

2 September 2013

Mr Les McLaughlan
Secretary, Western Australia Electrical Divisional Branch
CEPU
PO Box 689
BALCATT A NSW 6914



Dear Mr McLaughlan,

Re: Lodgement of Financial Statements and Accounts - Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch - for year ended 31 December 2012 (FR2012/528)

I refer to the above financial statements and accounts which were lodged with the Fair Work Commission on 26 June 2013. The documents have been filed. However for the future I wish to clarify some legislative requirements of the *Fair Work (Registered Organisations) Act 2009* ('the RO Act'). These may not have previously been clarified in detail for the Branch.e

Statement of the Committee of Management - Date of resolution

The Statement of the Committee of Management on page 6 states that the statement "passed the following resolution..." The Committee of Management statement is signed 6 May 2012. Paragraph 26(b) of the Reporting Guidelines requires that the Statement "specify the date of passage of the resolution". It might be thought reasonable to infer that the date of the resolution was 6 May 2012, but this does not strictly follow as the date of resolution and date of signature may differ, and readers ought not to have to rely on inference. To avoid doubt, I suggest that in future years the date of the passage of the resolution be specified by inserting the words "passed on (...date....)".

Prescribed Information - Operating Report

Regulation 159 of the *Fair Work (Registered Organisations) Regulations 2009* (the RO Regulations) states:

"For paragraph 254 (2) (f) of the Act, the following information is prescribed:

(a);

(b) the number of persons who were, at the end of the financial year to which the report relates, employees of the reporting unit, where the number of employees includes both full-time employees and part-time employees measured on a full-time equivalent basis;

(c) the name of each person who has been a member of the committee of management of the reporting unit at any time during the reporting period, and the period for which he or she held such a position."

I note that the Operating Report stated the "number of employees". This appears in previous years to have been taken to mean a 'full-time equivalent' total but strictly speaking this was an inference and not certain. In order to remove doubt and ensure the report complies with regulation 159(b), future operating reports should specify the total number employees calculated and expressed as a "full-time equivalent".

I also note that, as in previous years, the Operating report referred to the period within which positions were held “*at any time during the reporting period*”. Mid-period appointment and resignation details have been provided. It might be inferred that the other persons listed held their position for the whole of the period, but to avoid doubt, future operating reports should either specify the actual period within which positions were held during the financial year in respect of each person or state that unless otherwise indicated each person held their office for the whole reporting period, in accordance with regulation 159(c) above.

Review of results - Operating Report

The requirement of sub-section 254(2) of the Act that the Operating Report contain a review of the “*principal activities during the year, the results of those activities (my underline emphasis) and any significant changes in the nature of those activities*” means that it should, however briefly, also describe any results that may be said to follow directly from the activities which the Branch’s report describes as “the provision of industrial, professional and managerial services to the members”. The form of a description of results is not otherwise prescribed by the Act.¹

Employee Benefits/Provisions

The Reporting Guidelines require separate balances for employee benefits paid to office-holders and employee benefits paid to employees who are not office-holders. The New Reporting Guidelines issued on 26 June 2013 which will apply for the next financial report make clear that employee benefits includes leave and superannuation provisions as well as salaries and allowances and that these must be separately disclosed.

Sustentation

The Reporting Guidelines require the disclosure of the name of any recipient of any expenses paid as capitation (i.e. sustentation).

Correct legislative references

The references to the *Industrial Relations Act 1979* on the Designated Officer’s Certificate are inappropriate given that the financial report is lodged under and pursuant to the RO Act.

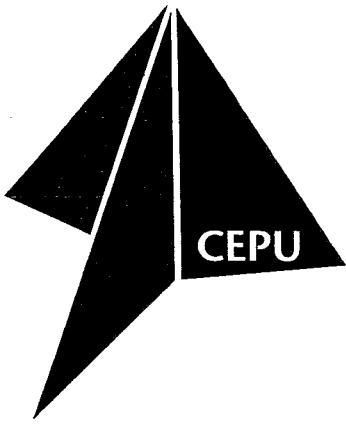
Please study the new Reporting Guidelines carefully (see attached). If you wish to discuss any aspect of the financial reporting requirements, please do not hesitate to contact me on (02) 8374 6511.

Yours sincerely



Kiet Mac
Assistant Advisor, Regulatory Compliance Branch

¹ The kinds of results the Branch might relevantly consider include things like whether membership had increased, disputes satisfactorily resolved, agreements successfully negotiated, governments successfully lobbied, workplace conditions improved etc. or alternatively a brief statement as to whether generally its activities had been successful in meeting its objectives.



24th June, 2013

Fair Work Australia,
Level 8,
80 William Street,
EAST SYDNEY NSW 2011

ATTENTION: Deputy Industrial Registrar

Dear Sir/Madam,

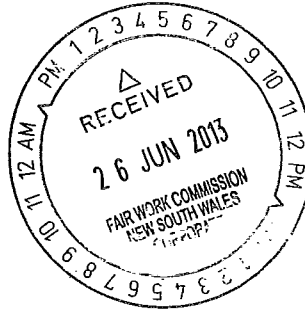
RE: Officers and Membership Return and Statutory Declaration

Please find attached Audit Report, Certificate of Secretary, Officers and Membership Return and Statutory Declaration for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allies Services Union of Australia, Electrical Division, WA Branch.

Any queries please do not hesitate to contact the undersigned.

Yours faithfully,

KIM STEWART
CPA



FR 2012
KM.

528
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ETU

Electrical Trades Union

THE ELECTRICAL DIVISION
of the Communications,
Electrical, Electronic,
Energy, Information, Postal,
Plumbing and Allied Services
Union of Australia (**CEPU**)

ABN No: 78 117 032 302

L. McLaughlan
Divisional Branch Secretary
Mobile: 0403 601 990

J. Murie
Assistant Divisional
Branch Secretary
Mobile: 0403 601 997

ORGANISERS

P. Carter
Mobile: 0403 601 991

J. Fiala
Mobile: 0403 601 996

G. Wilton
Mobile: 0407 199 256

SOUTH-WEST

T. Hayes
Mobile: 0417 095 665

NORTH-WEST

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CEPU

ABN: 84 898 932 123

WESTERN AUSTRALIA BRANCH

COMMUNICATIONS ELECTRICAL PLUMBING UNION

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA,
ENGINEERING AND ELECTRICAL DIVISION,
WA BRANCH**

CERTIFICATE OF SECRETARY OR OTHER AUTHORISED OFFICER

I, **Les McLaughlan**, being the *Secretary* of the *Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Engineering and Electrical Division, WA Branch* certify:

- that the documents lodged herewith are copies of the full report, referred to in the *Industrial Relations Act 1979*;
- that the full report in respect of the year ended 31 December 2012, was provided to members on 9th May 2013; and
- that the full report was presented to a general meeting of members of the *Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Engineering and Electrical Division*, on 12th June 2013, in accordance with the *Industrial Relations Act 1979*.

Signature: _____

Dated this

21

day of

JUNE

2013.

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC,
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AND ALLIED SERVICES UNION OF AUSTRALIA,
ENGINEERING AND ELECTRICAL DIVISION,
WA BRANCH**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA,
ENGINEERING AND ELECTRICAL DIVISION,
WA BRANCH**

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**COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA,
ENGINEERING AND ELECTRICAL DIVISION,
WA BRANCH**

OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Principal Activities

The principal activities of the Union during the financial year were the provision of industrial, professional and managerial services to the members consistent with the object and rules of the Union and in particular, protecting and improving the interests of members.

Results of Principal Activities

The Union's principal activities resulted in an operating surplus for the financial year of \$444,672 (2011: \$784,579).

Significant Changes in Nature of Principal Activities

There were no significant changes in the nature of the Unions principal activities during the financial year.

Significant Changes in the Unions Financial Affairs

No matters or circumstances arose during the reporting year which significantly affected the financial affairs of the Union.

Rights of Members to Resign

Members may resign from the Union in accordance with Rule 4.5.4. which sets out the conditions for resignation of a member.

Trustee or Director of Trustee Company of Superannuation Entity or Exempt Public Sector Superannuation Scheme

The following officers of the Union held reserved positions in the following entities:

Name	Official Position	Other Position Held
Les McLaughlan	Branch Secretary	Director of Long Service Leave Board
Greg Wilton	Organiser	Board member of Energy Safety

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OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

Number of Members

The number of persons who, at the end of the financial year, were recorded on the Register of members was 8,000 (2011: 7,536).

Number of Employees

The number of persons who were, at the end of the financial year, employees of the Union was 18 (2011: 16).

Members of Committee of Management

The persons who held office as members of the Committee of Management of the union at any time during the reporting period:

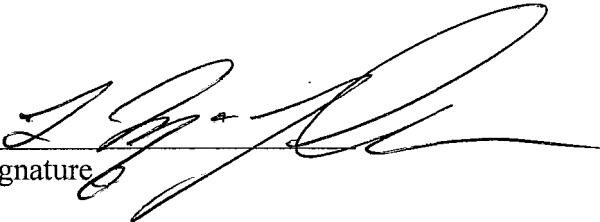
Name	Title of Officer
R Manhood	Branch President
M Coulter	Deputy Branch President
L McLaughlan	Branch Secretary
J Murie	Assistant Branch Secretary
J Balfour	Branch Councillor
P Carter	Branch Councillor
D Clancey	Branch Councillor
M Coulter	Branch Councillor
J Daly	Branch Councillor
J Dellavanzo	Branch Councillor
M Donaldson	Branch Councillor
G Dwyer	Branch Councillor (appointed 12 March 2012)
J Fiala	Branch Councillor
D Fowlie	Branch Councillor
T Hayes	Branch Councillor
M Honner	Branch Councillor
J Hughes-Owen	Branch Councillor
B Jones	Branch Councillor (resigned 14 November 2012)
M Jordan	Branch Councillor
G McDonald	Branch Councillor
S O'Regan	Branch Councillor
B Reeve	Branch Councillor
S Taylor	Branch Councillor

COMMUNICATION, ELECTRICAL, ELECTRONIC,
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OPERATING REPORT FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)

Les McLaughlan
Name

Branch Secretary
Title


Signature

6/3/2013
Date

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA,
ENGINEERING AND ELECTRICAL DIVISION,
WA BRANCH**

COMMITTEE OF MANAGEMENT STATEMENT

The Committee of Management of The Western Australian Branch of *Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Engineering and Electrical Division* passed the following resolution in relation to the **general purpose financial report (GPFR)** of the reporting unit for the financial year ended 31 December 2012:

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

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the reporting unit for the financial year to which they relate;
- (d) there are reasonable grounds to believe that the reporting unit will be able to pay its debts as and when they become due and payable;
- (e) during the financial year to which the GPFR relates and since the end of that year:
 - (i) meetings of the committee of management were held in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (ii) the financial affairs of the reporting unit have been managed in accordance with the rules of the organisation including the rules of a branch concerned; and
 - (iii) the financial records of the reporting unit have been kept and maintained in accordance with the *Fair Work (Registered Organisations) Act 2009*; and
 - (iv) the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner to each of the other reporting units of the organisation; and
 - (v) no information has been sought in any request of a member of the reporting unit or a Registrar duly made under section 272 of the *Fair Work (Registered Organisations) Act 2009* during the period; and
 - (vi) no orders have been made by the Commission for inspection of financial records under section 273 of the *Fair Work (registered Organisations) Act 2009* during the period.

For Committee of Management: *Les McLaughlan*

Title: *Branch Secretary*

Signature: _____

Date: _____

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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WA BRANCH**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012**

	NOTE	2012 \$	2011 \$
Revenue	4	3,753,319	3,573,566
Employee Benefits Expenses	5	(2,195,046)	(1,766,074)
Depreciation Expenses		(74,841)	(56,035)
Other Expenses	6	(1,038,760)	(966,878)
Operating Surplus		<u>444,672</u>	<u>784,579</u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE UNION		<u><u>444,672</u></u>	<u><u>784,579</u></u>

The accompanying notes form part of these financial statements.

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7	307,117	104,187
Trade and Other Receivables	8	75,215	69,251
TOTAL CURRENT ASSETS		382,332	173,438
NON-CURRENT ASSETS			
Other Financial Assets	9	4,067,417	3,713,021
Property, Plant & Equipment	10	531,366	476,418
TOTAL NON-CURRENT ASSETS		4,598,783	4,189,439
TOTAL ASSETS		4,981,115	4,362,877
 CURRENT LIABILITIES			
Trade and Other Payables	11	357,829	333,148
Provisions	12	1,067,537	918,652
TOTAL CURRENT LIABILITIES		1,425,366	1,251,800
TOTAL LIABILITIES		1,425,366	1,251,800
NET ASSETS		3,555,749	3,111,077
 MEMBERS' FUNDS			
Retained Surplus		3,555,749	3,111,077
TOTAL MEMBERS' FUNDS		3,555,749	3,111,077

The accompanying notes form part of these financial statements.

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012		2011	
	Retained Earnings	Total	Retained Earnings	Total
Balance at 1 January	3,111,077	3,111,077	2,326,498	2,326,498
Net surplus attributable to the members	444,672	444,672	784,579	784,579
Total other comprehensive income attributable to members	-	-	-	-
Balance at 31 December	3,555,749	3,555,749	3,111,077	3,111,077

The accompanying notes form part of these financial statements.

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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WA BRANCH**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012**

	NOTE	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Member Contributions		3,312,504	3,028,608
Receipts from Members' Entrance Fees		3,014	5,426
Interest Received		159,523	168,677
ETU Insurance Rebate		273,069	201,553
Wage Subsidies Received		16,936	11,226
Other Receipts		2,968	162,257
Payments to Supplies & Employees		(3,065,097)	(2,670,222)
NET CASH PROVIDED BY OPERATING ACTIVITIES	13	702,917	907,525
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for Property, Plant & Equipment		(159,957)	(92,969)
Payments for Financial Assets		(354,396)	(911,714)
Proceeds from Sale of Property, Plant and Equipment		14,366	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		(499,987)	(1,004,683)
NET CASH PROVIDED BY FINANCING ACTIVITIES			
		-	-
Net Increase in Cash Held		202,930	(97,158)
Cash at 1 January		104,187	201,345
CASH AT 31 DECEMBER	7	307,117	104,187

The accompanying notes form part of these financial statements.

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements cover the Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Engineering and Electrical Division, WA Branch as an individual entity.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the requirements of the *Fair Work (Registered Organisations) Act 2009*. The Union is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied, unless stated otherwise.

The financial statements, except the cash flow information, have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, fair values of non-current assets. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a) Fixed Assets

Each class of property, plant and equipment is carried at cost less where applicable any accumulated depreciation and any accumulated impairment losses. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Land is not depreciated. Depreciation on other assets is calculated on the straight line basis in order to write off the cost of fixed assets over their estimated useful lives, as follows:

- *Buildings - 40 years*
- *Office Equipment - 3 1/3 years*
- *Office Furniture - 10 years*
- *Motor Vehicles - 5 1/3 years*

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Fixed Assets (continued)

The gain or loss on disposal of all fixed assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in operating profit of the union in the year of disposal. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amount.

c) Employee Entitlements

Provision is made for the liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Annual Leave

The liability for annual leave is recognised and is measured as the amount unpaid at the reporting date at the amount expected to be paid when the liabilities are settled.

Long Service Leave

In the case of Long Service Leave, the accrual has been measured by reference the present value of expected future payments to be made in respect of services provided by employees. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Sick Leave

Sick leave entitlements are accumulated in a similar manner to annual leave entitlements but do not vest and are paid only upon a valid claim for sick leave by an employee. The liability for non-vesting accumulated sick leave is the component of the entitlements accumulated as at the reporting date that is expected to result in payments to the employees. Liabilities are measured at the amount expected to be paid when the liability is settled.

Retirement Benefits

Retirement benefits obligations are measured by reference to the present value of expected future payments to be made in respect of services provided by employees.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income Tax

No provision for income tax is necessary as "Trade Unions" are exempt from income tax under Section 50-15 of the Income Tax Assessment Act (1997).

e) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

f) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

g) Receivables

All sundry debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer Note 1(j).

h) Creditors and Accruals

These amounts represent liabilities for goods and services provided to the entity prior to the end of the year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

i) Investments and other Financial Assets

The Union classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivable, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Investments and other Financial Assets (continued)

Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. They are stated at amortised cost using the effective interest rate method.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. They are stated at amortised cost using the effective interest method. The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in the profit or loss.

These are short term investments however they have been classified as non-current because they are to be rolled over continuously until needed to pay the retirement allowance and long service leave.

At each balance date where there is objective evidence that a financial asset is impaired an assessment of the impaired value is made. Impairment losses are recognised in the income statement.

j) Impairment Assets

At each reporting date, the Union reviews the carrying values of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment Assets (continued)

Where the future economic benefits of the assets are not primarily dependent upon the assets ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is the depreciated replacement cost of an asset.

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

k) Leases

Lease payments on operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

l) Comparative Figures

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

m) Critical accounting estimates and judgements

The Committee of Management evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the union.

Key estimates - Impairments

The Union assesses impairment at each reporting date by evaluating conditions specific to the Union that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

There is no indicator of impairment therefore no impairment testing has been undertaken during the year ended 31 December 2012.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

m) Critical accounting estimates and judgements (continued)

Key Judgements – Provision for Impairment of Receivables

The Committee of Management believe that the full amount of the receivables is recoverable, and therefore no provision for impairment of receivables has been made at 31 December 2012.

n) Goods and Services Tax

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 Taxation 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 balance sheet are shown inclusive of GST.

o) New Accounting Standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Union has decided not to early adopt. A discussion of those future requirements and their impact on the Union follows:-

- *AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the

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o) New Accounting Standards for application in future periods (continued)

- objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards *were* mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. This amendment is a consequence of the deferral of IFRS 9 to allow the IASB to complete its revision of that Standard. In light of this change of mandatory effective date, the Union is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the members of the committee anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the Union's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact particularly considering the changes that are expected to be made to IFRS 9 in the future.

- *AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

Tier 1: Australian Accounting Standards; and

Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements. Since the Union is a not-for-profit private sector entity, it qualifies for the reduced disclosure requirements for Tier 2 entities. The Union is yet to decide whether it will take advantage of Tier 2 reporting. Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

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o) New Accounting Standards for application in future periods (continued)

- *AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Union.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either “joint operations” (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or “joint ventures” (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This Standard is not expected to significantly impact the Union.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a “structured entity”, replacing the “special purpose entity” concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Union.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Union’s financial statements.

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o) New Accounting Standards for application in future periods (continued)

- *AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Union's financial statements.

- *AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Union's financial statements.

- *AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the “corridor” approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
 - (a) service cost and net interest expense in profit or loss; and
 - (b) remeasurements in other comprehensive income.

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o) New Accounting Standards for application in future periods (continued)

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

These Standards are not expected to significantly impact the Union's financial statements.

- *AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Union's financial statements.

- *AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).*

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Union's financial statements.

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o) New Accounting Standards for application in future periods (continued)

- *AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).*

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009-2011 Cycle* by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

These Standards are not expected to significantly impact the Union.

The Union does not anticipate early adoption of any of the above Australian Accounting Standards.

The financial statements were authorised for issue on 10 April 2013, by members of the Committee of Management.

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2. INFORMATION TO BE PROVIDED TO MEMBERS OR REGISTRAR

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

- (1) *A member of a reporting unit, or a Registrar, 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 subsection (1).*

3. PRINCIPAL PLACE OF BUSINESS

The principal place of business of the Union is Unit 24, 257 Balcatta Road, Balcatta, Western Australia.

4. REVENUE AND OTHER INCOME

	2012	2011
	\$	\$
Members' Funding		
Members' Contributions	3,312,504	3,028,608
Entrance Fees	3,014	5,426
	<u>3,315,518</u>	<u>3,034,034</u>
Interest Earned		
CBA General Account	5,378	6,477
Retirement Account	44,054	48,221
CBA Online Saver	106,023	109,632
	<u>155,455</u>	<u>164,330</u>

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4. REVENUE AND OTHER INCOME (continued)

	2012	2011
	\$	\$
Sundries Income		
ATC Insurance Commission	998	7,122
ETU Vic Insurance Rebate	275,826	204,518
Wages Subsidy-Board Fees	16,936	11,226
North West Funding	-	154,676
Other	4,388	2,756
	<u>298,148</u>	<u>380,348</u>
Profit/ (loss) on disposal of assets	(15,802)	(5,146)
TOTAL	<u>3,753,319</u>	<u>3,573,566</u>

The Union owns the unit at 1 / 30 Demetre Street, Karratha and it is provided to a CEPU organiser as a non – monetary benefit.

5. EMPLOYEE BENEFIT EXPENSES

	2012	2011
	\$	\$
Net Increase in Provision for Employee Entitlements	409,879	261,354
Employee Services Compensation Insurance	7,909	11,256
Salaries & Allowances – Officers	1,212,487	996,436
Salaries & Allowances – Others	203,711	193,949
Superannuation	258,333	225,194
Fringe Benefits Tax	17,201	10,527
Payroll Tax	64,734	53,578
Delegate Fees	20,792	13,780
	<u>2,195,046</u>	<u>1,766,074</u>

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6. SIGNIFICANT EXPENSES

The following significant expense items are relevant in explaining the financial performance.

	2012	2011
	\$	\$
Legal and Arbitration Expenses	16,967	96,206
Insurance	58,557	48,429
Auditor's Remuneration		
Audit	16,480	12,400
Other	5,800	4,985
Sustentation Fees	293,641	249,499
Rental expense on operating lease	4,250	-

7. CASH AND CASH EQUIVALENTS

	2012	2011
	\$	\$
Commonwealth Bank – General Account	305,977	102,947
Petty Cash on Hand	1,140	1,140
Petty Cash on Hand – North West	-	100
	<u>307,117</u>	<u>104,187</u>

The effective interest rate on the general account is 1.7% (2011: 3.50%).
This account is at call.

8. TRADE AND OTHER RECEIVABLES

	2012	2011
	\$	\$
Accounts Receivable	58,251	37,783
Bonds paid	5,000	0
Accounts paid in advance	11,964	31,468
	<u>75,215</u>	<u>69,251</u>

None of the accounts receivable is past due nor impaired. No collateral is held over accounts receivable.

Credit Risk

The Union has no significant concentrations of credit risk with respect to any single counterparty or group of counterparties.

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8. TRADE AND OTHER RECEIVABLES (continued)

The following table details the Union's receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Union and the member or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining their willingness to pay and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Union.

The balances of receivables that remain initial terms (as detailed in the table) are considered to be a high credit quality.

2012	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	>90	
	\$	\$	\$	\$	\$	\$	\$
Other receivable	75,215	-	-	-	-	-	75,215
Total	75,215	-	-	-	-	-	75,215

2011	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
			< 30	31-60	61-90	>90	
	\$	\$	\$	\$	\$	\$	\$
Other receivable	69,251	-	-	-	-	-	69,251
Total	69,251	-	-	-	-	-	69,251

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9. OTHER FINANCIAL ASSETS

	2012	2011
	\$	\$
Held to Maturity Assets		
CBA Retirement Account	965,636	920,244
CBA Online Saver Account	3,101,781	2,792,777
	<u>4,067,417</u>	<u>3,713,021</u>

These deposits are held in short-term interest bearing accounts with financial institutions with an average maturity of 90 days. These deposits are specifically set aside to fund payment of the retirement allowances and long service leave and hence have been classified as a non-current asset. The weighted average interest rate on short term deposits was 3.68% (2011: 4.54%)

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10. PROPERTY, PLANT & EQUIPMENT

	2012	2011
	\$	\$
LAND AND BUILDINGS		
House at Cost – 1 / 30 Demetre Crescent, Karratha	102,818	102,818
Accumulated Depreciation	<u>(41,023)</u>	<u>(38,453)</u>
	61,795	64,365
Strata Unit - Rockingham	135,526	135,526
Accumulated Depreciation	<u>(8,762)</u>	<u>(5,376)</u>
	126,764	130,150
TOTAL LAND AND BUILDINGS	<u>188,559</u>	<u>194,515</u>
FURNITURE AND EQUIPMENT		
Furniture and Fittings at Cost	121,861	126,998
Accumulated Depreciation	<u>(102,974)</u>	<u>(105,029)</u>
	18,887	21,969
Furniture and Fittings – Demetre Street at Cost	7,227	7,227
Accumulated Depreciation	<u>(5,223)</u>	<u>(5,000)</u>
	2,004	2,227
TOTAL FURNITURE AND EQUIPMENT	<u>20,891</u>	<u>24,196</u>
MOTOR VEHICLES		
Cost	391,701	310,781
Accumulated Depreciation	<u>(91,309)</u>	<u>(68,575)</u>
	300,392	242,206
TOTAL MOTOR VEHICLES	<u>300,392</u>	<u>242,206</u>
OFFICE EQUIPMENT		
Cost	76,845	85,035
Accumulated Depreciation	<u>(55,321)</u>	<u>(69,534)</u>
	21,524	15,501
TOTAL OFFICE EQUIPMENT	<u>21,524</u>	<u>15,501</u>
TOTAL PROPERTY, PLANT & EQUIPMENT	<u>531,366</u>	<u>476,418</u>

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10. PROPERTY, PLANT & EQUIPMENT (continued)

Year ended 31 December 2012

Movement in Carrying Amounts	Land & Buildings \$	Furniture & Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at the beginning of year	194,515	24,196	242,206	15,501	476,418
Additions	-	363	170,701	14,529	185,593
Disposals	-	-	(55,350)	(454)	(55,804)
Depreciation Expense	(5,956)	(3,668)	(57,165)	(8,052)	(74,841)
Carrying amount at the end of year	<u>188,559</u>	<u>20,891</u>	<u>300,392</u>	<u>21,524</u>	<u>531,366</u>

Year ended 31 December 2011

Movement in Carrying Amounts	Land & Buildings \$	Furniture & Equipment \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at the beginning of year	200,475	25,203	215,196	3,757	444,631
Additions	-	2,415	116,124	14,974	133,513
Disposals	-	-	(45,691)	-	(45,691)
Depreciation Expense	(5,960)	(3,422)	(43,423)	(3,230)	(56,035)
Carrying amount at the end of year	<u>194,515</u>	<u>24,196</u>	<u>242,206</u>	<u>15,501</u>	<u>476,418</u>

11. TRADE AND OTHER PAYABLES

	2012 \$	2011 \$
Trade Creditors & Accruals - unsecured	357,829	333,148
	<u>357,829</u>	<u>333,148</u>

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12. PROVISIONS

	Note	2012 \$	2011 \$
Provision for Annual Leave	(a)	116,289	111,193
Provision for Long Service Leave	(b)	259,367	235,950
Provision for Retirement Allowance	(c)	691,881	571,509
		<u>1,067,537</u>	<u>918,652</u>
a) Provision for Annual Leave			
Opening Balance		111,193	121,285
Annual Leave Entitlements Paid & Increase in Provision.		5,096	(10,092)
CLOSING BALANCE		<u>116,289</u>	<u>111,193</u>
b) Provision for Long Service Leave			
Opening Balance		235,950	216,338
LSL Entitlements Paid & Increase in Provision		23,417	19,612
CLOSING BALANCE		<u>259,367</u>	<u>235,950</u>
c) Provision for Retirement Allowance			
Opening Balance		571,509	533,046
Retirement Allowance Entitlements Paid & Increase in Provision		120,372	38,463
CLOSING BALANCE		<u>691,881</u>	<u>571,509</u>
Total Provision for Employee Benefits			
Opening Balance		918,652	870,669
Entitlements Paid & Increase in Provision		148,885	47,983
CLOSING BALANCE		<u>1,067,537</u>	<u>918,652</u>

RETIREMENT ALLOWANCE

The provision for Retirement Allowance discloses the potential entitlements payable should all officers and clerical staffs qualify in accordance with the rules.

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13. CASH FLOW STATEMENT ADDITIONAL INFORMATION

(a) Reconciliation of Cash Flow From Operations with Operating Surplus	2012 \$	2011 \$
Operating Surplus	444,672	784,579
Non cash flows in Operating Surplus		
- Depreciation	74,841	56,035
- Loss on Sale of Fixed Assets	15,802	5,146
Changes in assets and liabilities		
- (Increase) in Receivables	(5,964)	(14,914)
- Increase in Sundry Creditors & Accruals	24,681	28,695
- Increase in Provision for Employee Benefits	148,885	47,984
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>702,917</u>	<u>907,525</u>

(b) Credit Facilities

There are no credit facilities with banks.

(c) Non-cash financing and investing activities

During the year motor vehicles were traded in for a value of \$25,636 (2011: \$40,545). The trade in value was applied against the acquisition price of the new replacement vehicles.

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14. MEMBERS OF THE EXECUTIVE COMMITTEE

The members of the Executive Committee of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Engineering and Electrical Division, WA Branch, who have held office during the financial year are:

- | | | |
|----------------|------------------|----------------|
| ▪ M Coulter | ▪ M Honner | ▪ L McLaughlin |
| ▪ J Dellavanzo | ▪ J Hughes- Owen | ▪ R Manhood |
| ▪ M Donaldson | ▪ G McDonald | ▪ J Murie |

15. RELATED PARTY TRANSACTIONS

a) Names of officers

The following persons have held office in the Union during the reporting period:

Name	Title of Officer
R Manhood	Branch President
M Coulter	Deputy Branch President
L McLaughlan	Branch Secretary
J Murie	Assistant Branch Secretary
J Balfour	Branch Councillor
P Carter	Branch Councillor
D Clancey	Branch Councillor
M Coulter	Branch Councillor
J Daly	Branch Councillor
J Dellavanzo	Branch Councillor
M Donaldson	Branch Councillor
G Dwyer	Branch Councillor (appointed 12 March 2012)
J Fiala	Branch Councillor
D Fowlie	Branch Councillor
T Hayes	Branch Councillor
M Honner	Branch Councillor
J Hughes-Owen	Branch Councillor
B Jones	Branch Councillor (resigned 14 November 2012)
M Jordan	Branch Councillor
G McDonald	Branch Councillor
S O'Regan	Branch Councillor
B Reeve	Branch Councillor
S Taylor	Branch Councillor

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15. RELATED PARTY TRANSACTIONS (continued)

b) Key Management Personnel Compensation

The aggregate amount of remuneration paid to officers during the year is disclosed in the Income Statement under Salaries of the Office Holders.

	Short Term Benefits			Total
	Salary and Fees \$	Superan nuation \$	Other \$	
2012				
Total Compensation	1,212,487	222,967	17,734	1,453,188
2011				
Total Compensation	996,436	186,746	13,670	1,196,852

c) Other transactions

There were no other transactions between the officers and the Union other than those relating to their membership in the Union and the reimbursement by the Union in respect of expenses incurred by them in the performance of their duties. Such transactions have been on conditions no more favourable than those which it is reasonable to expect would have been adopted by parties at arm's length.

16. FINANCIAL INSTRUMENTS

a) Financial Instruments

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

The Union does not have any non-derivative instruments and is not exposed to any financial instrument risk at 31 December 2012 (2011: Nil).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

16. FINANCIAL INSTRUMENTS (continued)

b) Interest Rate Risk and Maturity Analysis

The Union's exposure to interest rate risk, which is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates, and the effective interest rates on those financial assets and financial liabilities is as follows:

31 December 2012	Floating Interest Rate Within 1 year \$	Fixed Interest \$	Non-Interest Bearing Within 1 year \$	Total \$
Financial Assets				
Cash and deposits	305,977	-	1,140	307,117
Held to Maturity Investments	4,067,417	-	-	4,067,417
Accounts Receivable	-	-	75,215	75,215
	4,373,394	-	76,355	4,449,749
Weighted average interest rate	3.54%			
Financial Liabilities				
Trade and other creditors	-	-	357,829	357,829
NET FINANCIAL ASSETS / (LIABILITIES)	4,373,394	-	(281,474)	4,091,920
31 December 2011	Floating Interest Rate Within 1 year \$	Fixed Interest \$	Non-Interest Bearing Within 1 year \$	Total \$
Financial Assets				
Cash and deposits	102,947	-	1,240	104,187
Held to Maturity Investments	3,713,022	-	-	3,713,022
Accounts Receivable	-	-	37,783	37,783
	3,815,969	-	38,023	3,854,992
Weighted average interest rate	4.51%			
Financial Liabilities				
Trade and other creditors	-	-	333,148	333,148
NET FINANCIAL ASSETS / (LIABILITIES)	3,815,969	-	(294,125)	3,521,844

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

16. FINANCIAL INSTRUMENTS (continued)

Interest Rate Sensitivity Analysis

The Union has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and members funds which could result from a change in these risks.

As 31 December 2012, the effect on the operating surplus and members funds as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Higher / (Lower) 2012 \$	Higher / (Lower) 2011 \$
<u>Change in Operating Surplus</u>		
- Increase in interest rate by 200 basis points	87,468	76,319
- Decrease in interest rate by 200 basis points	(87,468)	(76,319)
<u>Change in Members' Funds</u>		
- Increase in interest rate by 200 basis points	87,468	76,319
- Decrease in interest rate by 200 basis points	(87,468)	(76,319)

The movements in profit are due to higher / lower interest revenue from cash balances.

c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, is the carrying amount of the financial assets as disclosed in the balance sheet and notes to the financial statements. The Union does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Union.

d) Net Fair Values

The financial assets and liabilities as disclosed in the balance sheet and notes to the financial statements approximate their carrying values. No financial assets and liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of the financial assets and liabilities are disclosed in the statement of financial position and in the notes to and forming part of the accounts.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (continued)**

17. CONTINGENT LIABILITIES

At the date of signing this report, there were no known contingent liabilities.

18. EMPLOYEE NUMBERS

	31/12/12	31/12/11
Number of employees at the end of financial year	<u>18</u>	<u>16</u>

19. CAPITAL AND LEASING COMMITMENTS

At the date of signing this report, there are no known outstanding capital commitments.

Operating lease commitments

Non-cancellable operating leases contracted for but not recognised in the financial statements:

	31/12/12	31/12/11
Minimum lease payments payable:		
- Not later than 12 months	6,800	0
- Between 12 months and 5 years	0	0
- Later than 5 years	0	0
	<u>6,800</u>	<u>0</u>

The property lease commitment is a non-cancellable operating lease with a 12 month term, with rent payable monthly in advance.

END OF NOTES TO THE FINANCIAL STATEMENTS

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
ALLIED SERVICES UNION OF AUSTRALIA,
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Report on the Financial Report

We have audited the accompanying financial report of the Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Engineering and Electrical Division, comprising the Statement of Financial Position as at 31 December 2012, and the Statement of Comprehensive Income, Statement of Changes in Members' Funds and Statement of Cash Flows for the year ended then ended, notes comprising a Summary of Significant Accounting Policies and Other Explanatory Notes and the Committee of Management Statement, for the year ended 31 December 2012.

Committee's Responsibility for the Financial Report

The Committee of Management of the Union is responsible for the preparation and fair presentation of the financial report with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Fair Work (Registered Organisations) Act 2009 and for such internal control as the Committee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

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

**HEWITT
TURNER &
GELEVITIS**



**BUSINESS
DEVELOPMENT
CONSULTANTS**

*Capital Raising
Wealth Creation
Asset Protection
Audit Assurance
Taxation Advisors
Strategic Planning
Accounting Services
Management Consultancy*

PRINCIPALS

*Timothy Turner
B.BUS (ACC), FCPA,
CTA
Registered Company Auditor*

*Vick Gelevitis
B.BUS (ACC), FCPA,
CTA*

*Darryl Rodrigues
B.Sc, B.BUS (ACC), CPA*

Hewitt Turner & Gelevitis
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(continued)

Independence

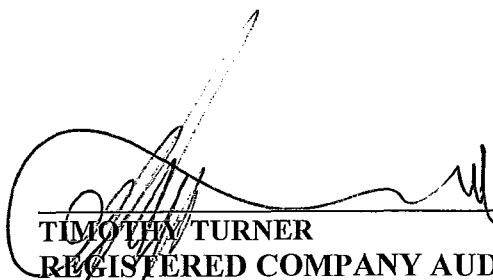
In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the general purpose financial report of the Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Engineering and Electrical Division, WA Branch is presented fairly in accordance with applicable Australian Accounting Standards and the requirements imposed by the Fair Work (Registered Organisations) Act 2009.

Signed at Perth this 8th day of May 2013.


HEWITT TURNER & GELEVITIS
AUDIT ASSURANCE DIVISION


TIMOTHY TURNER
REGISTERED COMPANY AUDITOR

HEWITT
TURNER &
GELEVITIS

