,692	7,820,902
Payments to suppliers and employees		(8,932,207)	(7,542,280)	(8,711,601)	(7,411,123)
Interest received		634,768	531,695	213,426	212,430
Net cash provided by (used in) operating activities	16	4,564,101	1,686,523	4,424,517	622,209
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		241,786	180,200	241,786	180,200
Purchase of property, plant and equipment		(726,853)	(550,599)	(726,853)	(550,599)
Proceeds from sale of property					374,000
Purchase of investments		-	(212,850)	-	(212,850)
Proceeds of sale of investments		212,850	-	212,850	-
Loss of control of related entities		-	(103,086)	-	-
Net cash provided by (used in) investing activities		(272,217)	(686,335)	(272,217)	(209,249)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Loans to and from related parties		1,504,609	131,544	(3,824,919)	(386,583)
Net cash provided by (used in) financing activities		1,504,609	131,544	(3,824,919)	(386,583)
Net increase in cash held		5,796,493	1,131,732	327,381	26,377
Cash at beginning of period		9,007,645	7,875,913	4,331,891	4,305,514
Cash at end of period	5	14,804,138	9,007,645	4,659,272	4,331,891

The accompanying notes form part of these financial statements.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with Applicable Accounting standards, other mandatory professional requirements and the Workplace Relations Act 1996. Accounting standards include Australian Equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and not of the consolidated entity comply with International Financial Reporting Standards (IFRS).

The financial report covers the economic entity of the Electrical Trades Union of Australia – Southern States Branch and controlled entities, and the Electrical Trades Union of Australia – Southern States Branch as an individual parent entity. The Electrical Trades Union of Australia – Southern States Branch is a registered Trade Union domiciled in Australia.

Basis of preparation

The financial report has also been prepared on the basis of historical costs and does not take into account changing money values or current valuations of non-current assets, except for the revaluation of certain financial instruments.

In the application of AIFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which forms the basis of making the judgments. Actual results may differ from those estimates.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting substance of the underlying transactions or other events is reported.

The consolidated entity changed its accounting policies on 1 January, 2005 to comply with AIFRS. The transition to AIFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'. An explanation of how the transition from superseded policies to AIFRS has affected the entity's financial position, financial performance and cash flows is discussed in Note 2.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a. Principles of Consolidation

A controlled entity is any entity controlled by the Electrical Trades Union of Australia – Southern States Branch. Control exists where the Electrical Trades Union of Australia – Southern States Branch has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so as to obtain benefits from the entities operations and so that the other entity operates with the Electrical Trades Union of Australia – Southern States Branch to achieve the objectives of the Electrical Trades Union of Australia – Southern States Branch. A list of controlled entities is contained in Note 16 to the financial statements.

All inter-company balances and transactions between entities in the economic entity have been eliminated on consolidation.

b. Income Tax

No provision for Income Tax is necessary as the Union is exempt from Income Tax under section 50-15 of the Income Tax Assessment Act 1997.

c. Inventories

Inventories are measured at the lower of cost and net realizable value.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Property

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisals being made by the committee of management.

Plant and equipment

Plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets including building and recognized lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	10-50%

e. **Investments**

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by the committee of management to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets for the non-listed investments.

f. **Employee Benefits**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measure reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

g. **Cash**

For the purpose of the statement of cash flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- investments in money market instruments with less than 90 days to maturity.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

h. Revenue

Revenue from the sale of goods is recognized upon the delivery of goods to customers.

Interest revenue is recognized on a straight line basis.

Dividend revenue is recognized when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognized upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognized 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 recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

j. Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

k. First time adoption of International Financial Reporting Standards (AIFRS)

This is the first AIFRS financial report presented by the Electrical Trades Union of Australia – Southern States Branch.

Financial reports have not been presented for previous periods.

A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 2.

l. Intangible Assets

An intangible asset is recognized by the economic entity if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

m. Loans and Receivables

Loans and receivables are recorded at amortised cost using the effective interest method less impairment, with revenue recognized on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial asset, or where appropriate, a shorter period.

Loan or receivable expected to be collected within 12 months are measured at cost.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST TIME ADOPTION OF AIFRS

	Note	Economic Entity	
		Previous GAAP at 31 Dec, 2004	Effect of adoption AIFRS at 31 Dec, 2004
Reconciliation of Equity at 31 December 2004		\$	\$
ASSETS			
CURRENT ASSETS			
Cash assets		9,007,645	9,007,645
Receivables	(2a)	2,932,565	(69,611)
Inventories		9,775	9,775
Prepayments		35,951	35,951
Other Assets	(2b)	1,531	(1,531)
TOTAL CURRENT ASSETS		11,987,467	(71,142)
NON-CURRENT ASSETS			
Other financial assets	(2a)	812,922	812,922
Receivables		-	-
Property, plant and equipment		9,690,930	9,690,930
TOTAL NON-CURRENT ASSETS		10,503,852	-
TOTAL ASSETS		22,491,319	(71,142)
CURRENT LIABILITIES			
Trade and other payables		717,815	717,815
Income received in advance		778,442	778,442
Short term-provisions	(2c)	592,148	72,796
TOTAL CURRENT LIABILITIES		2,088,405	72,796
NON-CURRENT LIABILITIES			
Long term-provisions	(2c)	202,439	67,621
TOTAL NON-CURRENT LIABILITIES		202,439	67,621
TOTAL LIABILITIES		2,290,844	140,417
NET ASSETS		20,200,475	(211,559)
EQUITY			
Reserves		1,441,031	1,441,031
Accumulated Funds		18,759,444	(211,559)
TOTAL EQUITY		20,200,475	(211,559)

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 2: FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

		Previous GAAP	Effect of Transition to AIFRS	AIFRS
Reconciliation of Profit and Loss for the full year 31 December 2004	Note	\$	\$	\$
Membership Revenue		5,983,544		5,983,544
Other Revenue from Ordinary Activities		3,560,766		3,560,766
Employee benefits expense	(2c)	(3,007,951)	(140,417)	(3,148,368)
Depreciation and amortisation expense		(638,135)		(638,135)
Bad and doubtful debts expense		(417,976)		(417,976)
Other expenses from ordinary activities		(3,674,539)		(3,674,539)
Surplus(Loss) from ordinary activities		1,805,709	(140,417)	1,665,292

- a) The economic entity has elected to adopt **AASB 139 Financial Instruments: Recognition and Measurement** retrospectively and has restated comparative information at 31 December, 2004 in accordance with the accounting policy as detailed at Note 1(m) of these financial statements.
- b) The economic entity has adopted **AASB 138 Intangible Assets** retrospectively and restated comparative information at 31 December, 2004 in accordance with the accounting policy as detailed at Note 1(l) of these financial statements.
- c) The economic entity has adopted **AASB 119 Employee Benefits** retrospectively and restated comparative information at 31 December, 2004 in accordance with the accounting policy as detailed at Note 1(f) of these financial statements.

There were no material difference between the cash flow statement presented under AIFRS and those presented under previous GAAP.

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	Economic Entity		ETU	
	2005	2004	2005	2004
NOTE 3: REVENUE	\$	\$	\$	\$
Operating activities				
— Membership Revenue	6,365,018	5,983,544	6,365,018	5,983,544
— interest received	634,768	531,695	213,426	212,430
— consultancy fees received	14,945	14,945	9,483	14,945
— commissions received	7,003	632,641	7,003	626,257
— promotional sales revenue	49,079	47,281	49,079	47,281
— rental revenue	682,932	635,363	657,477	612,030
— industry agreements revenue	32,808	70,574	32,808	70,574
— management fees	1,695,673	1,368,509	1,695,673	-
— Other revenue	90,811	157,731	95,867	64,486
	<u>9,573,037</u>	<u>9,442,283</u>	<u>9,125,834</u>	<u>7,631,547</u>
Non-operating activities				
— Profit on disposal of property, plant and equipment	10,032	18,637	10,032	67,015
— Trust distributions	401,962	23,662	816,447	1,774,418
— Directors fees	338,014	-	338,014	-
— Dividends	10,725	-	10,725	-
— Profit distributions	2,067,010	59,728	2,067,010	59,728
	<u>2,827,743</u>	<u>102,027</u>	<u>3,242,228</u>	<u>1,901,161</u>
Total Revenue	<u>12,400,780</u>	<u>9,544,310</u>	<u>12,368,062</u>	<u>9,532,708</u>

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 4: PROFIT FROM ORDINARY ACTIVITIES	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
Profit from ordinary activities before income tax has been determined after				
a. Expenses				
Depreciation of non-current assets:				
— Buildings	167,390	245,564	158,940	228,710
— office equipment	60,944	64,513	60,944	64,513
— motor vehicles	120,662	309,069	120,662	309,069
— furniture & fittings	23,374	18,989	23,374	18,989
Total depreciation	372,370	638,135	363,920	621,281
Bad and doubtful debts:				
— trade receivables	11,266	3,522	11,256	3,522
— other receivables	10,864	414,454	27,161	414,454
Total bad and doubtful debts	22,130	417,976	38,417	417,976
b. Other Expenses				
— affiliation Fees	1,087,137	453,567	1,087,137	453,567
— fringe benefits tax	64,377	82,263	64,377	82,263
— bank charges	50,817	53,198	50,590	53,198
— computer expenses	76,561	65,273	76,561	65,273
— donations	104,470	196,753	104,470	196,753
— legal expenses	230,713	401,367	230,713	401,367
— motor vehicle expenses	173,412	164,275	173,412	164,275
— Arden street expenses	266,167	246,206	266,167	246,206
— Geelong expenses	13,493	16,693	13,493	16,693
— Tasmania expenses	65,913	57,847	65,913	57,847
— Morwell expenses	52,912	39,853	52,912	39,853
— advertising expenses	91,119	104,769	91,119	104,769
— telephone expenses	119,219	100,851	119,219	100,851
— printing expenses	182,401	110,740	182,401	110,740
— travel expenses	125,566	66,029	125,566	66,029
— insurance expenses		133,772		133,772
— write down in investment	374,249	-	374,249	-

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	Economic Entity		ETU	
	2005	2004	2005	2004
NOTE 5 CASH ASSETS	\$	\$	\$	\$
Cash at bank	5,365,529	4,657,542	291,315	(18,532)
Deposits at call	9,438,609	4,350,103	4,367,957	4,350,423
	<u>14,804,138</u>	<u>9,007,645</u>	<u>4,659,272</u>	<u>4,331,891</u>

	Economic Entity		ETU	
	2005	2004	2005	2004
NOTE 6 RECEIVABLES	\$	\$	\$	\$
CURRENT				
Trade debtors	1,445,272	1,272,718	581,738	495,793
Provision for doubtful debts	(106,738)	(85,654)	(106,738)	(85,654)
	<u>1,338,534</u>	<u>1,187,064</u>	<u>475,000</u>	<u>410,139</u>

Other Debtors

Amounts receivable from:

— related entity	-	1,600,000	-	-
— subsidiaries of parent entity	-	-	-	18,131
— unpaid trust distribution	-	75,890	-	75,890
	-	<u>1,675,890</u>	-	<u>94,021</u>
	<u>1,338,534</u>	<u>2,862,954</u>	<u>475,000</u>	<u>504,160</u>

NON CURRENT

Amounts receivable from:

— related entity – unpaid trust distribution	140,632	-	140,632	-
	<u>140,632</u>	-	<u>140,632</u>	-

	Economic Entity		ETU	
	2005	2004	2005	2004
NOTE 7: INVENTORIES	\$	\$	\$	\$
CURRENT				
At cost	34,089	9,775	34,089	9,775
	<u>34,089</u>	<u>9,775</u>	<u>34,089</u>	<u>9,775</u>

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2005

	Economic Entity		ETU	
	2005	2004	2005	2004
NOTE 8: PREPAYMENTS	\$	\$	\$	\$
CURRENT				
Prepaid Wages	16,311	35,951	16,311	35,951
	<u>16,311</u>	<u>35,951</u>	<u>16,311</u>	<u>35,951</u>

	Notes	Economic Entity		ETU	
		2005	2004	2005	2004
NOTE 9: OTHER FINANCIAL ASSETS		\$	\$	\$	\$
NON-CURRENT					
Unlisted investments, at cost					
— shares in controlled entities	16	-	-	13	25
— shares in other related parties		72	7	72	7
— units in unit trusts		225,750	438,665	225,750	438,665
		<u>225,822</u>	<u>438,672</u>	<u>225,835</u>	<u>438,697</u>
Unlisted investments, at recoverable amount					
— shares in other corporations, at cost		374,250	374,250	374,250	374,250
— less: provision for diminution in value		(374,249)	-	(374,249)	-
		<u>1</u>	<u>374,250</u>	<u>1</u>	<u>374,250</u>
		<u>225,823</u>	<u>812,922</u>	<u>225,836</u>	<u>812,947</u>

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 10: PROPERTY, PLANT AND EQUIPMENT	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
Land and Buildings at:				
— at valuation	11,401,622	10,135,635	10,365,000	9,155,000
Less: Accumulated depreciation	-	(1,301,141)	-	(1,294,937)
Total Land and Buildings	11,401,622	8,834,494	10,365,000	7,860,063
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	1,582,231	1,350,545	1,575,549	1,350,545
Accumulated depreciation	(428,970)	(494,109)	(428,970)	(494,109)
Total Plant and Equipment	1,153,261	856,436	1,146,579	856,436
Total Property, Plant and Equipment	12,554,883	9,690,930	11,511,579	8,716,499

a. **Movements in Carrying Amounts**

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

	Land & Buildings	Plant and Equipment	Total
	\$	\$	\$
Economic Entity:			
Balance at the beginning of year	8,834,494	856,436	9,690,930
Additions	-	726,852	726,852
Written down value of assets disposed	-	(231,730)	(231,730)
Prior period net Adjustments	-	-	-
Revaluation increment	2,741,201	-	2,741,201
Depreciation expense	(167,390)	(204,980)	(372,370)
Carrying amount at the end of year	11,408,305	1,146,578	12,554,883

NOTE 11: PAYABLES	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
TRADE AND OTHER PAYABLES				
Trade creditors	579,758	543,646	579,759	524,490
GST	108,442	174,169	105,552	(23,703)
	688,200	717,815	685,311	500,787

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 12: INTEREST BEARING LIABILITIES	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
American Express	28,520	-	28,520	-
	<u>28,520</u>	<u>-</u>	<u>28,520</u>	<u>-</u>

NOTE 13: PROVISIONS	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
CURRENT				
Annual Leave	556,057	542,449	556,057	542,449
Long Service Leave	332,420	122,495	332,420	122,495
	<u>888,477</u>	<u>664,944</u>	<u>888,477</u>	<u>664,944</u>
NON-CURRENT				
Long Service Leave	96,923	270,060	96,923	270,060
	<u>96,923</u>	<u>270,060</u>	<u>96,923</u>	<u>270,060</u>
a. Aggregate Employee Benefits Liability	<u>985,400</u>	<u>935,004</u>	<u>985,400</u>	<u>935,004</u>

NOTE 14: RESERVES	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
Asset revaluation	4,182,232	1,441,031	4,104,908	1,441,031
	<u>4,182,232</u>	<u>1,441,031</u>	<u>4,104,908</u>	<u>1,441,031</u>

**Asset Revaluation Reserve
Movements During the Year**

Opening Balance	1,441,031	1,399,578	1,441,031	1,399,578
Revaluation increment on freehold land and buildings	2,741,201	41,453	2,663,877	41,453
Closing Balance	<u>4,182,232</u>	<u>1,441,031</u>	<u>4,104,908</u>	<u>1,441,031</u>

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

NOTE 15: FINANCIAL INSTRUMENTS

a) The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in market interest rates and the effective weighted average interest rates on classes of financial assets is as follows:

	Weighted Average	Floating Interest Rate	Fixed Interest Rate Maturing	
	Effective Interest Rate		Within 1 Year	1 to 5 Years
	2005	2005	2005	2005
Financial Assets	%	\$	\$	\$
Cash at bank	4.73	7,224,909	-	-
Deposits at call	5.67	-	7,571,276	-
Total Financial Assets	14,796,185	7,224,909	7,571,276	-
Financial Liabilities				
American Express	16.8	28,520	-	-
Total Financial Liabilities	28,520	28,520		

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 16: CASH FLOW INFORMATION	Economic Entity		ETU	
	2005	2004	2005	2004
	\$	\$	\$	\$
a. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax				
Profit from ordinary activities after income tax	3,672,758	1,665,292	3,655,348	1,708,637
Cash flows excluded from profit from ordinary activities attributable to operating activities				
Non-cash flows in profit from ordinary activities				
Net Increase/(decrease) in assets, investments and non-current liabilities	-	80,672	-	(27,519)
Depreciation	372,430	638,135	363,890	621,281
Bad & Doubtful Debts	-	34,174	-	34,174
Profit on sale of non current assets	(10,032)	(18,367)	(10,032)	(67,015)
Unpaid trust distributions	-	(23,662)	(414,484)	(1,746,998)
Impairment of investment	374,249	-	374,249	-
Employee wages paid in advance	19,640	(35,951)	19,640	(35,951)
Membership fees paid in advance	266,376	(11,495)	266,376	(11,495)
Income received in advance	23,786	-	23,786	-
Increase/(decrease) in receivables	(151,471)	(818,976)	(64,861)	(42,051)
Increase/(decrease) in inventories	(24,315)	2,041	(24,315)	2,041
(Increase)/decrease in payables	-	(42,510)	-	(30,065)
(Increase)/decrease in creditors	36,113	-	55,269	-
(Increase)/decrease in GST	(65,828)	-	129,256	-
Increase/(decrease) in provisions	50,395	217,170	50,395	217,170
Cash flow from operations	4,564,101	1,686,523	4,424,517	622,209

NOTE 17: UNION DETAILS

The registered office of the union is:

Electrical Trades Union of Australia – Southern States Branch
516-520 Swanston Street
CARLTON SOUTH 3053

The principal place of business is:

Electrical Trades Union of Australia – Southern States Branch
516-520 Swanston Street
CARLTON SOUTH 3053

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

NOTE 18: CONTROLLED ENTITIES

The following entities are included in the consolidation:

- ETU (Vic Branch) Trust
- ETU DMT Fund
- ETU Pty Ltd
- Comrades Social Club Pty Ltd
- Communications Electrical Plumbing Union Pty Ltd (Company was deregistered on 25 November, 2005)

NOTE 19: PRIOR PERIOD ADJUSTMENTS

Comparative figures for the year ended 31 December, 2004 have been amended to reflect the financial impact of transactions having effect prior to 31 December, 2004 but incorrectly classified in financial statements for that accounting period or earlier accounting periods.

The effect of these adjustments is to reduce the value of trust assets included in the consolidated financial statements and to increase the amount of operating profit and retained earnings of the consolidated group and to adjust the inter entity receivables and payables by the same amounts

The net effect on group net assets is nil.

	2004 Financial Year	Pre 2004 Financial Year
	\$	\$
(a) Reclassification of capital payments to trust beneficiaries:		
Effect:		
Trust corpus reduction	(87,150)	(344,037)
ETU retained earnings increase	87,150	344,037
(b) Reclassification of ETU gifts to controlled trusts, previously classified incorrectly as loans:		
Effect:		
Trust corpus increase	2,625,830	-
ETU receivables and equity decrease	(2,625,830)	-

	Economic Entity		ETU	
NOTE 20 AUDITORS' REMUNERATION	2005	2004	2005	2004
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	25,000	36,684,	25,000	36,684
— other services	42,865	-	42,865	-

ELECTRICAL TRADES UNION OF AUSTRALIA – SOUTHERN STATES BRANCH

ABN 37 211 681 988 and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005
NOTE 21 WORKPLACE RELATIONS ACT 1996

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of Sub Sections (1), (2) and (3) of Section 272 which reads as follows:

272 Information to be provided to members or Registrar

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Ref: FR2005/608 -[128V-VIC]

Mr Dean Mighell
Branch Secretary
CEPU Electrical Division
Southern States Divisional Branch
516-520 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Mighell

Re: CEPU - Electrical Division - Southern States Divisional Branch - Outstanding Financial Documents - *Workplace Relations Act 1996*

The Accounts and Audit Part of Schedule 1B of the *Workplace Relations Act 1996* requires, as a general rule, that the audited financial statements of a reporting unit of a registered organisation, be lodged in the Industrial Registry within 6 months and 14 days from the end of its financial year.

To date, the Registry has no record of lodgement of the financial reports of the above named reporting unit for the year ended 31 December, 2005. For details of these provisions and organisations' financial reporting obligations please refer to the Registry's earlier correspondence.

In particular there is no record of lodgement of copies of:

- the general purpose financial report;
- the auditor's report; or
- the operating report.

These three reports are referred to as the "full report".

Section 268 of the RAO Schedule¹ requires that a copy of the full report be lodged in the Registry within 14 days (or such longer period a Registrar allows) after the full report is presented to a general meeting of members (or to a committee of management meeting if the rules make provision consistent with s266(3)).

Section 266 (1) requires that the full report be presented to the meeting within 6 months of the end of the financial year. Therefore, lodgement of the documents in the Registry was required by **17 July, 2006.**

Section 305(2)(ze) of the RAO Schedule is a civil penalty provision. It provides that a failure to meet the requirements of s268 is a contravention of that civil penalty provision. The Federal Court may on application of the Industrial Registrar impose a pecuniary penalty on the person or organisation whose conduct contravened the civil penalty provision.

I also draw your attention to the provisions of Part 1 of Chapter 9 of the RAO Schedule which set out the general duties of officers and employees of organisations and their branches in relation to financial management.

In the absence of lodgement of a copy of the full report, I request you state in writing by **22 August, 2006:**

- whether the auditor has audited the general purpose financial report and if so, the date on which the auditor signed the audit report
- whether the committee of management has prepared the operating report
- whether the full report has been provided to members, and if so, when

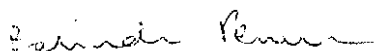
¹ Schedule 1B of the Workplace Relations Act 1996

- whether the full report provided to the members has been presented to a general or committee of management meeting, and if so, when
- when a copy of the full report will be lodged in the Industrial Registry.

The full report when lodged must be accompanied by a certificate of the secretary or other authorised officer that the documents lodged are copies of the documents provided to members and presented to the general or committee of management meeting in accordance with s266.

If you wish to discuss this letter, please contact me on (02) 8374 6666. In reply please quote: **FR2005/608**.

Yours sincerely



Belinda Penna

E-mail: riasydney@air.gov.au

1 August, 2006



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Ref: FR2005/608

Mr Dean Mighell
Branch Secretary
CEPU Electrical Division
Southern States Divisional Branch
516-520 Swanston Street
CARLTON SOUTH VIC 3053

Dear Mr Mighell

Financial Return - year ending 31 December, 2005

Our records show your organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

Legislation

This letter is intended as guide to the law applicable on the date of this letter and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

In May 2003 the Industrial Registrar wrote to all organisations forwarding a number of facts sheets outlining the major changes made by Schedule 1B of the Workplace Relations Act 1996 ('RAO'¹). While the immediate changes affected the rules and elections in organisations, the changes affecting financial returns involve a longer lead time.

The key differences under the new legislation affecting financial returns are:

- a reduced financial reporting cycle (now maximum periods of 5 or 6 months depending on internal arrangements of organisation)
- a greater emphasis given to Australian Accounting Standards
- the introduction of a new report, known as an Operating Report (broadly similar in concept to a Director's Report under the corporations legislation)
- extensions of time are limited to one month
- restructured penalty provisions involving more extensive use of Civil Penalties
- the introduction of the Industrial Registrar's Reporting Guidelines
- organisations and their branches to report according to their financial structures, known as 'reporting units'.

We recommend you discuss the new requirements with your accountant or auditor.

¹ Registration and Accountability of Organisations Schedule (RAO) (Schedule 1B to the *Workplace Relations Act 1996*)

Reporting Unit

One of the new concepts of the RAO legislation is that reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation is divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will refer to your organisation as a reporting unit in this letter.

Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255); and

Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C)

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval and the second meeting is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au). When lodging the financial return please quote: **FR2005/608**.

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Reduced Reporting Requirements

If your reporting unit meets certain conditions, some of these reporting requirements can be reduced. Such conditions might be where the annual income of the reporting unit (where the reporting unit is the whole of the organisation) is less than \$100,000, or **where the reporting unit has no financial affairs in the financial year**, or where the financial affairs of the reporting unit are encompassed by the financial affairs of its counterpart State industrial association.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at belinda.penna@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedure but we cannot give you legal or accounting advice.

Information on AIRC Website

We recommend you and your accountant/auditor refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule and RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the new requirements of the RAO Schedule - many of them deal with financial reporting matters.

Yours sincerely



For Deputy Industrial Registrar
27 January 2006

Documents Checklist

You can use this checklist as soon as possible after the financial year ends to ensure you have all the necessary documents prepared and that those documents contain all information required by RAO.

You can also use this checklist to ensure all documents in your financial return are complete before lodging them in the Registry.

No	Document	✓
1	General Purpose Financial Report	
	Does the report contain a Profit and Loss Statement?	
	Does the report contain a Balance Sheet?	
	Does the report contain a Statement of Cash Flows?	
	Does the report contain notes to the financial statements as required by AAS and the reporting guidelines?	
	Does the report contain all other information required by the reporting guidelines?	
2	Committee of Management Statement	
	Is the statement signed by the officer responsible for undertaking functions necessary to enable the reporting unit to comply with RAO?	
	Is the statement dated?	
	Is the statement in accordance with a resolution of the committee?	
	Does the statement specify the date of the resolution?	
	Does the statement contain declarations required by the reporting guidelines?	
3	Auditor's Report	
	Is the Report dated and signed by the auditor?	
	Is the name of the auditor clear?	
	Are the qualifications of the auditor on the report?	
	Has the auditor expressed an opinion on all matters required?	
4	Operating Report	
	Is the report signed and dated?	
	Does the report provide the number of members?	
	Does the report provide the number of employees?	
	Does the report contain a review of principal activities?	
	Does the report give details of significant changes?	
	Does the report give details of right of members to resign?	
	Does the report give details of superannuation trustees?	
	Does the report give details of membership of the committee of management?	
5	Concise report*	
6	Certificate of Secretary or other Authorised Officer	
	Is the certificate signed and dated?	
	Is the signatory the secretary or another officer authorised to sign the certificate?	
	Is the date that the report was provided to members stated?	
	Is the date of the Second Meeting at which the report was presented stated?	
	Does the certificate state that the documents are copies of those provided to members?	
	Does the certificate state that the documents are copies of those presented to the Second Meeting?	

* This is an optional way of providing documents to members (see RAO s265(3) and RAO Reg. 161).

Committee Of Management Statement

On *[date of meeting]* the Committee of Management of *[name of reporting unit]* passed the following resolution in relation to the general purpose financial report (GPFR) of the reporting unit for the financial year ended *[date]*:

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply* with the Australian Accounting Standards;
- (b) the financial statements and notes comply* with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view* of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds* to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held* in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been* managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been* kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - #(iv) where the organisation consists of 2 or more reporting units, the financial records of the reporting unit have been* kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - #(v) the information sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the RAO Schedule has been* furnished to the member or Registrar; and
 - #(vi) there has been* compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.

For Committee of Management: *[name of designated officer per section 243 of the RAO Schedule]*

Title of Office held:

Signature:

Date:

* Where compliance or full compliance has not been attained - set out details of non compliance instead.

Where not relevant these may be modified accordingly (e.g. in (vi) "No orders have been made by the Commission under section 273 of the RAO Schedule during the period."

Certificate of Secretary or other Authorised Officer¹

s268 of Schedule 1B *Workplace Relations Act 1996*

I [name] being the [title of office] of the [name of the organisation] certify:

- that the documents lodged herewith are copies of the full report, [and the concise report]², referred to in s268 of the RAO Schedule; and
- that the [full report OR concise report]³, was provided to members on [insert date]; and
- that the full report was presented to [a general meeting of members OR the last of a series of general meetings of members OR a meeting of the committee of management]³ of the reporting unit on [insert date]; in accordance with section 266 of the RAO Schedule.

Signature

Date:

¹RAO regulation 162 prescribes the designated officer for the purpose of RAO schedule s268 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.

²Only applicable where a concise report is provided to members

³Insert whichever is applicable