



22 October 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

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Dear Mr Gray,

**Re: – Electrical, Energy and Services Division, Victorian Divisional Branch - financial report for year ending 31 December 2018 (FR2018/329)**

I refer to the financial report of the Victorian Divisional Branch (**the Branch**) of the Electrical, Energy and Services Division. The documents were lodged with the Registered Organisations Commission (**ROC**) on 4 June 2019. Further information relating to the documents lodged was provided by the Branch on 19 July 2019, 22 July 2019, 26 July 2019, 1 August 2019 and 6 September 2019. I apologise for the delay in completing the assessment of the report.

The financial report has now been filed.

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

**Timescale requirements**

Reports must be provided to members within 5 months of end of financial year where report is presented before committee of management meeting

Under section 265(5)(b) of the *Fair Work (Registered Organisations) Act 2009 (RO Act)*, where the report is presented to a committee of management meeting, the report must be provided to members within 5 months of the end of the financial year (i.e. 31 May 2019). The designated officer's certificate states that the financial report was presented, for the purposes of section 266, to a committee of management meeting and that the full report was provided to members on 4 June 2019.

If the date of provision certified is correct, the reporting unit should have applied for an extension of time to provide the full report to members in accordance with section 265(5) of the RO Act.

Please note that in future financial years if an extension of time to provide the full report later than 5 months is required, a written request, signed by a relevant officer, including any reason for the delay, must be made *prior* to the expiry of the 5 months.

## Reports required to be prepared

### Section 255(2A) report

A general purpose financial report prepared under section 253 of the RO Act also includes the expenditure report required to be prepared under subsection 255(2A) as prescribed by reporting guideline 22. The lodged financial report did not include a subsection 255(2A) expenditure report. A fact sheet providing guidance about the reporting requirements under subsection 255(2A) is available via [this link](#).

Please also note that the subsection 255(2A) report must be identified by title in the auditor's statement in accordance with paragraph 24(c) of Australian Auditing Standard ASA 700 *Forming an Opinion and Reporting on a Financial Report*.

Please ensure in future years that the subsection 255(2A) report is prepared, audited, provided to members and lodged with the ROC.

### **Statement of comprehensive income**

#### Grants and donations disclosure

The Branch has confirmed that the total disclosed at Note 3(e) for grants paid exceeding \$1,000 was overstated by \$41,295 and the total for grants that were \$1,000 or less was understated by the corresponding amount. The 2019 report should show adjusted 2018 comparative totals for each category.

The Branch also confirmed that the total disclosed at Note 3(e) for donations paid exceeding \$1,000 was overstated by \$2,294,989 as it included an amount for campaign expenses that were not donations and that should have been reported as a separate line item. The 2019 report should show an adjusted 2018 comparative total for donations exceeding \$1,000, and the campaign expense balance separately itemised.

#### Disclosure of capitation fees or other expense to other reporting unit(s)

Reporting guideline 14(b) states:

*Total amounts for the following items of expenditure must be disclosed either in the notes to the financial statements or on the face of the statement of comprehensive income, in accordance with Australian Accounting Standards:*

- b) where the reporting unit has paid a capitation fee (or equivalent terminology referred to in the organisations rules e.g. sustentation fees) or any other expense to another reporting unit:
  - i. the description of each item of expenditure;*
  - ii. the amount paid to each reporting unit; and*
  - iii. the name of each such reporting unit;**

While Note 3(h) separately disclosed an amount for sustentation to "CEPU Nat. Office" - which is ambiguous and should more clearly denote the Electrical, Energy and Services Divisional Office – I was advised that a publication fee expense corresponding to the \$59,018 reported by the Division<sup>1</sup> as separate revenue from the Branch was not separately disclosed but included into the consolidated total of the Branch's publication costs expense of \$226,853 at Note 3(d). In addition, expenses corresponding to income protection/insurance rebate revenues reported in the 2018 financial reports of the WA and Tasmanian Divisional Branches<sup>2</sup> were also not separately disclosed.

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<sup>1</sup> See (DIV) FR2018/375 Note 3C

<sup>2</sup> \$147,366 (WA) – see FR2018/338 Notes 3D, 13A; \$116,605 (TAS) – see FR2018/370 Note 11A

The 2019 report should disclose separately all expenses to other reporting units in accordance with reporting guideline 14.

### Materiality

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* paragraph 97 requires material items to be presented separately. Note 4(h) discloses a Sundry expenses total of \$4,020,814 which is a significant proportion of the consolidated total expenses. I was advised that Sundry total includes an expense for 'affiliation fees' which should be individually itemised. At the same time I note that Note 3(b) discloses a nil balance for "Affiliation fees". Reporting guideline 14(c) states:

*Where fees/periodic subscriptions are paid in respect of its affiliation to any political party, any federation, congress, council or group of organisations, or any international body having an interest in industrial matters:*

- i. the amount paid to each entity; and*
- ii. the name of each entity to which monies were paid*

If the 'affiliation fees' included in Sundry expenses falls within the scope of the affiliation fees category described in reporting guideline 14(c), the 2018 comparative figure for Affiliation fees must be adjusted and the details provided for the 2019 figures in accordance with reporting guideline 14(c).

In future years this item must be further divided to ensure that any material items within Sundry expenses are separately disclosed.

### **Statement of financial position**

#### Receivable and/or payable with other reporting unit(s)

Reporting guideline 15 states:

*Where an item is disclosed on the face of the statement of financial position as:*

- a) a receivable; or*
- b) a payable; and*
- c) the item has been derived as a result of one or more transactions and/or other past events with another reporting unit of the organisation,*

*the following additional disclosures must be made in the notes to the financial statements about the item:*

- d) the name of the other reporting unit; and*
- e) the amount attributable to the other reporting unit.*

Note 13(i) disclosed nil payables to the Tasmanian Branch which did not correspond to a receivable of \$10,100 for Protect insurance commissions reported in the 2018 report of the Tasmanian Branch.<sup>3</sup>

### **Cash flow statement**

#### Notes to the cash flow statement

The disclosure at Note 15(a) that no reporting unit was the application of a cash flow other than the payment of fees to CEPU of \$947,975<sup>4</sup> did not appear consistent with disclosures of

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<sup>3</sup> See (TAS) FR2018/370 Note 11A

<sup>4</sup> Total of invoices for sustentation paid to Division was \$996,435 per advice received on 26/7/19

cash inflows from the Branch in the 2018 financial reports of the WA Divisional and Tasmanian Divisional Branches.<sup>5</sup>

I was also advised that the cash outflow amount to Divisional Office only accounted for sustantation and that the total cash outflow to Divisional Office, including other expenses, was \$1,230,191 as reported by the Divisional Office.<sup>6</sup>

Reporting guideline 18 states:

*Where another reporting unit and/or controlled entity of the organisation is the source of a cash inflow or the application of a cash outflow, the following details of such cash flow should be separately disclosed either in the cash flow statement or in the notes to the financial statements:*

- i. the name of the other reporting unit and/or controlled entity concerned; and*
- ii. the amount paid to/received from each.*

The 2019 report should disclose separately all cash flows with other reporting units in accordance with reporting guideline 18.

#### Statement of cash flows - cash and cash equivalents

I was advised the difference in the figures for cash at end of year between the statement of financial position of \$9,516,266 and the statement of cash flows of \$8,183, 572 is due to a cash distribution of \$1,332,694 from the Branch's share of associate net profit by the trustee ElectNet (Aust) Pty Ltd directly to Protect Severance Scheme No 2.

The ROC considers that the distribution should have been treated in such manner that the end of year cash and cash equivalents reported in the cash flow and balance sheets are consistent with each other.

#### **Auditor's statement**

##### Auditor's qualifications

Item 29 of the reporting guidelines sets out a new form of auditor declaration and states that the auditor's statement must specify the registered auditor's name and registration number (i.e. the number for registration under the RO Act).

*The auditor's statement:*

*a) must include a declaration that either:*

- i. the auditor is a registered auditor; or*
- ii. the auditor is a member of a firm where at least one member is a registered auditor; or*
- iii. the auditor is a member of a company where at least one of whose directors, officers or employees is a registered auditor; and*

*b) must specify the registered auditor's:*

- i. name; and*
- ii. registration number.*

The auditor's statement provided did not state the registration number and did not include the new form of declaration.

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<sup>5</sup> \$147,071 (WA) – see FR2018/338 Note 11B; \$120,890 (TAS) – see FR2018/370

<sup>6</sup> See (DIV) FR2018/375 Note 9B

## Other

### Nil activity – not disclosed

Item 21 of the reporting guidelines states that if any of the activities identified within items 10-20 of the reporting guidelines have not occurred in the reporting period, a statement to this effect must be included either in the financial statements, the notes or in an officer's declaration statement.

The general purpose financial report contained nil activity information for all prescribed reporting guideline categories except the following:

- reporting guideline 19 - have another entity administer the financial affairs of the reporting unit
- reporting guideline 20 - make a payment to a former related party of the reporting unit

### Non-compliance with previous requests

The following error was raised in last year's filing letter for the Branch to address in the preparation of future financial reports, but was repeated in the current report.

References to "General Manager" at paragraphs (b) and (e)(v) of the committee of management statement and in the section 272 Notice at Note 26 should be to "Commissioner".

The ROC aims to assist reporting units in complying with their obligations under the RO Act and reporting guidelines by providing advice about the errors identified in financial reports. The abovementioned error must be addressed in the 2019 report.

## Reporting Requirements

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

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

Yours faithfully



Stephen Kellett  
Financial Reporting  
Registered Organisations Commission

*Electrical Trades Union of Australia – Victorian Branch*  
*31 December 2018*

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

**Consolidated Financial Statements  
For the Year Ended 31 December 2018**

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## **OPERATING REPORT**

**For the year ended 31 December 2018**

Your committee presents its report on the Union and its controlled entities for the financial year ended 31 December 2018.

### **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	President
Graeme Watson	Treasurer
Paul Swann	Vice President
Jim Theodosiou	Branch Executive
Jeremy Barnard (resigned 25/10/2018)	Branch Executive
Stephen O'Brien (resigned 25/10/2018)	Branch Executive
Ken Purdham	Branch Executive
Mark Baldi (appointed 25/10/2018)	Branch Executive
Paul Harman (appointed 25/10/2018)	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 17,551 (2017: 17,310).

#### **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 43 (2017: 47).

#### **e. Principal activities and significant changes in nature of activities**

The principal activities of the 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 2018**

- 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 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 a 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 \$509,724 (2017: \$18,167,117).

## **3. Other items**

### **a. Significant changes in the financial affairs**

During the 2018 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.

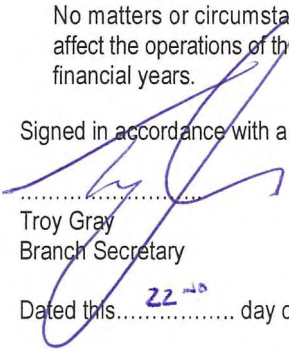
The ETU has set aside a significant amount of the capital received to ensure their members continue to receive their rightful benefits into the future. The Executive and State Council, by resolution, have specified that these funds shall not be used by the ETU for industrial, operational or political 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 2018**

**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 22<sup>nd</sup> day of MAY 2019

**STATEMENT BY COMMITTEE OF MANAGEMENT**  
**For the year ended 31 December 2018**

On the <sup>22</sup>/<sub>5</sub> / 2019 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 2018.

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, 2018;
- (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 2018 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

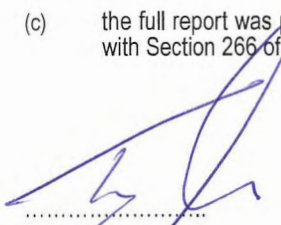
  
.....  
Graeme Watson  
Treasurer

Dated this <sup>22</sup> day of <sup>May</sup> 2019

**CERTIFICATE BY BRANCH SECRETARY  
For the year ended 31 December 2018**

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 2018, 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 4 / 6 / 2019; and
- (c) the full report was presented to the Committee of Management of the reporting unit on 4 / 6 / 2019 in accordance with Section 266 of the Fair Work (Registered Organisations) Act 2009.



.....  
Troy Gray  
Branch Secretary  
Dated this 4<sup>th</sup> day of JUNE 2019

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF**

### **ELECTRICAL TRADES UNION OF AUSTRALIA – VICTORIAN BRANCH**

#### **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 2018, 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, 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 2018 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 Opinion**

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 opinion.

#### *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 2018, 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](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: 22 May 2019  
Melbourne, VIC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2018

	Notes	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>Revenue</b>					
Membership subscription		8,534,126	8,157,282	8,534,126	8,157,282
Capitation fees	2(a)	-	-	-	-
Levies	2(b)	-	-	-	-
Interest	2(c)	3,343,713	1,018,016	25,704	33,761
Rental revenue	2(d)	710,259	732,199	-	-
Other revenue	2(e)	8,771,308	8,358,740	5,899,195	4,834,707
<b>Total revenue</b>		<b>21,359,406</b>	<b>18,266,237</b>	<b>14,459,025</b>	<b>13,025,750</b>
<b>Other income</b>					
Grants and/or donations	2(f)	-	-	-	-
Share of net profit from associate	12	2,969,597	16,995,919	2,969,597	16,995,919
Fair value adjustment to investment in associate	12	-	3,856,880	-	3,856,880
Net gains from sale of assets		-	29,020	-	37,114
Revenue from recovery of wages		-	-	-	-
<b>Total other income</b>		<b>2,969,597</b>	<b>20,881,819</b>	<b>2,969,597</b>	<b>20,889,913</b>
<b>Total income</b>		<b>24,329,003</b>	<b>39,148,056</b>	<b>17,428,622</b>	<b>33,915,663</b>
<b>Expenses</b>					
Employee expenses	3(a)	(11,406,093)	(10,855,538)	(7,945,511)	(8,067,495)
Capitation fees	3(b)	-	-	-	-
Affiliation fees	3(c)	-	-	-	-
Administration expenses	3(d)	(1,298,434)	(1,420,193)	(906,547)	(1,048,771)
Grants or donations	3(e)	(3,535,909)	(1,065,434)	(3,494,615)	(1,065,434)
Depreciation and amortisation expense	3(f)	(1,443,813)	(1,531,629)	(773,312)	(827,715)
Legal costs	3(g)	(354,864)	(301,424)	(354,600)	(301,171)
Other expenses	3(h)	(5,768,763)	(5,806,721)	(3,362,361)	(10,136,033)
Net loss from sale of assets		(11,403)	-	(7,497)	-
<b>Total expenses</b>		<b>(23,819,279)</b>	<b>(20,980,939)</b>	<b>(16,844,443)</b>	<b>(21,446,619)</b>
<b>Surplus (deficit) for the year</b>		<b>509,724</b>	<b>18,167,117</b>	<b>584,179</b>	<b>12,469,044</b>
<b>Other comprehensive income</b>					
Items that will be subsequently reclassified to profit or loss					
Net gain / (loss) on revaluation of financial assets		(1,068,589)	1,024,672	-	(68,069)
<b>Total comprehensive income for the year</b>		<b>(558,865)</b>	<b>19,191,789</b>	<b>584,179</b>	<b>12,400,975</b>
Comprehensive income attributable to members of the parent entity		(627,304)	19,164,232	584,179	12,400,975
<b>Comprehensive income attributable to outside equity interest</b>		<b>68,439</b>	<b>27,557</b>	<b>-</b>	<b>-</b>

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 2018

	Notes	Consolidated		Parent	
		2018	2017	2018	2017
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4	9,516,266	8,159,296	2,696,292	1,294,899
Trade and other receivables	5	10,061,193	14,002,533	11,813,326	24,786,383
Inventories	6	65,746	79,879	65,746	79,879
Other current assets	7	194,031	294,896	136,409	240,616
<b>Total current assets</b>		<b>19,837,236</b>	<b>22,536,604</b>	<b>14,711,773</b>	<b>26,401,777</b>
<b>Non-Current Assets</b>					
Trade and other receivables	5	534,732	629,182	534,732	629,182
Financial assets	8	50,059,171	41,458,144	31,962,101	12,062,101
Property, plant and equipment	10	21,499,138	21,114,675	3,324,423	3,660,997
Intangibles	11	121,198	242,396	121,198	242,396
Investments in associates	12	29,755	8,267,610	29,755	8,267,610
<b>Total non-current assets</b>		<b>72,243,994</b>	<b>71,712,007</b>	<b>35,972,209</b>	<b>24,862,286</b>
<b>Total assets</b>		<b>92,081,230</b>	<b>94,248,611</b>	<b>50,683,982</b>	<b>51,264,063</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	13	3,870,289	5,067,547	3,216,858	4,213,387
Employee provisions	14	3,378,932	3,623,819	2,936,700	3,183,783
<b>Total current liabilities</b>		<b>7,249,221</b>	<b>8,691,366</b>	<b>6,153,558</b>	<b>7,397,170</b>
<b>Non-Current Liabilities</b>					
Employee provisions	14	185,463	82,700	149,530	70,178
<b>Total non-current liabilities</b>		<b>185,463</b>	<b>82,700</b>	<b>149,530</b>	<b>70,178</b>
<b>Total liabilities</b>		<b>7,434,684</b>	<b>8,774,066</b>	<b>6,303,088</b>	<b>7,467,348</b>
<b>Net assets</b>		<b>84,646,546</b>	<b>85,474,545</b>	<b>44,380,894</b>	<b>43,796,715</b>
<b>EQUITY</b>					
Reserves		3,590,634	4,659,223	-	-
Accumulated surplus		80,949,549	80,794,571	44,380,894	43,796,715
Equity attributable to members of the parent entity		84,540,183	85,453,794	44,380,894	43,796,715
Outside equity interests in controlled entities	<sup>F</sup>	106,363	20,751	-	-
<b>Total equity</b>		<b>84,646,546</b>	<b>85,474,545</b>	<b>44,380,894</b>	<b>43,796,715</b>

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 2018

2017 Consolidated	Accumulated Surplus	Asset Revaluation	Financial Assets Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	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
<b>Balance at 31 December 2017</b>	<b>80,815,322</b>	<b>3,471,419</b>	<b>1,187,804</b>	<b>85,474,545</b>

2018 Consolidated	Accumulated Surplus	Revaluation Reserve	Financial Assets Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 January 2018</b>	80,815,322	3,471,419	1,187,804	85,474,545
Profit/(loss) for the year	509,724	-	-	509,724
Distribution to beneficiaries	(269,134)	-	-	(269,134)
Other Comprehensive income	-	-	(1,068,589)	(1,068,589)
<b>Balance at 31 December 2018</b>	<b>81,055,912</b>	<b>3,471,419</b>	<b>119,215</b>	<b>84,646,546</b>

2017 Parent	Accumulated Surplus	Asset Revaluation	Available for sale Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 January 2017</b>	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)
<b>Balance at 31 December 2017</b>	<b>43,796,715</b>	<b>-</b>	<b>-</b>	<b>43,796,715</b>

2018 Parent	Accumulated Surplus	Asset Revaluation	Available for sale Reserve	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 January 2018</b>	43,796,715	-	-	43,796,715
Profit/(loss) for the year	584,179	-	-	584,179
Other Comprehensive income	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>44,380,894</b>	<b>-</b>	<b>-</b>	<b>44,380,894</b>

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 2018

Notes	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	16,768,380	17,875,939	9,382,195	11,663,784
Payments to suppliers and employees	(23,183,483)	(19,679,366)	(16,706,306)	(20,675,627)
Interest received	2,808,522	368,608	25,704	33,761
Net cash provided by/(used in) operating activities	15 <u>(3,606,581)</u>	<u>(1,434,819)</u>	<u>(7,298,407)</u>	<u>(8,978,082)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of property plant and equipment	324,008	442,373	340,466	391,164
Purchase of property, plant and equipment	(2,042,489)	(1,721,749)	(663,501)	(962,813)
Purchase of intangibles	-	(14,611)	-	(14,611)
Purchase of financial assets	(16,502,078)	(30,138,503)	1,500,000	(1,725,638)
Proceeds from maturity/ sale of financial assets	6,743,253	12,793,268	-	4,804,330
Proceeds from investments in associates	15,284,561	20,411,196	15,553,006	20,512,151
Net proceeds / (payments) of loans	92,736	25,204	94,450	5,550
Net proceeds / (payments) to related parties	-	-	(9,457,315)	(14,230,265)
Net cash provided by/(used in) investing activities	<u>3,899,991</u>	<u>1,797,178</u>	<u>7,367,106</u>	<u>8,779,868</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Beneficiary payments	(269,134)	(271,500)	-	-
Net cash provided by/(used in) financing activities	<u>(269,134)</u>	<u>(271,500)</u>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>	<b>24,276</b>	<b>90,859</b>	<b>68,699</b>	<b>(198,214)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>8,159,296</b>	<b>8,068,437</b>	<b>1,294,899</b>	<b>1,493,113</b>
<b>Cash and cash equivalents at end of year</b>	4 <u><b>8,183,572</b></u>	<u><b>8,159,296</b></u>	<u><b>1,363,598</b></u>	<u><b>1,294,899</b></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 2018**

### **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 2018, 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 2018**

**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 with in 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 2018

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:

<b>Class of Fixed Asset</b>	<b>Depreciation rate</b>
Buildings and improvements	2.50%
Furniture, Fixtures and Fittings	11.25% – 15.04%
Motor Vehicles	25%
Office Equipment	13.3% - 20%
Computer Equipment	37.50 – 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 2018

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*

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity holds for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018**

**1. Summary of significant accounting policies (Cont.)**

**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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

**1. Summary of significant accounting policies (Cont.)**

**p. Investments in associate using the equity method of accounting (Cont.)**

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 15 *Revenue from contracts with customers* and AASB 16 *Leases* 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.

**r. New and amended standards adopted by the consolidated entity**

The consolidated entity has adopted AASB 9 *Financial Instruments* from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

*Impact of adoption*

AASB 9 was adopted in the financial year. This has been assessed and there is no material impact on the financial statements.

**s. 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.



**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

**1. Summary of significant accounting policies (Cont.)**

**t. 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 81.7% (2017: 82%). The 81.7% 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 61.2% (being the Union's 75% distribution entitlement of the 81.7%).

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>2. REVENUE</b>				
<b>(a) Capitation fees</b>				
Total capitation fees	-	-	-	-
<b>(b) Levies</b>				
Total levies	-	-	-	-
<b>(c) Interest</b>				
Deposits	3,343,713	1,018,016	25,704	33,761
Total interest	<u>3,343,713</u>	<u>1,018,016</u>	<u>25,704</u>	<u>33,761</u>
<b>(d) Rental revenue</b>				
Properties	710,259	732,199	-	-
Total rental revenue	<u>710,259</u>	<u>732,199</u>	<u>-</u>	<u>-</u>
<b>(e) Other revenue</b>				
Sale of goods	37,771	30,746	37,771	30,746
Management fees	2,537,202	2,561,575	1,374,375	2,561,575
Administration income	5,284,807	4,469,620	-	-
Recoveries	-	-	-	-
Sundry income	704,268	1,147,319	420,170	631,698
Directors Fees	207,260	149,480	207,260	149,480
Trust distributions	-	-	3,859,619	1,461,208
Total other revenue	<u>8,771,308</u>	<u>8,358,740</u>	<u>5,899,195</u>	<u>4,834,707</u>
<b>(f) Grants or donations</b>				
Total grants or donations	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

	Consolidated	
	2018	2017
	\$	\$
<b>3. EXPENSES</b>		
<b>(a) Employee expenses</b>		
<b>Holders of office:</b>		
Wages and salaries (i)	520,799	496,723
Superannuation (i)	100,266	92,114
Leave and other entitlements (i)	110,918	63,672
<b>Subtotal employee expenses holders of office</b>	<b>731,983</b>	<b>652,510</b>
 (i) For the year ended 31 December 2018, there were no separation / redundancy expenses paid in respect of office holders (FY 2017: \$0).		
<b>Employees other than office holders:</b>		
Wages and salaries (ii)	7,452,072	7,054,846
Superannuation (ii)	1,050,497	1,089,863
Leave and other entitlements (ii)	864,690	1,273,036
<b>Subtotal employee expenses employees other than office holders</b>	<b>9,367,259</b>	<b>9,417,745</b>
 (ii) For the year ended 31 December 2018, there were redundancy payments of \$587,243 (FY 2017: \$1,083,599).		
<b>Other employee expenses:</b>		
FBT and payroll tax	600,148	635,881
Workcover expenses	60,620	55,296
Training expenses	599,292	56,013
Health benefit expenses	46,791	38,093
<b>Subtotal other employee expenses</b>	<b>1,306,851</b>	<b>785,283</b>
<b>Total employee expenses</b>	<b>11,406,093</b>	<b>10,855,538</b>
 (iii) Disclosure of remuneration of Elected Officials		
State secretary	207,968	203,461
Assistant state secretaries (2)	405,574	363,176
Organisers	2,847,608	3,549,462
	<b>3,461,149</b>	<b>4,116,099</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>3. EXPENSES (CONT.)</b>				
<b>(b) Capitation fees</b>				
Total capitation fees	-	-	-	-
<b>(c) Affiliation fees</b>				
Total affiliation fees	-	-	-	-
<b>(d) Administration expenses</b>				
Consideration to employers for payroll deductions	-	-	-	-
Compulsory levies	-	-	-	-
Fees / allowances - meeting and conferences	-	-	-	-
Conference and meeting expenses	217,226	139,454	192,171	132,386
Contractors / consultants	273,248	374,983	160,181	232,189
Audit and other services	19 126,140	99,550	94,740	71,350
Printing costs	132,166	287,123	132,166	287,123
Computer related costs	322,801	157,449	260,322	125,743
Publication costs	226,853	361,634	66,967	199,980
<b>Total administration expenses</b>	<b>1,298,434</b>	<b>1,420,193</b>	<b>906,547</b>	<b>1,048,771</b>
<b>(e) Grants or donations</b>				
Grants:				
Total paid that were \$1,000 or less	9,750	59,069	9,750	59,069
Total paid that exceed \$1,000	46,295	5,000	46,295	5,000
Donations:				
Total paid that were \$1,000 or less	7,210	7,388	7,210	7,388
Total paid that exceed \$1,000	3,472,654	993,977	3,431,360	993,977
<b>Total grants or donations</b>	<b>3,535,909</b>	<b>1,065,434</b>	<b>3,494,615</b>	<b>1,065,434</b>
<p>This amount excludes \$272,097 (FY: 2017 \$86,452) of beneficiary payments made directly from a subsidiary trust to members of the union in relation to member hardship. The total donations including member hardship for the year was \$1,310,972 (FY: 2017 \$1,080,429).</p>				
<b>(f) Depreciation and amortisation</b>				
Depreciation				
Buildings	254,236	254,236	-	-
Furniture, fixtures and fittings	36,173	41,448	36,173	41,448
Improvements	550,988	581,442	213,997	213,997
Motor vehicles	305,509	307,219	254,967	256,631
Office equipment	59,010	56,968	35,616	33,869
Computer equipment	116,700	189,122	111,360	180,576
Other plant and equipment	-	-	-	-
<b>Total depreciation</b>	<b>1,322,615</b>	<b>1,430,435</b>	<b>652,112</b>	<b>726,521</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>3. EXPENSES (CONT.)</b>				
<b>(f) Depreciation and amortisation (Cont.)</b>				
Amortisation				
Intangibles	121,198	101,194	121,198	101,194
<b>Total amortisation</b>	<b>121,198</b>	<b>101,194</b>	<b>121,198</b>	<b>101,194</b>
<b>(g) Legal costs</b>				
Litigation	288,652	215,085	288,652	215,085
Other legal matters	66,212	86,339	65,948	86,086
<b>Total legal costs</b>	<b>354,864</b>	<b>301,424</b>	<b>354,600</b>	<b>301,171</b>
<b>(h) Other expenses</b>				
Penalties - via RO Act or RO Regulations	-	-	-	-
CEPU Nat. Office - Sustentation	947,975	1,129,444	947,975	1,129,444
Ambulance membership costs	376,534	322,888	-	322,888
Picket line expenses	60,936	115,555	60,936	115,555
Motor vehicle costs	362,504	335,925	300,163	274,159
Gift expense	-	-	-	5,610,000
Sundry expenses	4,020,814	3,902,909	2,053,287	2,683,987
	<b>5,768,763</b>	<b>5,806,721</b>	<b>3,362,361</b>	<b>10,136,033</b>
<b>4. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	4,692	4,604	4,500	4,500
Cash at bank	9,511,574	8,154,692	2,691,792	1,290,399
	<b>9,516,266</b>	<b>8,159,296</b>	<b>2,696,292</b>	<b>1,294,899</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
Trade receivables	601,467	1,010,567	116,493	545,915
Provision for doubtful debts	-	-	-	-
	601,467	1,010,567	116,493	545,915
Other receivables	3,903	903	-	-
Controlled entity receivable	-	-	2,874,367	11,340,893
Unpaid distributions	12 8,707,451	12,777,882	8,822,466	12,899,575
Accrued income	748,372	213,181	-	-
	<b>10,061,193</b>	<b>14,002,533</b>	<b>11,813,326</b>	<b>24,786,383</b>
<b>Non-current</b>				
Unpaid trust distributions	534,732	534,732	534,732	534,732
Other receivables	-	94,450	-	94,450
	<b>534,732</b>	<b>629,182</b>	<b>534,732</b>	<b>629,182</b>

There is no receivable owing from another reporting unit as at 31 December 2018.

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>6. INVENTORIES</b>				
Finished goods	65,746	79,879	65,746	79,879
	65,746	79,879	65,746	79,879
<b>7. OTHER CURRENT ASSETS</b>				
Prepayments	194,031	294,896	136,409	240,616
	194,031	294,896	136,409	240,616
<b>8. FINANCIAL ASSETS</b>				
Fair value through other comprehensive income (a)	41,298,967	36,320,705	3	3
Held at amortised cost (c)	8,760,204	5,137,439	-	1,500,000
Other investments (b)	-	-	31,962,098	10,562,098
	50,059,171	41,458,144	31,962,101	12,062,101
<b>(a) Fair value through other comprehensive income</b>				
Listed investments	8,969,886	8,194,526	-	-
Unlisted investments	32,329,081	28,126,179	-	-
Shares in related parties	-	-	3	3
	41,298,967	36,320,705	3	3
<b>(b) Other investments comprises</b>				
- investment in subsidiaries	-	-	31,962,098	10,562,098
	-	-	31,962,098	10,562,098
<b>(c) Held at amortised cost</b>				
Term deposits	4,250,000	3,000,000	-	1,500,000
Fixed interest securities	4,510,204	2,137,439	-	-
	8,760,204	5,137,439	-	1,500,000

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018**

**9. CONTROLLED ENTITIES**

	Country of Incorporation	Percentage Owned (%)	Percentage Owned (%)
		2018	2017
ETU - Victorian Branch Trust	Australia	100	100
ETU - (Victorian Branch) Distress, Hardship, Welfare & Training 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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>LAND AND BUILDINGS - AT FAIR VALUE</b>				
At independent valuation				
Land and buildings at fair value <sup>(i)</sup>	13,464,560	13,464,560	-	-
Accumulated depreciation	(508,472)	(254,236)	-	-
Improvements at fair value	5,795,089	5,776,463	2,014,300	2,014,300
Accumulated depreciation	(1,203,162)	(652,441)	(427,994)	(213,997)
<b>TOTAL LAND AND BUILDINGS - AT FAIR VALUE</b>	<b>17,548,015</b>	<b>18,334,346</b>	<b>1,586,306</b>	<b>1,800,303</b>
 (i) The independent valuation conducted in the 2016 financial year was as at 31 December 2016.				
<b>PLANT AND EQUIPMENT - AT COST</b>				
<i>Furnitures, fixtures and fittings</i>				
At Cost	888,752	880,810	888,752	880,810
Accumulated depreciation	(522,346)	(486,172)	(522,346)	(486,172)
<b>Total Furnitures, fixtures and fittings</b>	<b>366,406</b>	<b>394,638</b>	<b>366,406</b>	<b>394,638</b>
<i>Work in Progress</i>				
At Cost	1,955,648	662,072	-	-
<b>Total Work in Progress</b>	<b>1,955,648</b>	<b>662,072</b>	-	-
<i>Motor Vehicles</i>				
At Cost	1,486,753	1,463,393	1,217,882	1,200,594
Accumulated depreciation	(392,192)	(355,382)	(291,184)	(284,650)
<b>Total Motor Vehicles</b>	<b>1,094,561</b>	<b>1,108,011</b>	<b>926,698</b>	<b>915,944</b>
<i>Office equipment</i>				
At Cost	814,893	830,191	661,752	653,164
Accumulated depreciation	(458,140)	(452,103)	(362,982)	(327,366)
<b>Total Office equipment</b>	<b>356,753</b>	<b>378,088</b>	<b>298,770</b>	<b>325,798</b>
<i>Computer equipment</i>				
At Cost	966,372	908,244	914,471	881,183
Accumulated depreciation	(791,117)	(673,224)	(768,228)	(656,869)
<b>Total Computer equipment</b>	<b>175,255</b>	<b>235,020</b>	<b>146,243</b>	<b>224,314</b>
<i>Other property, plant and equipment</i>				
At Cost	2,500	2,500	-	-
<b>Total Other property, plant and equipment</b>	<b>2,500</b>	<b>2,500</b>	-	-
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>3,951,123</b>	<b>2,780,329</b>	<b>1,738,117</b>	<b>1,860,694</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>21,499,138</b>	<b>21,114,675</b>	<b>3,324,423</b>	<b>3,660,997</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018**

**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 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
Balance at 1 January 2018	13,210,324	394,638	5,117,662	662,072	1,108,011	378,088	241,380	2,500	21,114,675
Additions	-	7,940	25,253	1,293,576	621,068	37,675	56,977	-	2,042,489
Disposals - written down value	-	-	-	-	(329,009)	-	(6,402)	-	(335,411)
Depreciation expense	(254,236)	(36,173)	(550,988)	-	(305,509)	(59,010)	(116,700)	-	(1,322,616)
Balance at 31 December 2018	12,956,088	366,405	4,591,927	1,955,648	1,094,562	356,753	175,255	2,500	21,499,138

**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 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
Balance at 1 January 2018	-	394,638	1,800,303	-	915,944	325,798	224,314	-	3,660,997
Additions	-	7,941	-	-	614,996	8,588	31,977	-	663,501
Disposals - written down value	-	-	-	-	(349,275)	-	1,312	-	(347,963)
Depreciation expense	-	(36,173)	(213,997)	-	(254,967)	(35,616)	(111,360)	-	(652,112)
Balance at 31 December 2018	-	366,406	1,586,306	-	926,698	298,770	146,243	-	3,324,423

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>11. INTANGIBLES</b>				
Computer software at cost:				
Purchased	343,590	343,590	343,590	343,590
Accumulated amortisation	<u>(222,392)</u>	<u>(101,194)</u>	<u>(222,392)</u>	<u>(101,194)</u>
Total computer software	<u>121,198</u>	<u>242,396</u>	<u>121,198</u>	<u>242,396</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		Computer software	
	\$	Total \$	\$	Total \$
Balance at 1 January 2017	328,979	328,979	328,979	328,979
Additions	14,611	14,611	14,611	14,611
Amortisation expense	<u>(101,194)</u>	<u>(101,194)</u>	<u>(101,194)</u>	<u>(101,194)</u>
Balance at 31 December 2017	<u>242,396</u>	<u>242,396</u>	<u>242,396</u>	<u>242,396</u>
Balance at 1 January 2018	242,396	242,396	242,396	242,396
Additions	-	-	-	-
Amortisation expense	<u>(121,198)</u>	<u>(121,198)</u>	<u>(121,198)</u>	<u>(121,198)</u>
Balance at 31 December 2018	<u>121,198</u>	<u>121,198</u>	<u>121,198</u>	<u>121,198</u>

**12. INVESTMENTS IN ASSOCIATES**

**Investment in Associates**

ElectNet (Aust) Pty Ltd	2	2	2	2
Protect Severance Scheme	-	8,237,855	-	8,237,855
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	<u>(196,000)</u>	<u>(196,000)</u>	<u>(196,000)</u>	<u>(196,000)</u>
	<u>29,755</u>	<u>8,267,610</u>	<u>29,755</u>	<u>8,267,610</u>

**Details of investments in associates**

Name of Associate	Principal place of activity	Ownership	
		2018 %	2017 %
ElectNet (Aust) Pty Ltd <sup>(i)</sup>	Australia	50%	50%
Protect Severance Scheme	Australia	_ <sup>(i)</sup>	_ <sup>(i)</sup>
Protect Severance Scheme No.2 Pty Ltd <sup>(ii)</sup>	Australia	50%	50%
Protect Severance Scheme No.2	Australia	_ <sup>(ii)</sup>	_ <sup>(ii)</sup>
IPP Property Trust	Australia	9% <sup>(iii)</sup>	9% <sup>(iii)</sup>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018**

**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 81.7% (FY 2017: 82%). The Electrical Trades Union – Victorian Branch is entitled to a 75% distribution of the 81.7% (FY 2017: 82%). This represents an effective rate of 61.2% (FY 2017: 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 81.7% (FY 2017: 82%). The Electrical Trades Union – Victorian Branch is entitled to a 75% distribution of the 81.7% (FY 2017: 82%). This represents an effective rate of 61.2% (FY 2017: 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 61.2%	Protect Severance Scheme 100%	ETU Share 61.5%	Protect Severance Scheme 100%
	2018	2018	2017	2017
	\$	\$	\$	\$
<b>Statement of financial position:</b>				
Assets	131,261,875	214,336,430	161,573,843	262,721,696
Liabilities	(130,419,198)	(212,960,430)	(153,335,988)	(249,326,810)
Net assets	842,677	1,376,000	8,237,855	13,394,886
<b>Statement of comprehensive income:</b>				
Income	6,672,501	10,895,471	16,992,349	27,629,836
Expenses	(2,425,346)	(3,960,327)	(3,678,059)	(5,980,583)
Income tax	55,136	90,031	3,681,629	5,986,388
Net surplus/(deficit)	4,302,291	7,025,175	16,995,919	27,635,641

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018

12. INVESTMENTS IN ASSOCIATES (CONT.)

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Reconciliation of the entity's carrying amount</b>				
Opening carrying amount	8,237,855	19,537,938	8,237,855	19,537,938
Share of net profit from associate(i)	2,969,597	16,995,919	2,969,597	16,995,919
Fair value adjustment to investment in associate	-	3,856,880	-	3,856,880
Distributions paid	(11,207,452)	(32,152,882)	(11,207,452)	(32,152,882)
Closing carrying amount	-	8,237,855	-	8,237,855

(i) ETU's share of net profit from associate has been reduced by an amount of \$1,332,694 due to ElectNet (Aust) Pty Ltd as the trustee for Protect Severance Scheme distributing this amount directly to Protect Severance Scheme No.2.

Distributions received from associate was \$11,207,452 (2017: \$32,152,882). As at 31 December 2018, \$8,707,451 (FY 2017: \$12,777,882) was unpaid.

Associate had contingent liabilities and capital commitments as at 31 December 2018 of \$nil (2017: \$nil) and \$nil (2017: \$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 2018.

**Protect Severance Scheme No.2**

	ETU Share 61.2%	Protect Severance Scheme No. 2 100%	ETU Share 61.5%	Protect Severance Scheme No. 2 100%
	2018	2018	2017	2017
	\$	\$	\$	\$
<b>Statement of financial position:</b>				
Assets	40,102,311	65,482,732	13,290,095	21,609,911
Liabilities	(40,888,593)	(66,766,645)	(13,801,369)	(22,441,251)
Net assets	(786,282)	(1,283,913)	(511,274)	(831,340)
<b>Statement of comprehensive income:</b>				
Income	606,830	990,887	136,925	222,643
Expenses	(1,581,259)	(2,582,024)	(648,200)	(1,053,983)
Income tax	697,269	1,138,564	-	-
Net surplus/(deficit)	(277,160)	(452,573)	(511,274)	(831,340)

Distributions received from associate was \$0 (2017: \$nil).

Associate had contingent liabilities and capital commitments as at 31 December 2018 of \$nil (2017: \$nil) and \$nil (2017: \$nil), respectively.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Reconciliation of the entity's carrying amount</b>				
Opening carrying amount	-	-	-	-
Share of net profit from associate	(277,160)	(511,274)	(277,160)	(511,274)
Adjustment to derecognise losses due to limited liability	277,160	511,274	277,160	511,274
Distributions paid	-	-	-	-
Closing carrying amount	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>13. TRADE AND OTHER PAYABLES</b>				
Unsecured liabilities				
Trade payables (i)	1,495,511	2,150,779	1,261,392	1,719,039
Other payables	306,648	401,831	(1,002)	86,170
Accrued expenses - general	385,641	427,484	312,317	360,777
Legal costs payable - litigation	-	-	-	-
Legal costs payable - other legal matters	-	-	-	-
Members contribution in advance	1,644,151	2,047,401	1,644,151	2,047,401
Related party payables	38,338	40,052	-	-
Consideration to employers for payroll deductions	-	-	-	-
Deposit received in advance	-	-	-	-
	<u>3,870,289</u>	<u>5,067,547</u>	<u>3,216,858</u>	<u>4,213,387</u>

(i) Trade payables includes payables to other reporting units:

CEPU - Communications Division	-	57,679	-	57,679
CEPU - General Fund	831,206	905,218	831,206	905,218
CEPU - Electrical Division WA Branch	-	12,593	-	12,593
CEPU - Electrical Div S.A. Branch	-	2,577	-	2,577
CEPU - Tasmania Branch	-	8,222	-	8,222
	<u>831,206</u>	<u>986,289</u>	<u>831,206</u>	<u>986,289</u>

**14. EMPLOYEE PROVISIONS**

Current - employee entitlements provision	3,378,932	3,623,819	2,936,700	3,183,783
Non-Current - employee entitlements provision	185,463	82,700	149,530	70,178
	<u>3,564,395</u>	<u>3,706,519</u>	<u>3,086,230</u>	<u>3,253,961</u>

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

**Office Holders**

Annual Leave	114,796	134,309	114,796	134,309
Long Service Leave	430,641	214,105	430,641	214,105
Retirement Benefit / Redundancy	432,357	390,058	432,357	390,058
	<u>977,794</u>	<u>738,471</u>	<u>977,794</u>	<u>738,471</u>

**Non Office Holders**

Annual Leave	983,206	1,077,467	780,002	878,479
Long Service Leave	827,120	1,050,284	552,159	796,714
Retirement Benefit / Redundancy	776,275	840,296	776,275	840,296
	<u>2,586,601</u>	<u>2,968,048</u>	<u>2,108,436</u>	<u>2,515,490</u>

<b>Total employee entitlements</b>	<u>3,564,395</u>	<u>3,706,519</u>	<u>3,086,230</u>	<u>3,253,961</u>
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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 2018**

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>15. CASH FLOW INFORMATION</b>				
Net surplus/(deficit) for the year	509,724	18,167,117	584,179	12,469,044
Non-cash flows in profit				
- surplus on investment in associate	(4,302,291)	(16,995,919)	(4,302,291)	(16,995,919)
- fair value movement on investment in associate	-	(3,856,880)	-	(3,856,880)
- depreciation	1,443,813	1,531,629	773,310	827,715
- impairment expense	-	-	-	-
- net (gain)/loss on disposal of PPE	11,403	(29,020)	7,497	(37,114)
- net (gain)/loss on disposal of shares	82,531	(74,474)	-	(153,721)
Changes in assets and liabilities, net of the effect of purchase and disposal of controlled entities:				
- (increase)/decrease in trade and other receivables	(126,091)	(179,415)	(3,315,182)	(971,115)
- (increase)/decrease in inventories	14,133	65,312	14,133	65,312
- (increase)/decrease in other assets	100,865	5,491	104,207	19,306
- increase/(decrease) in trade and other payables	(1,198,544)	405,630	(996,529)	149,992
- increase/(decrease) in provisions	(142,124)	(474,290)	(167,731)	(494,702)
Net cashflow from operating activities	<u>(3,606,581)</u>	<u>(1,434,819)</u>	<u>(7,298,407)</u>	<u>(8,978,082)</u>

- (a) There was no reporting unit that was the source or application of cash flows other than payment of fees to CEPU of \$947,975 (2017: \$1,213,593)
- (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	79,474	79,474	79,474
After one year but not more than five years	24,033	91,751	24,033	91,751
More than five years	-	-	-	-
	<u>103,507</u>	<u>171,225</u>	<u>103,507</u>	<u>171,225</u>

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	423,483	498,335	-	-
After one year but not more than five years	2,157,943	464,654	-	-
More than five years	-	-	-	-
	<u>2,581,426</u>	<u>962,989</u>	<u>-</u>	<u>-</u>

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 2018**

**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:

<b>Key Management Person</b>	<b>Position</b>
Troy Gray	State Secretary
Ivan Balta	Assistant State Secretary
Arron Harris	Assistant State Secretary
Daniel Filazzola	President
Graeme Watson	Treasurer
Paul Swann	Vice President
Jim Theodosiou	Branch executive
Jeremy Barnard (resigned 25/10/2018)	Branch executive
Mark Baldi (appointed 25/20/2018)	Branch executive
Stephen O'Brien (resigned 25/10/2018)	Branch executive
Paul Harman (appointed 25/20/2018)	Branch executive
Ken Purdham	Branch executive
Rodney Dalglish	General Manager Business Services

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

	2018	2017
Short-term employee benefits	568,905	560,395
Post-employee benefits	100,266	92,114
	669,171	652,510

**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 2018**

**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 17: 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	2018 \$	2017 \$
<b>Director's fees received:</b>			
Industrial Printing & Publishing Pty Ltd		12,000	12,000
CoINVEST Ltd		41,082	34,695
ElecNet (Aust) Pty Ltd		154,178	102,785
<b>Trust distributions received:</b>			
ElecNet (Aust) Pty Ltd, as trustee of the Electrical Industry Severance Scheme (trading as Protect)	12	12,519,922	32,152,882
<b>Unpaid distributions receivable:</b>			
ElecNet (Aust) Pty Ltd, as trustee of the Electrical Industry Severance Scheme (trading as Protect)	12	8,707,452	12,777,882
<b>Loans receivable:</b>			
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 2018

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>19. AUDITOR'S REMUNERATION</b>				
Remuneration of RSM Australia as the auditor of the parent entity for:				
- audit of the financial statements	52,550	48,500	52,550	48,500
- other services	42,190	22,850	42,190	22,850
Remuneration of RSM Australia as the auditor of controlled entities for:				
- audit of the financial statements of controlled entities	25,120	22,200	-	-
- other services	6,280	6,000	-	-
	<u>126,140</u>	<u>99,550</u>	<u>94,740</u>	<u>71,350</u>

**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 2018 (FY 2017: 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	Fixed Interest Rate
		2018	2018
		\$	\$
<b>Financial Assets</b>			
Term deposits	2.74%	4,250,000	-
Interest securities	11.50%	19,844,704	-
Bonds	3.75%	-	6,834,529
		<u>24,094,704</u>	<u>6,834,529</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**For the year ended 31 December 2018**

**20. FINANCIAL RISK MANAGEMENT (CONT.)**

	Weighted Average Interest Rate %	Floating Interest Rate 2017 \$	Fixed Interest Rate 2017 \$
<b>Financial Assets</b>			
Term deposits	2.95%	3,000,000	-
Interest securities	11.50%	17,378,193	-
Bonds	3.35%	-	3,575,742
		<u>20,378,193</u>	<u>3,575,742</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 \$
<b>2018</b>				
Revenue from external customers	8,628,520	17,033,177	-	25,661,697
Intersegment revenue	-	198,325	(198,325)	-
Reportable segment profit before finance income and tax	273,757	2,084,568	(3,859,620)	(1,501,295)
Reportable segment assets	1,219,066	90,862,164	-	92,081,230
Reportable segment liabilities	985,293	6,449,391	-	7,434,684
<b>2017</b>				
Revenue from external customers	5,487,636	33,660,420	-	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
<b>Reconciliation of reportable segment profit or loss</b>	<b>2018</b>	<b>2017</b>		
	\$	\$		
Total profit or loss for reportable segments	(1,501,295)	17,798,509		
Finance income	3,343,713	1,018,016		
Profit/(loss) before tax from continuing operations	<u>1,842,418</u>	<u>18,816,525</u>		

NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018

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 2018	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial Assets</b>				
Listed investments - fair value	8,969,886	-	-	8,969,886
Unlisted investments - fair value	-	32,329,081	-	32,329,081
Land and buildings	-	-	17,548,014	17,548,014
<b>Total financial assets</b>	<b>8,969,886</b>	<b>32,329,081</b>	<b>17,548,014</b>	<b>58,846,981</b>
<b>Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2017</b>				
<b>Financial Assets</b>				
Listed investments - fair value	8,194,526	-	-	8,194,526
Unlisted investments - fair value	-	28,126,179	-	28,126,179
Land and buildings	-	-	18,334,346	18,334,346
<b>Total financial assets</b>	<b>8,194,526</b>	<b>28,126,179</b>	<b>18,334,346</b>	<b>54,655,051</b>
<b>Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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. The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2016 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

	Consolidated		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
<b>23. OTHER SPECIFIC DISCLOSURE-FUNDS</b>				
Compulsory levy/voluntary contribution fund-if invested in assets	-	-	-	-
Other fund(s) required by rules	-	-	-	-
<b>Balance as at start of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transferred to reserve	-	-	-	-
Transferred out of reserve	-	-	-	-
<b>Balance as at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)  
For the year ended 31 December 2018**

**24. CONTINGENT LIABILITIES**

There were no contingent liabilities as at 31 December 2018 (FY 2017: \$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.

(3) A reporting unit must comply with an application made under (1).

**27. 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