



30 May 2019

Mr Troy Gray
Secretary, Victorian Divisional Branch
Electrical, Energy and Services Division
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia

By email: etu@etu.asn.au

CC: robert.miano@rsm.com.au

Dear Mr Gray,

Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Victorian Divisional Branch - Financial Report for the year ended 31 December 2017 - [FR2017/323]

I refer to the financial report of the Victorian Divisional Branch of the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (**the reporting unit**). The documents were lodged with the Registered Organisations Commission (**the ROC**) on 13 July 2018. An extension of time until 30 June 2018 to provide members with a copy of the full report was granted on 10 May 2018.

The financial report has now been filed.

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

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

Please note that the financial report for the year ending 31 December 2018 will be subject to an advanced compliance review.

Documents must be lodged with ROC within 14 days of committee of management meeting

Section 268 of the RO Act states that a copy of the full report and the designated officer's certificate are required to be lodged with the ROC within 14 days of the meeting of the committee of management referred to in section 266. The designated officer's certificate indicates that this meeting occurred on 27 June 2018. If this is correct the documents should have been lodged with the ROC by 11 July 2018. As indicated above, the full report was lodged on 13 July 2018.

It appears the reporting unit should have applied to the Commissioner, pursuant to section 268 of the RO Act, to allow a longer period to lodge a copy of the full report and the designated officer's certificate.

Please note that in future financial years if the reporting unit cannot lodge within the 14 day period prescribed, a written request for an extension of time, signed by a relevant officer, including any reason for the delay, must be made *prior to* the expiry of the 14 day period.

Difference in figure reporting in LGD statement and financial report

The figure for donations exceeding \$1,000 disclosed at Note 3(e) was different to the total of the donations disclosed in the loans, grants and donations statement originally lodged under subsection 237(1) on 19 March 2018. I confirm that an amended loans, grants and donations statement which reconciled with the figures disclosed in the financial report was lodged with the ROC on 3 September 2018.

Auditor's report – Auditor's responsibilities

I note that under the heading 'Auditor's responsibilities for the audit of the Financial Report', a link is provided to the Auditing and Assurance Standards Board website in relation to a description of the auditor's responsibilities for the audit of the financial report. The sample auditor's report in the model financial statements includes those responsibilities in the report. The ROC considers it best practice for this information to be set out in the auditor's report so that members of registered organisations are provided with this information without the need to search for this information themselves.

Reference to s.272 & 273

Following the enactment of the *Fair Work (Registered Organisations) Amendment Act 2016*, with effect from 1 May 2017, section 272 refers to the Commissioner of the ROC instead of the General Manager, Fair Work Commission. Section 273 continues to refer to the Fair Work Commission.

I note that items (b) and (e)(v) in the committee of management statement, and note 26 in the financial report refer to 'General Manager' and to 'General Manager of Fair Work Australia'. In future, please ensure these references are to the 'Commissioner'.

Qualified Audit Report

The qualification of a financial report is a significant consideration in assessing the accountability of the reporting unit to its members and is reflected as such in section 332 of the RO Act. I note the correspondence in relation to the auditor's qualification, including the letter of today's date of the Delegate of the Registered Organisations Commissioner.

Reporting Requirements

The 5th edition reporting guidelines for the purposes of s.253 were released on 4 May 2018. These reporting guidelines apply to organisations and branches with financial years commencing on or after 1 July 2017.

The ROC website provides a number of factsheets in relation to the financial reporting process and associated timelines. The website also contains the s.253 reporting guidelines and a model set of financial statements. The ROC recommends that reporting units use these model financial statements to assist in complying with the RO Act, the s.253 reporting guidelines and Australian Accounting Standards. Access to this information is available via [this link](#).

If you have any queries regarding this letter, please contact me on (02) 8293 4654 or via email at david.vale@roc.gov.au.

Yours faithfully



David Vale
Registered Organisations Commission

**Electrical Trades Union of Australia -
Victorian Branch**

**Consolidated Financial Statements
For the Year Ended 31 December 2017**

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OPERATING REPORT

For the year ended 31 December 2017

Your committee presents its report on the Union and its controlled entities for the financial year ended 31 December 2017.

1. General information

a. Members

In accordance with section 254 of the Fair Work (Registered Organisations) Act 2009 we advise that the names of those who have been members of the Branch Executive at any time during, or since the end of, the year are:

Troy Gray	State Secretary
Ivan Balta	Assistant State Secretary
Arron Harris	Assistant State Secretary
Daniel Filazzola (appointed 25/05/2017)	President
Gary Carruthers (resigned 25/05/2017)	President
Graeme Watson	Treasurer
Paul Swann	Vic President
Jim Theodosiou	Branch Executive
Jeremy Barnard	Branch Executive
Stephen O'Brien	Branch Executive
Ken Purdham	Branch Executive

All members of the Branch Executive held office since the start of the financial year to the date of this report unless otherwise stated.

b. Union Secretary

The following person held the position of State Secretary of the Union at the end of the financial year:

Troy Gray

c. Number of members

The number of persons who were members at the end of the financial year was 17,310 (2016: 17,485).

d. Number of employees

The number of persons, who were, at the end of the financial year to which the report relates, full time equivalent employees of the reporting unit was 47 (2016: 43).

e. Principal activities and significant changes in nature of activities

The principal activities of the economic entity during the financial year were:

- 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;

OPERATING REPORT (CONT.)

For the year ended 31 December 2017

- Industrial support including representation of individual member grievances, advice on legal and legislative matters, pursuing relevant changes to the conditions of eligibility rules of the union, and responding to other union's rules applications where they have an 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;
- Management of information technology and strategic membership systems designed to support organizing;
- Communicating 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; and
- National bargaining in key industries and assistance to other branches on bargaining by request.

The above activities were successfully achieved or in progress during the financial year.

There were no significant changes in the nature of the economic entity's principal activities during the financial year.

e. Right of Members to Resign

All members of the Union have the right to resign from the Union in accordance with the rules of the Union and section 174 of the Fair Work (Registered Organizations) Act 2009; by providing written notice addressed and delivered to the State Secretary, including via email.

f. Trustee or director of trustee company of superannuation entity or exempt public sector superannuation scheme s254(2)(d)

No officers of the branch held the position of trustee or as a director of a trustee company of a superannuation entity or exempt public sector superannuation scheme.

2. Business review – Review of operations

The consolidated surplus of the Union for the financial year amounted to \$18,167,117 profit (2016: \$662,869 profit).

3. Other items

a. Significant changes in the financial affairs

During the 2017 year the financial affairs of the union included a substantial distribution of capital from Protect Severance Scheme (Protect). The distribution was received after the trustee, ElecNet (Aust) Pty Ltd, resolved to make the distribution to its sponsors (Electrical Trades Union of Australia – Victorian Branch (ETU) and National Electrical Contractors Association – Victoria (NECA)). The distribution was made in response to the introduction of the Fair Work Laws Amendment (Proper Use of Worker Benefits) Bill 2017, which if it became law, would prohibit Protect making any future distributions to its sponsors, and in the Executive and State Council's view, would put at risk benefits for thousands of electrical workers and their families.

The ETU has set aside a significant amount of the capital received to ensure their members continue to receive their rightful benefits into the future. The Executive and State Council, by resolution, have specified that these funds shall not be used by the ETU for industrial, operational or political purposes. The ETU has entered into a Facility Agreement with Protect to loan back the capital distributed to the ETU if Protect needs to recall the distribution to meet ongoing expenses.

**OPERATING REPORT (CONT.)
For the year ended 31 December 2017**

b. Events after the reporting date

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

Signed in accordance with a resolution of the committee of management:


.....
Troy Gray
Branch Secretary

Dated this 27th day of June 2018

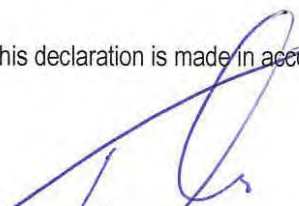
STATEMENT BY COMMITTEE OF MANAGEMENT
For the year ended 31 December 2017


On the 27th 2018 the Executive Committee of the Electrical Trades Union Of Australia – Victorian Branch, passed the following resolution in relation to the general purpose financial report ("GPFR") for the year ended 31 December 2017.

The Electrical Trades Union of Australia - Victorian Branch declares 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 General Manager;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the Electrical Trades Union of Australia – Victorian Branch for the financial year ended 31 December, 2017;
- (d) there are reasonable grounds to believe that the Electrical Trades Union of Australia – Victorian Branch will be able to pay its debts as and when they become due and payable;
- (e) during the financial year ended 31 December 2017 and since the end of the financial year:
 - i) meetings of the Branch Executive were held in accordance with the rules of the Electrical Trades Union of Australia – Victorian Branch;
 - ii) the financial affairs of the Electrical Trades Union of Australia Victorian Branch have been managed in accordance with the rules of the Electrical Trades Union of Australia – Victorian Branch;
 - iii) the financial records of the Electrical Trades Union of Australia – Victorian Branch 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 financial records of the Electrical Trades Union of Australia – Victorian Branch have been kept, as far as practicable, in a consistent manner to each of the other branches of the national organisation;
 - v) no information has been sought in any request of a member of the Electrical Trades Union of Australia or the General Manager of Fair Work Australia under section 272 of the Fair Work (Registered Organisations) Act 2009; and
 - vi) no orders have been made by the General Manager of Fair Work Australia under section 273 of the Fair Work (Registered Organisations) Act 2009.
- (f) the reporting unit has not engaged in recovery of wages activity which has resulted in the derivation of revenue in respect of such activity.

This declaration is made in accordance with a resolution of the Committee of Management.


.....
Troy Gray
Branch Secretary


.....
Graeme Watson
Treasurer

Dated this 27th day of June 2018

CERTIFICATE BY BRANCH SECRETARY
For the year ended 31 December 2017

I, Troy Gray, being the Branch Secretary of Electrical Trades Union of Australia —Victorian Branch certify that:

- (a) the documents lodged herewith are copies of the full report for the Electrical Trades Union of Australia — Victorian Branch for the period ended 31 December 2017, referred to in Section 268 of the Fair Work (Registered Organisations) Act 2009; and
- (b) the full report was provided to members of the Union on 27/...6... 2018; and
- (c) the full report was presented to the Committee of Management of the reporting unit on 27/...6... 2018 in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.


.....
Troy Gray
Branch Secretary

Dated this 27th day of JUNE 2018

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF****ELECTRICAL TRADES UNION OF AUSTRALIA – VICTORIAN BRANCH****Qualified Opinion**

We have audited the financial report of Electrical Trades Union of Australia – Victorian Branch (Union) and its subsidiaries (consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the committee's declaration.

In our opinion, except for the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the consolidated entity is in accordance with the Fair Work (Registered Organisations) Act 2009, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009.

Basis for Qualified Opinion

The Union's investment in associate, Protect Severance Scheme, is accounted for by the equity method. The Union's share of net profit from associate of \$16,995,919 (2016: \$4,817,735) and fair value adjustment to investment in associate of \$3,856,880 (2016: \$nil) is included in the Union's statement of comprehensive income for the year ended 31 December 2017. The financial information of the associate was not reviewed or audited for the comparative year of 31 December 2016, and therefore we were unable to determine whether any adjustments to these balances were necessary. Our opinion on the current year's financial report is modified because of the possible effect of this matter on the current year's share of net profit from associate and fair value adjustment to investment in associate.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities 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 consolidated entity in accordance with the auditor independence requirements of the Fair Work (Registered Organisations) Act 2009 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 ethical responsibilities in accordance with the Code.

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

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Other Information

The committee are responsible for the other information. The other information comprises the information included in the Operating Report for the year ended 31 December 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Committee's Responsibility for the Financial Report

The committee of the union are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the committee determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee are responsible for assessing the ability of the consolidated entity 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 either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

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 this financial report.

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/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Going Concern

The auditor declares that as part of the audit of the financial statements, it was concluded that management's use of the going concern basis of accounting in the preparation of the consolidated entity's financial statements is appropriate.

Approved Auditor

The auditor declares that he is an approved auditor who is a member of The Institute of Chartered Accountants in Australia and New Zealand and holds a current Public Practice Certificate.



RSM AUSTRALIA PTY LTD



R B MIANO
Director

Dated: *27 June 2018*
Melbourne, VIC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	Consolidated		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue					
Membership subscription		8,157,282	8,113,561	8,157,282	8,113,561
Capitation fees	2(a)	-	-	-	-
Levies	2(b)	-	-	-	-
Interest	2(c)	368,608	710,414	33,761	364,097
Rental revenue	2(d)	732,199	753,021	-	11,952
Other revenue	2(e)	9,008,148	7,844,261	4,834,707	3,985,192
Total revenue		18,266,237	17,421,257	13,025,750	12,474,802
Other income					
Grants and/or donations	2(f)	-	888,338	-	888,338
Share of net profit from associate	12	16,995,919	4,817,735	16,995,919	4,817,735
Fair value adjustment to investment in associate	12	3,856,880	-	3,856,880	-
Net gains from sale of assets	2(g)	29,020	33,039	37,114	33,063
Total other income		20,881,819	5,739,112	20,889,913	5,739,136
Total income		39,148,056	23,160,369	33,915,663	18,213,938
Expenses					
Employee expenses	3(a)	(10,855,538)	(10,406,777)	(8,067,495)	(7,848,523)
Capitation fees	3(b)	-	-	-	-
Affiliation fees	3(c)	-	-	-	-
Administration expenses	3(d)	(1,420,193)	(2,225,833)	(1,048,771)	(1,884,611)
Grants or donations	3(e)	(1,065,434)	(834,896)	(1,065,434)	(834,896)
Depreciation and amortisation expense	3(f)	(1,531,629)	(1,471,309)	(827,715)	(690,720)
Legal costs	3(g)	(301,424)	(335,682)	(301,171)	(335,432)
Write-down and impairment of assets	3(h)	-	(292,650)	-	-
Other expenses	3(i)	(5,806,721)	(6,930,353)	(10,136,033)	(5,255,416)
Total expenses		(20,980,939)	(22,497,500)	(21,446,619)	(16,849,598)
Surplus (deficit) for the year		18,167,117	662,869	12,469,044	1,364,340
Other comprehensive income					
Items that will be subsequently reclassified to profit or loss					
Net gain on revaluation of available for sale financial assets		1,024,672	163,132	(68,069)	68,069
Items that will not be subsequently reclassified to profit or loss					
Net gain on revaluation of land and buildings		-	605,873	-	-
Total comprehensive income for the year		19,191,789	1,431,874	12,400,975	1,432,409
Comprehensive income attributable to members of the parent entity		19,164,232	1,340,189	12,400,975	1,432,409
Comprehensive income attributable to outside equity interest		27,557	91,686	-	-

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	Consolidated		Parent	
		2017	2016	2017	2016
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	4	8,159,296	8,068,437	1,294,899	1,493,113
Trade and other receivables	5	14,002,533	2,081,432	24,786,383	8,595,835
Inventories	6	79,879	145,191	79,879	145,191
Other current assets	7	294,896	300,387	240,616	259,922
Total current assets		22,536,604	10,595,447	26,401,777	10,494,061
Non-Current Assets					
Trade and other receivables	5	629,182	634,732	629,182	634,732
Financial assets	8	41,458,144	23,013,763	12,062,101	4,493,042
Property, plant and equipment	10	21,114,675	21,236,714	3,660,997	3,778,755
Intangibles	11	242,396	328,979	242,396	328,979
Investments in associates	12	8,267,610	19,567,693	8,267,610	19,567,693
Total non-current assets		71,712,007	64,781,881	24,862,286	28,803,201
Total assets		94,248,611	75,377,328	51,264,063	39,297,262
LIABILITIES					
Current Liabilities					
Trade and other payables	13	5,067,547	4,642,263	4,213,387	4,152,859
Employee provisions	14	3,623,819	4,174,657	3,183,783	3,748,663
Total current liabilities		8,691,366	8,816,920	7,397,170	7,901,522
Non-Current Liabilities					
Employee provisions	14	82,700	6,152	70,178	-
Total non-current liabilities		82,700	6,152	70,178	-
Total liabilities		8,774,066	8,823,072	7,467,348	7,901,522
Net assets		85,474,545	66,554,256	43,796,715	31,395,740
EQUITY					
Reserves		4,659,223	3,634,551	-	68,069
Accumulated surplus		80,807,499	62,898,954	43,796,715	31,327,671
Equity attributable to members of the parent entity		85,466,722	66,533,505	43,796,715	31,395,740
Outside equity interests in controlled entities		7,823	20,751	-	-
Total equity		85,474,545	66,554,256	43,796,715	31,395,740

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

2016 Consolidated	Accumulated Surplus	Asset Revaluation	Available for sale Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2016	62,624,383	2,865,546	-	65,489,929
Profit/(loss) for the year	662,869	-	-	662,869
Distribution to beneficiaries	(367,547)	-	-	(367,547)
Other Comprehensive income	-	605,873	163,132	769,005
Balance at 31 December 2016	62,919,705	3,471,419	163,132	66,554,256

2017 Consolidated	Accumulated Surplus	Revaluation Reserve	Available for sale Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2017	62,919,705	3,471,419	163,132	66,554,256
Profit/(loss) for the year	18,167,117	-	-	18,167,117
Distribution to beneficiaries	(271,500)	-	-	(271,500)
Other Comprehensive income	-	-	1,024,672	1,024,672
Balance at 31 December 2017	80,815,322	3,471,419	1,187,804	85,474,545

2016 Parent	Accumulated Surplus	Asset Revaluation	Available for sale Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2016	29,963,331	-	-	29,963,331
Profit/(loss) for the year	1,364,340	-	-	1,364,340
Other Comprehensive income	-	-	68,069	68,069
Balance at 31 December 2016	31,327,671	-	68,069	31,395,740

2017 Parent	Accumulated Surplus	Asset Revaluation	Available for sale Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 January 2017	31,327,671	-	68,069	31,395,740
Profit/(loss) for the year	12,469,044	-	-	12,469,044
Other Comprehensive income	-	-	(68,069)	(68,069)
Balance at 31 December 2017	43,796,715	-	-	43,796,715

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

Notes	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	17,875,939	19,957,053	11,663,784	12,797,503
Payments to suppliers and employees	(19,679,366)	(19,575,674)	(20,675,627)	(14,829,375)
Interest received	368,608	710,414	33,761	364,097
Net cash provided by/(used in) operating activities	15 <u>(1,434,819)</u>	<u>1,091,793</u>	<u>(8,978,082)</u>	<u>(1,667,775)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property plant and equipment	442,373	330,295	391,164	276,570
Purchase of property, plant and equipment	(1,721,749)	(2,373,657)	(962,813)	(1,318,081)
Purchase of intangibles	(14,611)	(93,552)	(14,611)	(93,552)
Purchase of financial assets	(30,138,503)	(15,836,264)	(1,725,638)	(4,600,694)
Proceeds from maturity/ sale of financial assets	12,793,268	14,534,921	4,804,330	8,825,030
Proceeds from investments in associates	20,411,196	-	20,512,151	-
Net proceeds / (payments) of loans	25,204	-	5,550	-
Net proceeds / (payments) to related parties	-	-	(14,230,265)	(7,002,735)
Net cash provided by/(used in) investing activities	<u>1,797,178</u>	<u>(3,438,257)</u>	<u>8,779,868</u>	<u>(3,913,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Beneficiary payments	<u>(271,500)</u>	<u>(367,547)</u>	-	-
Net cash provided by/(used in) financing activities	<u>(271,500)</u>	<u>(367,547)</u>	-	-
Net increase/(decrease) in cash held	90,859	(2,714,011)	(198,214)	(5,581,237)
Cash and cash equivalents at beginning of year	8,068,437	10,782,448	1,493,113	7,074,350
Cash and cash equivalents at end of year	4 <u><u>8,159,296</u></u>	<u><u>8,068,437</u></u>	<u><u>1,294,899</u></u>	<u><u>1,493,113</u></u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Summary of significant accounting policies

Electrical Trades Union of Australia - Victorian Branch is a registered trade union domiciled in Australia.

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period and the Fair Work (Registered Organisations) Act 2009. For the purpose of preparing the general purpose financial statements, the Electrical Trade Union of Australia – Victorian Branch is a not for profit entity.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost, except for certain assets and liabilities measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

b. Comparative amounts

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

c. Principles of consolidation

The consolidated financial statements comprise the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. A controlled entity is any entity over which Electrical Trade Union of Australia – Victorian Branch has power to govern the financial and operating policies so as to obtain benefits from its activities.

Controlled entities

Where controlled entities have entered or left the economic entity during the year, the financial performance of those entities is included only for the period that they were controlled. A list of controlled entities is contained in Note 9 to the financial statements.

During the year ended 31 December 2017, there were no assets or liabilities acquired through any business combination.

Inter-entity balances

In preparing the consolidated financial statements, all inter-entity balances and transactions between entities in the economic entity have been eliminated in full for the purpose of these consolidated financial statements. Appropriate adjustments have been made to a controlled entity's financial statements where the accounting policies used by those entities were different from those adopted in the consolidated financial statements.

d. Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

For the year ended 31 December 2017

1. Summary of significant accounting policies (Cont.)

d. Revenue and other income (Cont.)

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year and is only recognised for financial members.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Management fee and administration income is brought to account on a monthly and accruals basis.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

Donation income is recognised when it is received.

e. Taxation

Electrical Trades Union of Australia – Victoria Branch is exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has an obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenue, expenses and assets are recognized net of GST except:

- Where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- For receivables and payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to the Australian Taxation Office is classified within operating cash flows.

f. Cash and Cash Equivalents

Cash is recognized at its nominal amount. Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g. Inventories

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

h. Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

For the year ended 31 December 2017

1. Summary of significant accounting policies (Cont.)

h. Property, Plant and Equipment (Cont.)

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. 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. In the periods when the freehold land and buildings are not subject to an independent valuation, the committee conduct committee valuations to ensure the land and buildings carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the consolidated statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by the committee of management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of buildings is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the building is held ready for use. All other fixed assets excluding freehold land, are depreciated on a diminishing value basis over the asset's useful life to the economic entity commencing from the time the asset is held ready for use. Land is not depreciated.

Depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation rate
Buildings and improvements	2.50%
Furniture, Fixtures and Fittings	11.25%
Motor Vehicles	18.75%
Office Equipment	10 - 15%
Computer Equipment	37.50%

Assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

For the year ended 31 December 2017

1. Summary of significant accounting policies (Cont.)

i. Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognized on a straight-line basis over their estimated useful life. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation rates used for each class of amortizable assets are:

Class of Intangibles	Amortisation rate
Computer Software	33.33%

Derecognition

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit and loss when the asset is derecognized.

j. Leases

Income is derived from rental operations which represents the letting of excess office space in the union's buildings to outside parties. These parties include other unions, allied organisations and commercial entities.

k. Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value or cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine the fair value of the financial instrument. In other circumstances, valuation techniques are adopted.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017**

1. Summary of significant accounting policies (Cont.)

k. Financial Instruments (Cont.)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the economic entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the economic entity sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period.

l. Impairment of Assets

At the end of each reporting period, the economic entity assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information and dividends received from controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Value in use is calculated by discounting the estimated future cash flows of the asset or cash-generating unit (CGU) at a pre-tax discount rate reflecting the specific risks in the asset / CGU. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the economic entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

m. Employee benefits

Provision is made for the Union's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

For the year ended 31 December 2017

1. Summary of significant accounting policies (Cont.)

m. Employee benefits (Cont.)

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

n. Provisions

Provisions are recognised when the economic entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

o. Goods and Services Tax (GST)

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

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

p. Investments in associate using the equity method of accounting

An associate is an entity over which the Electrical Trades Union – Victorian Branch has significant influence and is neither a subsidiary nor a joint venture interest. Significant influence is determined as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the share of the profit or loss and other comprehensive income of the associate. When the share of losses of an associate exceeds the interest in that associate, the Electrical Trades Union – Victorian Branch discontinues recognising its share of further losses. Additional losses are recognised only to the extent that legal or constructive obligations or payments on behalf of the associate or have been incurred.

Any excess of the cost of acquisition over the share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

q. Standards not yet effective

At the date of this financial report, AASB 9, AASB 15 and AASB 16 which may impact the entity in the period of initial application, have been issued but are not yet effective. These new standards and interpretations have not been applied in the preparation of this financial report.

There were no new standards adopted for the first time by the consolidated entity in the year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

1. Summary of significant accounting policies (Cont.)

r. Going concern

The entity is not reliant on financial support from another reporting entity to enable the entity to operate as a going concern or any other financial support.

There were no assets or liabilities acquired as a result of amalgamation, restructure, the granting or revocation of a certificate under s.245 or s.249 of Fair Work (Registered Organisations) Act 2009.

The entity did not provide any financial support to another reporting entity to enable that reporting entity to continue as a going concern.

s. Significant accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Management have identified one judgement, estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below.

Investment in Associate – Equity Accounting for Protect Severance Scheme and Protect Severance Scheme No. 2

The Union's associates, Protect Severance Scheme and Protect Severance Scheme No. 2, are made up of four divisions, which includes an electrical division. The Union is part of the electrical division. The trustees of the respective scheme may exercise their rights to distribute capital surplus to the four divisions of the schemes. The Union is entitled to 75% of the distribution that is provided to the electrical division. For the purposes of equity accounting, management estimated the proportion of the capital surplus that the electrical division may have entitlement comprises 82%. The 82% is based on the current year and prior year members entitlement balance by division. The proportion will be reviewed annually. Consequently, the Union's share of the associate's profits and net assets is 61.5% (being the Union's 75% distribution entitlement of the 82%).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
2. REVENUE				
(a) Capitation fees				
Total capitation fees	-	-	-	-
(b) Levies				
Total levies	-	-	-	-
(c) Interest				
Deposits	368,608	710,414	33,761	364,097
Loans	-	-	-	-
Total interest	368,608	710,414	33,761	364,097
(d) Rental revenue				
Properties	732,199	753,021	-	-
Other	-	-	-	11,952
Total rental revenue	732,199	753,021	-	11,952
(e) Other revenue				
Sale of goods	30,746	70,255	30,746	70,255
Management fees	2,561,575	2,100,587	2,561,575	2,100,587
Administration income	4,469,620	4,371,766	-	-
Recoveries	-	92,774	-	92,774
Sundry income	1,796,727	998,449	631,698	921,169
Directors Fees	149,480	210,430	149,480	210,430
Trust distributions	-	-	1,461,208	589,977
Total other revenue	9,008,148	7,844,261	4,834,707	3,985,192
(f) Grants or donations				
Grants	-	-	-	-
Donations	-	888,338	-	888,338
Total grants or donations	-	888,338	-	888,338
(g) Net gains from sale of assets				
Total gains from sale of assets	29,020	33,039	37,114	33,063

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated	
	2017	2016
	\$	\$
3. EXPENSES		
(a) Employee expenses		
Holders of office:		
Wages and salaries (i)	496,723	481,782
Superannuation (i)	92,114	90,248
Leave and other entitlements (i)	63,672	49,742
Subtotal employee expenses holders of office	652,510	621,772
 (i) For the year ended 31 December 2017, there were no separation / redundancy expenses paid in respect of office holders (FY 2016: \$0).		
Employees other than office holders:		
Wages and salaries (ii)	7,054,846	7,147,201
Superannuation (ii)	1,089,863	1,027,552
Leave and other entitlements (ii)	1,273,036	613,211
Subtotal employee expenses employees other than office holders	9,417,745	8,787,964
 (ii) For the year ended 31 December 2017, there were redundancy payments of \$1,083,599 (FY 2016: \$657,474).		
Other employee expenses:		
FST and payroll tax	635,881	590,102
Workcover expenses	55,296	50,603
Training expenses	56,013	322,980
Health benefit expenses	38,093	33,356
Subtotal other employee expenses	785,283	997,041
Total employee expenses	10,855,538	10,406,777
 (iii) Disclosure of remuneration of Elected Officials		
State secretary	203,461	190,653
Assistant state secretary	363,176	340,870
Organisers	3,549,462	2,846,936
	4,116,099	3,378,459

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
3. EXPENSES (CONT.)				
(b) Capitation fees				
Total capitation fees	-	-	-	-
(c) Affiliation fees				
Total affiliation fees	-	-	-	-
(d) Administration expenses				
Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Fees / allowances - meeting and conferences	-	-	-	-
Conference and meeting expenses	139,454	148,977	132,386	144,697
Contractors / consultants	374,983	667,785	232,189	545,771
Audit and other services	19 99,550	119,300	71,350	81,400
Printing costs	287,123	786,659	287,123	786,659
Computer related costs	157,449	206,027	125,743	184,594
Publication costs	361,634	297,085	199,980	141,490
Total administration expenses	1,420,193	2,225,833	1,048,771	1,884,611
(e) Grants or donations				
Grants:				
Total paid that were \$1,000 or less	59,069	57,990	59,069	57,990
Total paid that exceed \$1,000	5,000	-	5,000	-
Donations:				
Total paid that were \$1,000 or less	7,388	21,353	7,388	21,353
Total paid that exceed \$1,000	993,977	755,553	993,977	755,553
Total grants or donations	1,065,434	834,896	1,065,434	834,896
<p>This amount excludes \$86,452 (FY 2016: \$101,809) of beneficiary payments made directly from a subsidiary trust to members of the union in relation to member hardship. The total donations exceeding \$1,000, including member hardship, for the year was \$1,080,429 (FY 2016: \$857,362).</p>				
(f) Depreciation and amortisation				
Depreciation				
Buildings	254,236	254,644	-	-
Furniture, Fixtures and Fittings	41,448	271,583	41,448	271,583
Improvements	581,442	466,018	213,997	-
Motor Vehicles	307,219	270,069	256,631	238,819
Office Equipment	56,968	48,461	33,869	24,432
Computer Equipment	189,122	160,534	180,576	155,886
Other Plant and Equipment	-	-	-	-
Total depreciation	1,430,435	1,471,309	726,521	690,720

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
3. EXPENSES (CONT.)				
(f) Depreciation and amortisation (Cont.)				
Amortisation				
Intangibles	101,194	-	101,194	-
Total amortisation	<u>101,194</u>	<u>-</u>	<u>101,194</u>	<u>-</u>
(g) Legal costs				
Litigation	215,085	141,038	215,085	141,038
Other legal matters	86,339	194,644	86,086	194,394
Total legal costs	<u>301,424</u>	<u>335,682</u>	<u>301,171</u>	<u>335,432</u>
(h) Write-down and impairment of assets				
Write-down and impairment of assets				
Improvements	-	292,650	-	-
Total write-down and impairment of assets	<u>-</u>	<u>292,650</u>	<u>-</u>	<u>-</u>
(i) Other expenses				
Penalties - via RO Act or RO Regulations	-	-	-	-
CEPU Nat. Office - Sustentation	1,129,444	990,265	1,129,444	990,265
Ambulance membership costs	322,888	373,263	322,888	373,263
Pickett line expenses	115,555	1,009,100	115,555	1,009,100
Motor vehicle costs	335,925	298,004	274,159	235,354
Gift expense	-	-	5,610,000	-
Sundry expenses	3,902,909	4,259,721	2,683,987	2,647,434
	<u>5,806,721</u>	<u>6,930,353</u>	<u>10,136,033</u>	<u>5,255,416</u>
4. CASH AND CASH EQUIVALENTS				
Cash on hand	4,604	4,809	4,500	4,600
Cash at bank	8,154,692	8,063,628	1,290,399	1,488,513
	<u>8,159,296</u>	<u>8,068,437</u>	<u>1,294,899</u>	<u>1,493,113</u>
5. TRADE AND OTHER RECEIVABLES				
Current				
Trade receivables	1,010,567	999,617	545,915	615,973
Provision for doubtful debts	-	-	-	-
	<u>1,010,567</u>	<u>999,617</u>	<u>545,915</u>	<u>615,973</u>
Other receivables	903	1,040,061	-	1,039,158
Controlled entity receivable	-	-	11,340,893	6,917,894
Unpaid distributions	12 12,777,882	-	12,899,575	-
Accrued income	213,181	41,754	-	22,810
	<u>14,002,533</u>	<u>2,081,432</u>	<u>24,786,383</u>	<u>8,595,835</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
5. TRADE AND OTHER RECEIVABLES (CONT.)				
Non-current				
Unpaid trust distributions	534,732	534,732	534,732	534,732
Other receivables	94,450	100,000	94,450	100,000
	629,182	634,732	629,182	634,732
There is no receivable owing from another reporting unit as at 31 December 2017.				
6. INVENTORIES				
Merchandise	79,879	145,191	79,879	145,191
	79,879	145,191	79,879	145,191
7. OTHER CURRENT ASSETS				
Prepayments	294,896	300,367	240,616	259,922
	294,896	300,367	240,616	259,922
8. FINANCIAL ASSETS				
Available for sale financial assets (a)	17,504,206	13,748,147	-	3,851,494
Other investments (b)	3	4	10,562,101	4
Held to maturity financial assets (c)	23,953,935	9,265,612	1,500,000	641,544
	41,458,144	23,013,763	12,062,101	4,493,042
(a) Available for sale financial assets comprise				
Listed investments - fair value	7,793,615	7,670,317	-	1,847,887
Unlisted investments - fair value	9,710,591	6,077,830	-	2,003,607
	17,504,206	13,748,147	-	3,851,494
(b) Other investments comprises				
Unlisted investments				
- shares in controlled entities - cost	-	-	-	-
- shares in other related parties - cost	3	4	3	4
- investment in subsidiaries	-	-	10,562,098	-
	3	4	10,562,101	4
(c) Held to maturity investment comprise				
Term deposits	3,000,000	5,500,000	1,500,000	-
Fixed interest securities	17,378,193	641,544	-	641,544
Bonds	3,575,742	3,124,068	-	-
	23,953,935	9,265,612	1,500,000	641,544

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

9. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%) 2017	Percentage Owned (%) 2016
ETU - Victorian Branch Trust	Australia	100	100
ETU - (Victorian Branch) Distress, Mortality & Trading Fund	Australia	100	100
ETU (Distress, Mortality & Trading) Pty Ltd	Australia	100	100
ETU Arden Trust	Australia	100	100
ETU Swanston Trust	Australia	100	100
ETU Morwell Trust	Australia	100	100
ETU Comrades Trust	Australia	100	100
ETU (Victorian Branch) Pty Ltd	Australia	100	100
ETU (National) Pty Ltd	Australia	100	100
Comrades Social Club Pty Ltd	Australia	100	100
ETU Pty Ltd	Australia	100	100
Electrical Electronic Industry Training Ltd	Australia	100	100
Protect Services Pty Ltd	Australia	75	75

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
10. PROPERTY, PLANT AND EQUIPMENT				
LAND AND BUILDINGS - AT FAIR VALUE				
At independent valuation				
Land and buildings at fair value ⁽ⁱ⁾	13,464,560	13,464,560	-	-
Accumulated depreciation	(254,236)	-	-	-
Improvements at fair value	5,770,103	5,620,440	2,014,300	1,938,689
Accumulated depreciation	(652,441)	-	(213,997)	-
TOTAL LAND AND BUILDINGS - AT FAIR VALUE	18,327,986	19,085,000	1,800,303	1,938,689
 (i) The independent valuation conducted in the 2016 financial year was as at 31 December 2016.				
PLANT AND EQUIPMENT - AT COST				
<i>Furnitures, fixtures and fittings</i>				
At Cost	880,810	868,639	880,810	868,639
Accumulated depreciation	(486,172)	(444,724)	(486,172)	(444,724)
Total Furnitures, fixtures and fittings	394,638	423,915	394,638	423,915
<i>Work in Progress</i>				
At Cost	662,072	65,750	-	-
Total Work in Progress	662,072	65,750	-	-
<i>Motor Vehicles</i>				
At Cost	1,463,393	1,423,486	1,200,594	1,152,554
Accumulated depreciation	(355,382)	(420,434)	(284,650)	(326,648)
Total Motor Vehicles	1,108,011	1,003,052	915,944	825,906
<i>Office equipment</i>				
At Cost	830,191	714,853	653,164	561,704
Accumulated depreciation	(452,103)	(395,135)	(327,366)	(293,497)
Total Office equipment	378,088	319,718	325,798	268,207
<i>Computer equipment</i>				
At Cost	914,604	824,919	881,183	802,369
Accumulated depreciation	(673,224)	(488,140)	(656,869)	(480,331)
Total Computer equipment	241,380	336,779	224,314	322,038
<i>Other property, plant and equipment</i>				
At Cost	2,500	2,500	-	-
Total Other property, plant and equipment	2,500	2,500	-	-
TOTAL PLANT AND EQUIPMENT	2,786,689	2,151,714	1,860,694	1,840,066
TOTAL PROPERTY, PLANT AND EQUIPMENT	21,114,675	21,236,714	3,660,997	3,778,755

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

10. PROPERTY, PLANT AND EQUIPMENT (Cont.)

Movements in Carrying Amounts

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

Consolidated

	Buildings	Furniture, fixtures and fittings	Improvements	Works in progress	Motor Vehicles	Office Equipment	Computer Equipment	Other Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	12,957,176	2,410,360	3,701,388	-	989,482	179,219	78,274	2,500	20,318,399
Additions	-	12,485	1,328,923	-	580,299	36,145	415,805	-	2,373,657
Transfers	122,037	(1,727,347)	1,382,915	65,750	-	152,815	3,830	-	-
Disposals - written down value	-	-	-	-	(296,660)	-	(596)	-	(297,256)
Depreciation expense	(254,644)	(271,583)	(466,018)	-	(270,069)	(48,461)	(160,534)	-	(1,471,309)
Impairment expense	-	-	(292,650)	-	-	-	-	-	(292,650)
Revaluation increase recognised in equity	639,991	-	(34,118)	-	-	-	-	-	605,873
Balance at 31 December 2016	13,464,560	423,915	5,620,440	65,750	1,003,052	319,718	336,779	2,500	21,236,714
Balance at 1 January 2017	13,464,560	423,915	5,620,440	65,750	1,003,052	319,718	336,779	2,500	21,236,714
Additions	-	12,171	84,903	596,322	825,312	115,338	87,703	-	1,721,749
Disposals - written down value	-	-	(6,239)	-	(413,134)	-	6,020	-	(413,353)
Depreciation expense	(254,236)	(41,448)	(581,442)	-	(307,219)	(56,968)	(189,122)	-	(1,430,435)
Balance at 31 December 2017	13,210,324	394,638	5,117,662	662,072	1,108,011	378,088	241,380	2,500	21,114,675

Parent

	Buildings	Furniture, Fixtures and Fittings	Improvements	Works in Progress	Motor Vehicles	Office Equipment	Computer Equipment	Other Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	-	2,410,360	-	-	793,275	113,703	77,561	-	3,394,899
Additions	-	223,827	-	-	514,359	178,936	400,959	-	1,318,081
Transfers	-	(1,938,689)	1,938,689	-	-	-	-	-	-
Disposals - written down value	-	-	-	-	(242,909)	-	(596)	-	(243,505)
Depreciation expense	-	(271,583)	-	-	(238,819)	(24,432)	(155,886)	-	(690,720)
Balance at 31 December 2016	-	423,915	1,938,689	-	825,906	268,207	322,038	-	3,778,755
Balance at 1 January 2017	-	423,915	1,938,689	-	825,906	268,207	322,038	-	3,778,755
Additions	-	12,171	75,611	-	700,499	91,460	83,072	-	962,813
Disposals - written down value	-	-	-	-	(353,830)	-	(220)	-	(354,050)
Depreciation expense	-	(41,448)	(213,997)	-	(256,631)	(33,869)	(180,576)	-	(726,521)
Balance at 31 December 2017	-	394,638	1,800,303	-	915,944	325,798	224,314	-	3,660,997

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
11. INTANGIBLES				
Computer software at cost:				
Purchased	343,590	328,979	343,590	328,979
Accumulated depreciation	(101,194)	-	(101,194)	-
Total computer software	<u>242,396</u>	<u>328,979</u>	<u>242,396</u>	<u>328,979</u>

Movements in Carrying Amounts

Movement in carrying amounts for each class of intangibles between the beginning and the end of the current financial year:

	Computer software		Total	
	\$	\$	\$	\$
Balance at 1 January 2016	235,427	235,427	235,427	235,427
Additions	93,552	93,552	93,552	93,552
Depreciation expense	-	-	-	-
Balance at 31 December 2016	<u>328,979</u>	<u>328,979</u>	<u>328,979</u>	<u>328,979</u>

	Computer software		Total	
	\$	\$	\$	\$
Balance at 1 January 2017	328,979	328,979	328,979	328,979
Additions	14,611	14,611	14,611	14,611
Depreciation expense	(101,194)	(101,194)	(101,194)	(101,194)
Balance at 31 December 2017	<u>242,396</u>	<u>242,396</u>	<u>242,396</u>	<u>242,396</u>

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$

12. INVESTMENTS IN ASSOCIATES

Investment in Associates

ElectNet (Aust) Pty Ltd	2	2	2	2
Protect Severance Scheme	8,237,855	19,537,938	8,237,855	19,537,938
Protect Severance Scheme No.2 Pty Ltd	2	2	2	2
Protect Severance Scheme No.2	-	-	-	-
IPP Property Trust	225,751	225,751	225,751	225,751
Provision for impairment	(196,000)	(196,000)	(196,000)	(196,000)
	<u>8,267,610</u>	<u>19,567,693</u>	<u>8,267,610</u>	<u>19,567,693</u>

Details of investments in associates

Name of Associate	Principal place of activity	Ownership	
		2017 %	2016 %
ElectNet (Aust) Pty Ltd ⁽ⁱ⁾	Australia	50%	50%
Protect Severance Scheme	Australia	-(i)	-(i)
Protect Severance Scheme No.2 Pty Ltd ⁽ⁱⁱ⁾	Australia	50%	50%
Protect Severance Scheme No.2	Australia	-(ii)	-(ii)
IPP Property Trust	Australia	9% ⁽ⁱⁱⁱ⁾	9% ⁽ⁱⁱⁱ⁾

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

12. INVESTMENTS IN ASSOCIATES (CONT.)

(i) ElectNet (Aust) Pty Ltd is the trustee for Protect Severance Scheme. The entity acts solely as a trustee company and has no material assets and liabilities.

The Protect Severance Scheme was established to support employers, workers and their families in the electrical, manufacturing, maritime, rail and construction industries during any period of unemployment, illness, injury, personal difficulty, career transition or skill development. The Protect Severance Scheme is able to distribute excess funds at the discretion of the trustee.

The Electrical Trades Union – Victorian Branch has three representatives on the board of Protect Severance Scheme and thus is considered under AASB 128 Investment in Associates and Joint Venture to have significant influence over financial and operating decisions. Whilst the Electrical Trades Union – Victorian Branch has assessed that it does not have the power to direct the Protect Severance Scheme, the application of the requirements of AASB 128 result in the accounting for this interest in the Protect Severance Scheme as an interest in associate.

The Scheme is made up of four divisions of which the electrical division is entitled to a distribution comprising of 82%. The Electrical Trades Union – Victorian Branch is entitled to a 75% distribution of the 82%. This represents an effective rate of 61.5%.

(ii) Protect Severance Scheme No.2 Pty Ltd is the trustee for Protect Severance Scheme No.2. The entity acts solely as a trustee company and has no material assets and liabilities.

The Protect Severance Scheme No.2 was established to support employers, workers and their families in the electrical, manufacturing, maritime, rail and construction industries during any period of unemployment, illness, injury, personal difficulty, career transition or skill development. The Protect Severance Scheme No. 2 is able to distribute excess funds at the discretion of the trustee.

The Electrical Trades Union – Victorian Branch has three representatives on the board of Protect Severance Scheme No.2 and thus is considered under AASB 128 Investment in Associates and Joint Venture to have significant influence over financial and operating decisions. Whilst the Electrical Trades Union – Victorian Branch has assessed that it does not have the power to direct the Protect Severance Scheme No. 2, the application of the requirements of AASB 128 result in the accounting for this interest in the Protect Severance Scheme No.2 as an interest in associate.

The Scheme is made up of four divisions of which the electrical division is entitled to a distribution comprising of 82%. The Electrical Trades Union – Victorian Branch is entitled to a 75% distribution of the 82%. This represents an effective rate of 61.5%.

(iii) ETU's investment in IPP Property Trust is not material for further disclosure for these financial statements.

Protect Severance Scheme

	ETU Share 61.5%	Protect Severance Scheme 100%	ETU Share 61.5%	Protect Severance Scheme 100%
	2017	2017	2016	2016
	\$	\$	\$	\$
Statement of financial position:				
Assets	161,573,843	262,721,696	167,530,985	272,408,106
Liabilities	(153,335,988)	(249,326,810)	(147,993,048)	(240,639,102)
Net assets	8,237,855	13,394,886	19,537,937	31,769,004
Statement of comprehensive income:				
Income	16,992,349	27,629,836	9,298,551	15,119,595
Expenses	(3,678,059)	(5,980,583)	(5,707,955)	(9,281,227)
Income tax	3,681,629	5,986,388	1,227,138	1,995,347
Net surplus/(deficit)	16,995,919	27,635,641	4,817,735	7,833,715

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

12. INVESTMENTS IN ASSOCIATES (CONT.)

The investment in associate value as at 31 December 2017 after recognising share of associate's profit and distributions received was \$4,380,975. The fair value of the Union's share in the associate was \$8,237,855. The difference was recognised directly to the profit and loss such that the investment in associate value equals the fair value as at 31 December 2017.

Distributions received from associate was \$32,152,882 (2016: \$975,000). As at 31 December 2017, \$12,777,882 was unpaid.

Associate had contingent liabilities and capital commitments as at 30 June 2017 of \$nil (2016: \$nil) and \$nil (2016: \$nil), respectively.

The Union has provided a three year facility agreement to the Associate. The available facility limit is up to \$15M initially with the limit decreasing by \$2.5M every six months, to October 2020. The facility has not been drawn upon by the Associate as at 31 December 2017.

Protect Severance Scheme No.2

	ETU Share 61.5%	Protect Severance Scheme No. 2 100%	ETU Share 61.5%	Protect Severance Scheme No. 2 100%
	2017	2017	2016	2016
	\$	\$	\$	\$
Statement of financial position:				
Assets	13,290,095	21,609,911	-	-
Liabilities	(13,801,369)	(22,441,251)	-	-
Net assets	(511,274)	(831,340)	-	-
Statement of comprehensive income:				
Income	136,925	222,643	-	-
Expenses	(648,200)	(1,053,983)	-	-
Income tax	-	-	-	-
Net surplus/(deficit)	(511,274)	(831,340)	-	-

Distributions received from associate was \$0 (2016: \$nil).

Associate had contingent liabilities and capital commitments as at 30 June 2017 of \$nil (2016: \$nil) and \$nil (2016: \$nil), respectively.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
13. TRADE AND OTHER PAYABLES				
Unsecured liabilities				
Trade payables (i)	2,150,779	1,796,430	1,719,039	1,634,232
Other payables	401,831	438,925	86,170	130,121
Accrued expenses - general	427,484	531,695	360,777	444,227
Legal costs payable - litigation	-	-	-	-
Legal costs payable - other legal matters	-	-	-	-
Members contribution in advance	2,047,401	1,854,815	2,047,401	1,854,815
Related party payables	40,052	20,398	-	89,464
Consideration to employers for payroll deductions	-	-	-	-
Deposit received in advance	-	-	-	-
	<u>5,067,547</u>	<u>4,642,263</u>	<u>4,213,387</u>	<u>4,152,859</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
13. TRADE AND OTHER PAYABLES (CONT.)				
(i) Trade payables includes payables to other reporting units:				
CEPU - Communications Division	57,679	30,891	57,679	30,891
CEPU - General Fund	905,218	747,904	905,218	747,904
CEPU - Electrical Division WA Branch	12,593	-	12,593	-
CEPU - Electrical Div S.A. Branch	2,577	3,022	2,577	3,022
CEPU - Tasmania Branch	8,222	8,245	8,222	8,245
	986,289	790,062	986,289	790,062

14. EMPLOYEE PROVISIONS

Current - employee entitlements provision	3,623,819	4,174,657	3,183,783	3,748,663
Non-Current - employee entitlements provision	82,700	6,152	70,178	-
	3,706,519	4,180,809	3,253,961	3,748,663

The above current and non-current employee entitlements contain the following amounts:

Office Holders

Annual Leave	134,309	170,006	134,309	170,006
Long Service Leave	214,105	196,851	214,105	196,851
Retirement Benefit / Redundancy	390,058	353,286	390,058	353,286
	738,471	720,143	738,471	720,143

Non Office Holders

Annual Leave	1,077,467	1,127,497	878,479	945,897
Long Service Leave	1,050,284	1,097,901	796,714	847,355
Retirement Benefit / Redundancy	840,296	1,235,268	840,296	1,235,268
	2,968,048	3,460,666	2,515,490	3,028,520

Total employee entitlements	3,706,519	4,180,809	3,253,961	3,748,663
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Other than the above kinds of employee benefits liabilities, there were no other employee benefits liabilities to either of office holders or non office holders.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
15. CASH FLOW INFORMATION				
Net surplus/(deficit) for the year	18,167,117	662,869	12,469,044	1,364,340
Non-cash flows in profit				
- surplus on investment in associate	(16,995,919)	(4,817,735)	(16,995,919)	(4,817,735)
- fair value movement on investment in associate	(3,856,880)	-	(3,856,880)	-
- depreciation	1,531,629	1,471,309	827,715	690,720
- impairment expense	-	292,650	-	-
- net (gain)/loss on disposal of PPE	(29,020)	(33,039)	(37,114)	(33,063)
- net (gain)/loss on disposal of shares	(74,474)	(248,094)	(153,721)	(245,169)
Changes in assets and liabilities, net of the effect of purchase and disposal of controlled entities:				
- (increase)/decrease in trade and other receivables	(179,415)	2,605,966	(971,115)	206,030
- (increase)/decrease in inventories	65,312	(36,016)	65,312	(36,018)
- (increase)/decrease in other assets	5,491	(152,653)	19,306	(156,628)
- increase/(decrease) in trade and other payables	405,630	997,837	149,992	945,159
- increase/(decrease) in provisions	(474,290)	348,699	(494,702)	414,589
Net cashflow from operating activities	(1,434,819)	1,091,793	(8,978,082)	(1,667,775)

(a) There was no reporting unit that was the source or application of cash flows other than payment of fees to CEPU of \$1,213,593 (2016: \$1,175,756)

(b) There were no funds or accounts (if any) operated in respect of compulsory levies or voluntary contributions.

(c) There were no investment of monies raised by compulsory levies or voluntary contributions.

(d) There was no fund or account (other than general fund) required by rules of organisation.

(e) There were no transfers or withdrawals from any specific purpose fund, account or controlled entity.

16. COMMITMENTS

Operating lease commitments - as lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

Within one year	79,474	136,601	79,474	136,601
After one year but not more than five years	91,751	73,645	91,751	73,645
More than five years	-	-	-	-
	171,225	210,246	171,225	210,246

Operating lease commitments includes contracted amounts for office equipment and mobile phones under non-cancellable operating leases expiring within one to five years.

Operating lease commitments - as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

Within one year	498,335	578,287	-	-
After one year but not more than five years	464,654	1,128,867	-	-
More than five years	-	-	-	-
	962,989	1,707,154	-	-

Operating lease commitments are for the contracted rental of property under non-cancellable operating leases expiring within one to five years. In some instances, the leases have an option to be extended for a further five years or two further the three year periods, and a market review and cpi review may apply.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

17. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Compensation Practices

The committee's policy for determining the nature and amount of compensation for key management for the economic entity is as follows: The compensation structure for key management personnel is governed by registered rules of the Electrical Division of Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia. This information is publicly available from other sources. For details of remuneration disclosures, refer to Note 3(a)(iii): Disclosure of remuneration of Elected Officials.

(b) Key Management Personnel

Names and positions held of key management personnel in office at any time during the financial year's are:

Key Management Person	Position
Troy Gray	State Secretary
Ivan Balta	Assistant State Secretary
Arron Harris (appointed 24/11/2016)	Assistant State Secretary
Wesley Hayes (resigned 24/11/2016)	Assistant State Secretary
Daniel Filazzola (appointed 25/05/2017)	President
Gary Carruthers (resigned 25/05/2017)	President
Graeme Watson	Treasurer
Paul Swann	Vice President
Jim Theodosiou	Branch executive
Jeremy Barnard	Branch executive
Stephen O'Brien	Branch executive
Ken Purdham	Branch executive
Daniel Filazzola (resigned 01/01/2016)	Branch executive
Patrick Tutton (resigned 01/01/2016)	Branch executive
Rodney Dalglish	General Manager Business Services

Key management personnel remuneration included within employee expenses for both year's is shown below:

	2017	2016
Short-term employee benefits	560,395	531,524
Post-employee benefits	92,114	90,248
	<u>652,510</u>	<u>621,772</u>

18. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise

(a) Identification of Related Parties Ultimate Parent Entity

The ultimate parent entity of Electrical Trades Union of Australia — Victorian Branch is the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

18. RELATED PARTIES (CONT.)

(b) Related Parties

The Economic Entity's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Key Management Personnel Compensation.

(ii) Nominee related parties:

One or more nominees of the Electrical Trades Union of Australia — Victorian Branch sits on the following board:

- ElecNet (Aust) Pty Ltd, as trustee of the Electrical Industry Severance Scheme (trading as Protect)
- CoINVEST Ltd
- EPIC Industry Training Board
- Electrical Industry Foundation Trust
- Industrial Printing & Publishing Pty Ltd

(c) Other Related Parties

There have been no transactions with parties where immediate family members of key management personnel hold control or significant influence over that party.

(d) Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year.

	Note	2017 \$	2016 \$
Director's fees received:			
Industrial Printing & Publishing Pty Ltd		12,000	12,000
CoINVEST Ltd		34,695	44,252
ElecNet (Aust) Pty Ltd		102,785	154,178
Trust distributions received:			
ElecNet (Aust) Pty Ltd, as trustee of the Electrical Industry Severance Scheme (trading as Protect)	12	32,152,882	975,000
Unpaid distributions receivable:			
ElecNet (Aust) Pty Ltd, as trustee of the Electrical Industry Severance Scheme (trading as Protect)	12	12,777,882	-
Loans receivable:			
Industrial Printing & Publishing Pty Ltd		534,732	534,732

There was no doubtful debts provisions provided for any of the above related party transactions.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017**

	Consolidated		Parent	
	2017	2016	2017	2016
19. AUDITOR'S REMUNERATION	\$	\$	\$	\$
Remuneration of RSM Australia as the auditor of the parent entity for:				
- audit of the financial statements	48,500	36,000	48,500	36,000
- other services	22,850	45,400	22,850	45,400
Remuneration of RSM Australia as the auditor of controlled entities for:				
- audit of the financial statements of controlled entities	22,200	18,500	-	-
- other services	6,000	19,400	-	-
	99,550	119,300	71,350	81,400

20. FINANCIAL RISK MANAGEMENT

The main risks the economic entity is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk. The Economic Entity's financial instruments consist mainly of deposits with banks, long term and short-term investments, accounts receivable and payable, bank overdrafts.

The Economic Entity does not have any derivative instruments as at 31 December 2017 (FY 2016: nil).

Financial risk management policies

The committee of management has overall responsibility for the establishment of the economic entity's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, credit risk and financial asset investments.

Credit Risk

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the consolidated statement of financial position.

The Economic Entity has no significant concentration of credit risk with any single counterparty or group of counterparties.

Liquidity risk

Liquidity risk arises from the possibility that the economic entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Economic Entity manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

Typically, the economic entity ensures that it has sufficient cash on demand to meet expected operational expenses.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Economic Entity is also exposed to earnings volatility on floating rate

The economic entity's interest rate exposure is summarised as follows:

	Weighted Average Interest Rate %	Floating Interest Rate 2017 \$	Fixed Interest Rate 2017 \$
Financial Assets			
Short-term bank deposits	2.95%	-	-
Held-to-maturity investment	3.35%	20,378,193	3,575,742
		20,378,193	3,575,742

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

20. FINANCIAL RISK MANAGEMENT (CONT.)

	Weighted Average Interest Rate %	Floating Interest Rate 2016 \$	Fixed Interest Rate 2016 \$
Financial Assets			
Short-term bank deposits	2.95%	-	-
Held-to-maturity investment	3.35%	6,141,544	3,124,068
		<u>6,141,544</u>	<u>3,124,068</u>

21. SEGMENT REPORTING

The consolidated entity is organised into two operating segments: conducting of union activities and provision of administration services. These operating segments are based on the internal reports that are reviewed and used by the Committee in assessing performance and determining the allocation of resources. The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the economic entity is managed and provides a meaningful insight into the business activities of the economic entity.

The following tables present details of revenue and operating profit by business segment as well as a reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements.

	Administration Services \$	Union Services \$	Intersegment Eliminations \$	Total \$
2017				
Revenue from external customers	4,838,228	34,309,828	-	39,148,056
Intersegment revenue	-	202,447	(143,864)	58,583
Reportable segment profit before finance income and tax	110,228	18,750,227	(1,061,946)	17,798,509
Reportable segment assets	1,218,953	93,029,658	-	94,248,611
Reportable segment liabilities	1,187,664	7,586,402	-	8,774,066
2016				
Revenue from external customers	5,082,180	18,078,189	-	23,160,369
Intersegment revenue	-	189,928	(100,016)	89,912
Reportable segment profit before finance income and tax	366,742	175,690	(589,977)	(47,545)
Reportable segment assets	1,088,212	74,289,116	-	75,377,328
Reportable segment liabilities	1,005,209	7,817,863	-	8,823,072
Reconciliation of reportable segment profit or loss	2017	2016		
	\$	\$		
Total profit or loss for reportable segments	17,798,509	(47,545)		
Finance income	368,608	710,414		
Profit/(loss) before tax from continuing operations	<u>18,167,117</u>	<u>662,869</u>		

NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017

22. FAIR VALUE

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 31 December 2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Listed investments - fair value	7,793,615	-	-	7,793,615
Unlisted investments - fair value	-	9,710,591	-	9,710,591
Total financial assets	<u>7,793,615</u>	<u>9,710,591</u>	<u>-</u>	<u>17,504,206</u>
Financial Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016				
Financial Assets				
Listed investments - fair value	7,670,317	-	-	7,670,317
Unlisted investments - fair value	-	6,077,830	-	6,077,830
Total financial assets	<u>7,670,317</u>	<u>6,077,830</u>	<u>-</u>	<u>13,748,147</u>
Financial Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

	Consolidated		Parent	
	2017	2016	2017	2016
	\$	\$	\$	\$
23. OTHER SPECIFIC DISCLOSURE-FUNDS				
Compulsory levy/voluntary contribution fund-if invested in assets	-	-	-	-
Other fund(s) required by rules	-	-	-	-
Balance as at start of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transferred to reserve	-	-	-	-
Transferred out of reserve	-	-	-	-
Balance as at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)
For the year ended 31 December 2017**

24. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2017 (FY 2016: \$nil).

25. EVENTS AFTER BALANCE DATE

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

26. SECTION 272 FAIR WORK (REGISTERED ORGANISATIONS) ACT 2009

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

Information to be provided to members or the General Manager of Fair Work Australia:

(1) A member of a reporting unit, or the General Manager of Fair Work Australia, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.

(2) The application must be in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.

27. RESTATEMENT OF COMPARATIVES

The Union has a 50% interest in each of ElecNet (Aust) Pty Ltd and Protect Severance Scheme No.2 Pty Ltd who are the trustees of Protect Severance Scheme and Protect Severance Scheme No.2 respectively.

Management reassessed its relationship with the Scheme and as outlined in note 12 and identified that the Union has significant influence over the two Schemes. As a result of this assessment, management identified that it had incorrectly disclosed its interest in the trustee companies as a financial asset in the prior year when it should have been, along with the two Schemes, disclosed as an investment in associate using the equity method.

The prior year error has been corrected by restating the affected balances in the Statement of Financial Position as at 31 December 2016 and Statement of Comprehensive Income in the year ended 31 December 2016 as follows:

- Increase investments (total assets and net assets) by \$19,537,938;
- Increase share of associate's profits (revenue and profit) by \$4,817,735;
- Reduce distribution income (revenue and profit) by \$975,000;

28. UNION DETAILS

The registered office of and principal place of business of the union is:

Electrical Trades Union of Australia - Victorian Branch
Level 1, 200 Arden Street, NORTH MELBOURNE, VIC 3051



Australian Government
Registered Organisations Commission

10 May 2018

Mr Troy Gray
State Secretary

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

Level 1, 200 Arden Street
NORTH MELBOURNE VIC 3051

By email: troy.gray@etu.asn.au

Dear Mr Gray

Request by the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia Electrical, Energy and Services Division Victorian Divisional Branch (ETU Vic) for extension of time to provide members with a copy of the financial report for the year ended 31 December 2017 (FR2017/323)

I acknowledge receipt on 10 May 2018 of a request for an extension of time to provide members of the ETU Vic with a copy of the financial report for the year ended 31 December 2017.

Your email advised that your auditor has a large amount of work that is still required to be undertaken before they can complete their audit. Your email contained a comprehensive list from your auditor of the outstanding tasks. You indicate that the ETU Vic is conscious of the obligations to lodge a complete set of audited accounts and that an extension for a period of one month will enable this to occur.

Where the financial report is to be presented to a meeting of the committee of management, subsection 265(5)(b) of the *Fair Work (Registered Organisations) Act 2009 (RO Act)* requires that copies of the full or concise report be provided to members within 5 months of the end of the financial year, that is by 31 May 2018. Subsection 265(5) enables the Registered Organisations Commissioner, upon application by a reporting unit, to extend the period by no more than one month.

Having considered your reasons, I allow an extension of time for a period of one month, until 30 June 2018, to provide members with the financial report of the reporting unit for the year ended 31 December 2018.

I note in your request that in the event the extension is granted, you sought further advice about the process required to ensure compliance with the reporting unit's statutory obligations.

In response to that request, please note that in accordance with the requirements of section 266 of the RO Act;

- the full report will need to be presented to a committee of management meeting no later than 30 June 2018; and
- the full report and designated officer's certificate must then be lodged with the Registered Organisations Commission within 14 days of this section 266 meeting.

If we can assist you in any further way, please do not hesitate to contact me or Ms Joanne Fenwick on 03) 9603 0731 or via email at joanne.fenwick@roc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CE', with a small dash to the right.

Chris Enright
Executive Director
Registered Organisations Commission