



10 August 2018

Mr Peter Carter
WA Divisional Branch Secretary
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch
24/257 Balcatta Road Balcatta WA 6021
By email: industrial@etuwa.com.au

CC: lpg@butlersettineri.com.au

Dear Mr Carter,

Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch
Financial Report for the year ended 31 December 2017 - [FR2017/332]

I acknowledge receipt of the financial report of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch (the CEPU WA Electrical Divisional Branch). The documents were lodged with the Registered Organisations Commission (the ROC) on 8 June 2018.

The financial report has now been filed.

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

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

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

1. Committee of Management Statement

Reference to s. 272 & 273

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

The CEPU WA Electrical Divisional Branch Committee of Management Statement, at reference (e)(v), refers to the 'General Manager'. In future, please ensure that this reference is to the 'Commissioner'.

2. Auditor's Statement

Whilst the Auditor's Statement was addressed to the members of the CEPU WA Electrical Divisional Branch, in the section titled 'Opinion', the Auditor's Statement states "we have audited the financial report of (the) 'Electrical Trades Union of Western Australia'. Please advise the auditor in future to refer to the reporting unit by its official name. In addition please advise the auditor that section 255 of the RO Act now provides that the Reporting Guidelines are issued by the 'Commissioner' and not the 'General Manager'.

Reporting Requirements

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

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

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

Yours faithfully

A handwritten signature in blue ink, appearing to read "David Vale", with a long horizontal flourish extending to the right.

David Vale
Registered Organisations Commission

**COMMUNICATIONS, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING
AND ALLIED SERVICES UNION OF AUSTRALIA,
ELECTRICAL, ENERGY AND SERVICES DIVISION,
WESTERN AUSTRALIA DIVISIONAL BRANCH**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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**INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF
THE COMMUNICATION, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF
AUSTRALIA, ELECTRICAL, ENERGY AND SERVICES DIVISION, WESTERN
AUSTRALIA DIVISIONAL BRANCH ("THE UNION")**

Report on the Financial Report

Opinion

We have audited the financial report of Electrical Trades Union of Western Australia ("the Reporting Unit"), which comprises the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2017, notes to the financial statements, including a summary of significant accounting policies and the Committee of Management Statement.

In our opinion, the accompanying financial report present fairly, in all material respects, the financial position of Electrical Trades Union of Western Australia as at 31 December 2017 and its financial performance and its cash flows for the year ended on that date in accordance with:

- a) the Australian Accounting Standards; and
- b) any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* ("the RO Act").

We declare that management's use of the going concern basis in the preparation of the financial statements of the Reporting Unit is appropriate.

Basis for Opinion

We have 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 Reporting Unit in accordance with 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.

Information Other than the Financial Report and Auditor's Report Thereon

The Committee of Management is responsible for the other information. The other information obtained at the date of this auditor's report is in the Operating Report accompanying the financial report.

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.

Responsibilities of the Committee of Management for the Financial Report

The Committee of Management of the Reporting Unit is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the RO Act, and for such internal control as the Committee of Management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee of Management is responsible for assessing the Reporting Unit's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intend to liquidate the Reporting Unit or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Reporting Unit's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Reporting Unit's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Reporting Unit to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Reporting Unit audit. We remain solely responsible for our audit opinion.

We communicate with the Committee of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

I declare that I am an approved auditor, a member of Chartered Accountants Australia & New Zealand and hold a current Public Practice Certificate.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of section 257(7) of the RO Act, we are required to describe any deficiency, failure or shortcoming in respect of the matters referred to in section 252 and 257(2) of the RO Act.

Our opinion on the financial report is not modified as all matters have been appropriately addressed by the Reporting Unit and is not considered material in the context of the audit of the financial report as a whole.

Report on the Recovery of Wages Activity financial report

Opinion

The scope of our work extended to the recovery of wages activity and we have audited the recovery of wages activity financial report for the year ended 31 December 2017.

In our opinion, the financial statements and notes and recovery of wages activity financial report properly and fairly report all information required by the reporting guidelines of the General Manager including;

- a) any fees charged to, or reimbursements of expenses claimed from, members and others for recovery of wages activity; and
- b) any donations or other contributions deducted from recovered money.

Responsibilities

The Committee of Management is responsible for the preparation and presentation of the recovery of wages activity financial report in accordance with the reporting guidelines of the General Manager. Our responsibility is to express an opinion on the recovery of wages activity financial report, based on our audit conducted in accordance with Australian Auditing Standards.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER
Director

Perth

Date: 4 April 2018

Registration number AA2017/20

Certificate By Prescribed Designated Officer

Certificate for the year ended 31 December 2017

I, Mr. Peter Carter, being the Branch Secretary of the Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, Western Australian Divisional Branch certify:

- that the documents lodged herewith are copies of the full report for the Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, Western Australian Divisional Branch for the period ended 31 December 2017 referred to in s.268 of the *Fair Work (Registered Organisations) Act 2009*; and
- that the full report was provided to members of the reporting unit 4th April, 2018; and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 6th June, 2018 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Signature

Peter Carter

Name

Branch Secretary

Title

6th June, 2018

Date

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

Operating Report

for the year ended 31 December 2017

The Committee of Management presents its operating report on the Union for the year ended 31 December 2017.

Review of principal activities, the results of those activities and any significant changes in the nature of those activities during the year.

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.

The Union has been successful in meeting its objectives.

The Union's principal activities resulted in an operating loss for the financial year of \$181,466 (2016 surplus: \$216,745). The loss is largely attributable to a decrease in the membership fees amounting to \$968,345.

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

Significant changes in the Union's 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 4.7 which sets out the conditions for resignation of a member.

Officers or members who are directors of a company or a member of a board.

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

Name	Official Position	Other Positions Held
Peter Carter	Branch Secretary	Board member of Combined Skills Training
Jim Murie	Branch Councillor	Board member of Electrical Licencing Board
Kim Stewart	Office Manager	Board member of Combined Skills Training Board member of the Audit & Risk Committee – Shire of Mundaring
Terry Hayes	Branch Councillor	Board member of Combined Skills Training
Stuart Nicholson	Branch Councillor	Board member of Combined Skills Training

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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Operating Report

for the year ended 31 December 2017 (continued)

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of members was 6,015 (2016: 7,011).

Number of employees

The number of persons, expressed as a full-time equivalent, who were, at the end of the financial year, employees of the Union was 10 (2016: 15).

Names of Committee of Management Members and period positions held during the financial year

The persons who held office as members of the Committee of Management of the Union during the whole of the financial year, unless otherwise stated:

Name	Title of officer
G Wilton	President – Resigned 1 May 2017
M Coulter	President - Elected 5 July 2017
L McLaughlan	Branch Secretary – Resigned 15 September 2017
J Murie	Branch Councillor – Resigned Assistant Secretary 3 July 2017
P Carter	Secretary – Elected 15 September 2017
D Clancey	Branch Councillor
J Dellavanzo	Branch Councillor
D Fowlie	Branch Councillor
T Hayes	Branch Councillor
R Manhood	Branch Councillor
S Taylor	Branch Councillor
R MacLachlan	Branch Councillor
R Tiller	Branch Councillor - Resigned 29 September 2017
C Coombes	Branch Councillor
S Nicholson	Branch Councillor
G Traylor	Branch Councillor
D Tyler	Branch Councillor
A Woodage	Branch Councillor
T French	Branch Councillor – Elected 4 October 2017
B Reeve	Branch Councillor – Elected 7 June 2017

Peter Carter

Name

Branch Secretary

Title



Signature

Date 4th April, 2018

Committee of Management Statement

for the year ended 31 December 2017

On the 4th April, 2018 the Committee of Management of The Western Australian Branch of *Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia –Electrical, Energy and Services Division, Western Australian Divisional Branch* passed the following resolution in relation to the **general purpose financial report (GPFR)** for the financial year ended 31 December 2017:

The Committee of Management declares that its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of the *Fair Work (Registered Organisations) Act 2009* (the RO Act);
- (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; and
- (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 RO Act; and
 - (iv) where the organisation consists of two or more reporting units, the financial records of the reporting unit have been kept, as far as practicable, in a consistent manner with each of the other reporting units of the organisation; and
 - (v) where information has been sought in any request by a member of the reporting unit or General Manager duly made under section 272 of the RO Act has been provided to the member or Commissioner; and
 - (vi) where any order for inspection of financial records has been made by the Fair Work Commission under section 273 of the RO Act, there has been compliance.
- (f) no revenue has been derived from undertaking recovery of wages activity during the reporting period

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

For Committee of Management: *Peter Carter*
Title: *Branch Secretary*

Signature:



Date: 4th April, 2018

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

Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue			
Membership subscription		3,108,664	4,077,009
Levies	3B	4,031	20,750
Interest	3C	42,207	58,870
Other revenue	3D	200,614	212,731
Total revenue		3,355,516	4,369,360
Other income			
Grants or donations	3E	80,050	3,373
Total other income		80,050	3,373
Total income		3,435,566	4,372,733
Expenses			
Employee expenses	4A	1,934,383	2,266,321
Capitation fees	4B	362,550	537,166
Affiliation fees	4C	94,833	98,070
Administration expenses	4D	621,927	543,574
Grants or donations	4E	29,500	51,754
Depreciation and amortisation	4F	80,985	91,750
Finance costs	4G	44,455	54,329
Legal costs	4H	(16,889)	41,525
Write-down and impairment of assets	4I	80,641	82,591
Net losses from sale of assets	4J	7,771	13,970
Audit fees	4K	26,279	25,734
Other expenses	4K	350,597	349,204
Total expenses		3,617,032	4,155,988
(Deficit) / Surplus for the year		(181,466)	216,745
Other comprehensive income			
Items that will be subsequently reclassified to profit or loss		-	-
Net gain on available for sale investments		-	-
Items that will not be subsequently reclassified to profit or loss		-	-
Gain on revaluation of land & buildings		-	-
Total comprehensive income for the year		(181,466)	216,745

The above statement should be read in conjunction with the notes.

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
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Statement of Financial Position

As at 31 December 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	5A	316,125	382,689
Trade and other receivables	5B	138,285	212,288
Total current assets		454,410	594,977
Non-current assets			
Land and buildings	6A	366,858	377,644
Plant and equipment	6B	155,211	269,988
Other investments	6C	4,418,437	5,142,225
Total non-current assets		4,940,506	5,789,857
Total assets		5,394,916	6,384,834
LIABILITIES			
Current liabilities			
Trade payables	7A	660,849	636,722
Other payables	7B	47,887	30,233
Employee provisions	8A	323,658	1,173,891
Total current liabilities		1,032,394	1,840,846
Non-current liabilities			
Employee provisions	8A	-	-
Other non-current liabilities	9A	-	-
Total non-current liabilities		-	-
Total liabilities		1,032,394	1,840,846
Net assets		4,362,522	4,543,988
EQUITY			
General funds	10A	-	-
Retained earnings		4,362,522	4,543,988
Total equity		4,362,522	4,543,988

The above statement should be read in conjunction with the notes.

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Statement of Changes in Equity

for the year ended 31 December 2017

	Note	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2016		-	4,327,243	4,327,243
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus /(deficit)		-	216,745	216,745
Other comprehensive income		-	-	-
Transfer to/from funds	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as 31 December 2016		-	4,543,988	4,543,988
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	(181,466)	(181,466)
Other comprehensive income		-	-	-
Transfer to/from funds	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 31 December 2017		-	4,362,522	4,362,522

The above statement should be read in conjunction with the notes.

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Statement of Cash Flows

for the year ended 31 December 2017

	Note	2017 \$	2016 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from member contributions	11B	3,182,667	4,010,112
Interest		42,207	58,870
Other		284,695	145,916
Cash used			
Employees		(2,784,618)	(2,266,321)
Suppliers		(1,552,112)	(2,091,397)
Payments to other reporting entities	11B	-	-
Net cash from (used by) operating activities	11A	(827,161)	(142,820)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		76,960	158,324
Proceeds from sale of land and buildings		-	-
Other		723,787	425,000
Cash used			
Purchase of plant and equipment		(40,150)	(465,092)
Purchase of land and buildings		-	-
Other		-	-
Net cash from (used by) investing activities		760,597	118,232
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		-	-
Net cash from (used by) financing activities		-	-
Net (decrease)/increase in cash held		(66,564)	(24,588)
Cash and cash equivalents at the beginning of the reporting period		382,689	407,277
Cash and cash equivalents at the end of the reporting period	5A	316,125	382,689

The above statement should be read in conjunction with the notes.

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Recovery of Wages Activity

for the year ended 31 December 2017

	2017	2016
	\$	\$
Cash assets in respect of recovered money at beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wages etc.	-	-
Interest received on recovered money	-	-
Total receipts	-	-
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	-	-
Greater than 12 months	-	-
Deductions of donations or other contributions to accounts or funds	-	-
Deductions of fees or reimbursement of expenses	-	-
Payments to workers in respect of recovered money	-	-
Total payments	-	-
Cash assets in respect of recovered money at end of year	-	-
Number of workers to which the monies recovered relates	-	-
Aggregate payables to workers attributable to recovered monies but not yet distributed		
Payable balance	-	-
Number of workers the payable relates to	-	-
Fund or account operated for recovery of wages	-	-

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Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Summary of significant accounting policies

1.1 Basis of preparation of the financial statements

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 (the Union).

These 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 Union is a not-for-profit entity.

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. Historical cost is generally based on the fair value 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 amounts presented in the financial statements are presented in Australian dollars and have been rounded to the nearest dollar.

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 were authorised for issue on the 4th April, 2018, by members of the Committee of Management.

1.2 Comparative amounts

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

1.3 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.

The following accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Key estimate - impairment

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.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.3 Critical accounting estimates and judgements (continued)

The Committee of Management estimates, based on past history approximately 57% (2016: 43%) of the trade receivables relating to outstanding membership subscription revenue is doubtful and therefore a provision for impairment has been made for this amount.

Key estimate – employee entitlements

The Committee of Management has factored a 3.5% pa (2015: 3.5%) future salary increase into the measurement of long term employee benefit obligations.

Key judgement – control not established

The Union has not consolidated the results of the Combined Skills Training Association (hereafter referred to as "CSTA") into the results of the Union as the Union has concluded it does not have control over CSTA. The Union has power over related entity (CSTA) as it has the ability to appoint all members and committee members however the Union does not receive any financial or non-financial returns as the CSTA objectives do not further the objectives of the Union.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date stated in the standard.

The accounting policies adopted are consistent with those of the previous financial year except for the following standards and amendments, which have been adopted for the first time this financial year:

AASB 2015-6: Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities.

AASB 2015-7: Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities.

AASB 2016-1: Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses.

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB 107.

AASB 2016-4: Amendments to Australian Accounting Standards – Recoverable Amount of Non-cash-Generating Specialised Assets of Not-For-Profit Entities.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.5 New and Amended Standards Adopted by the Union

The adoption of these amendments has not had a material impact on the Union as they are largely not applicable to the Union or relate to the clarification of existing requirements.

1.6 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:

Reference	Title	Summary
AASB 9	<i>Financial Instruments</i>	<p>AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018.</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised. The Standard also requires to recognise full lifetime expected losses on a timelier basis.</p> <p>Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p> <p>The main changes are described below.</p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p>

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

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

<p>AASB 9 (continued)</p>	<p><i>Financial Instruments (continued)</i></p>	<p>b. Allows 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.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.</p> <p>AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.</p> <p>This may impact the classification and measurement of the Union's financial assets and liabilities.</p>
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Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

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

Reference	Title	Summary
AASB 15	Revenue from Contracts with Customers	<p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.</p> <p>An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. <p>Effective for periods commencing 1 January 2019.</p> <p>This amendment is not anticipated to significantly impact The Union.</p>

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

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

AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<p>AASB 2014-10 amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:</p> <p>(a) A full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not)</p> <p>(b) A partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p> <p>Effective for periods commencing 1 January 2022.</p> <p>This amendment is not anticipated to significantly impact the Union.</p>
AASB 1058	Income of Not-for-Profit Entities	<p>AASB 1058 and AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> will defer income recognition in some circumstances for NFP entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which NFP entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services), including for example, peppercorn leases.</p> <p>AASB 1004 <i>Contributions</i> is also amended, with many of its requirements being revised and relocated AASB 1058. The scope of AASB 1004 is effectively limited to address issues specific to government entities and contributions by owners in a public sector entity context.</p> <p>AASB 1058 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided AASB 15 <i>Revenue</i></p>

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

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

AASB 1058 (continued)	Income of Not- for-Profit Entities (continued)	<p><i>from Contracts with Customers</i> is applied on or before the date of initial application.</p> <p>The Union is currently assessing the impact of AASB 1058.</p>
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. <p>Lessor accounting</p> <ul style="list-style-type: none"> • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>Effective for periods commencing 1 January 2019.</p> <p>Based on the current number of operating leases held by the Union, the impact is not expected to be significant.</p>

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

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is recognised on an accrual basis using the effective interest method.

Revenue from subscriptions is accounted for on an accrual basis and is recorded as revenue in the year to which it relates.

Donation income is recognised when it is received.

1.8 Gains

Sale of assets

Gains and losses from disposal of assets are recognised when control of the asset has passed to the buyer.

1.9 Capitation fees and levies

Capitation fees and levies are recognised on an accrual basis and recorded as a revenue and/or expense in the year to which it relates.

1.10 Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and termination benefits when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for short-term employee benefits (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits which are expected to be settled beyond twelve months are measured as the present value of the estimated future cash outflows to be made by the Union in respect of services provided by employees up to reporting date.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Provision is made for separation and redundancy benefit payments. The Union recognises a provision for termination as part of a broader restructuring when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations. A provision for voluntary termination is recognised when the employee has accepted the offer of termination.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.10 Employee entitlements (continued)

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.12 Borrowing costs

All borrowing costs are recognised in profit and loss in the period in which they are incurred.

1.13 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes cash on hand, deposits held at call with bank, other short-term highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.14 Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised upon trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Union manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Unions documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity dates that the Union has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.14 Financial assets (continued)

Available-for-sale

Listed shares and listed redeemable notes held by the Union that are traded in an active market are classified as available-for-sale and are stated at fair value. The Union also has investments in unlisted shares that are not traded in an active market but that are also classified as available-for-sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Union right to receive the dividends is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

Loan and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis except for debt instruments other than those financial assets that are recognised at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.14 Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Unions past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.14 Financial assets (continued)

Derecognition of financial assets

The Union derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

1.15 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Union manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Unions documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.15 Financial liabilities (continued)

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Union derecognises financial liabilities when, and only when, the Unions obligations are discharged, cancelled or they expire. The difference between the carrying amounts of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.16 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

1.17 Land, Buildings, Plant and Equipment

Asset Recognition Threshold

Purchases of land, buildings, plant and equipment are recognised initially at cost in the Statement of Financial Position. The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations—Land and Buildings

Following initial recognition at cost, land and buildings are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient frequency such that the carrying amount of assets do not differ materially from those that would be determined using fair values as at the reporting date.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the profit or loss except to the extent that they reverse a previous revaluation increment for that class. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.17 Land, Buildings, Plant and Equipment (continued)

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful life using, in all cases, the straight line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

- Buildings – 2.5% prime cost
- Office equipment – 30% prime cost
- Office furniture – 10% prime cost
- Motor vehicles – 25% diminishing value

Derecognition

An item of land, buildings, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss.

Gains – Sale of assets

The gains and losses from disposal of all fixed assets, is determined as the difference between the carrying amount of the asset when control of the asset has passed to the buyer, 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.

1.18 Impairment of non financial assets

All assets are assessed for impairment at the end of each reporting period to the extent that there is an impairment trigger. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Union were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.19 Taxation

Trade Unions are exempt from income tax under section 50.1 of the Income Tax Assessment Act 1997 however still has obligation for Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

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

1.20 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 (ATO). 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 trade creditors in the statement of financial position are shown inclusive of GST.

The net amount of GST receivable from, or payable to the ATO is included as part of receivables or payables. Cash flows arising from GST are included in the cash flow statement on a gross basis within operating cash flows.

1.21 Fair value measurement

The Union measures financial instruments, such as, financial asset as at fair value through the profit and loss, available for sale financial assets, and non-financial assets such as land and buildings and investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 16A.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.21 Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Union. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Union uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Union determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and buildings and investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. For the purpose of fair value disclosures, the Union has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.22 Going concern

The financial statements have been prepared on a going concern basis. The ability to continue as a going concern is not dependent on the financial support of other Unions.

Notes to the Financial Statements

for the year ended 31 December 2017

Note 1 Statement of significant accounting policies (continued)

1.23 Consolidation

The Union consolidates into its financial statements the results of the Union and entities controlled by the Union. Control is achieved where the Union is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. Specifically, the Union controls an investee if and only if the Union has:

- Power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

When the Union has less than a majority of the voting or similar rights of an investee, the Union considers all relevant facts and circumstances in assessing whether it has power over and investee, including:

- Relevant activities of the investee and who has control over them
- Existing or future administrative or statutory arrangement that may give rise to rights/control (or change the previous control assessment)
- Whether rights are substantive or protective in nature and whether rights presently exercisable or will be exercisable when decisions about relevant activities are being made
- Exposure or rights to financial and non-financial returns (direct or indirect) and the ability to influence those returns
- Whether the investor is exercising its decision-making abilities as a principal or agent
- Rights arising from other contractual arrangements.

The Union re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Union obtains control and ceases when the Union ceases control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the union gains control until the date the Union ceases to control the subsidiary.

1.24 Financial support

The Union does not provide financial support to another Union.

1.25 Restructuring

There has been no amalgamation or restructuring of the Union during the year ended 31 December 2017.

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Note 1 Statement of significant accounting policies (continued)

1.26 s245(1) Certificate and s249 Revocation

There have been no assets or liabilities acquired during the financial year as a result of:

- (i) a determination by the General Manager under subsection 245(1) of the Fair Work (Registered Organisation) Act 2009 of an alternative reporting structure for the organisation; or
- (ii) a revocation by the General Manager under subsection 249(1) of the Fair Work (Registered Organisation) Act 2009 of a certificate issued to an organisation under s245(1).

1.27 Business combinations

There have been no assets and liabilities acquired during the financial year as part of a business combination (2016: \$Nil)

1.28 Principal place of business

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

Note 2 Events after the reporting period

There were no events that occurred after 31 December 2017, and/or prior to the signing of the financial statements, that would affect the ongoing structure and financial activities of Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, Western Australian Divisional.

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Note 3 Income

	2017 \$	2016 \$
Note 3A Capitation fees		
Capitation fees	-	-
Total capitation fees	<u>-</u>	<u>-</u>
Note 3B: Levies		
Western Power campaign	4,031	20,750
Total levies	<u>4,031</u>	<u>20,750</u>
Note 3C: Interest earned		
Deposits	42,207	58,870
Total interest earned	<u>42,207</u>	<u>58,870</u>
Note 3D: Other income		
ETU insurance rebate	192,737	195,709
Wages subsidy-board fees	-	8,624
Other	7,877	8,398
Total other income	<u>200,614</u>	<u>212,731</u>
Note 3E: Grants or donations		
Grants	-	-
Donations	20,050	1,100
Sponsorship	60,000	2,273
Total grants or donations	<u>80,050</u>	<u>3,373</u>

Note 4 Expenses

Note 4A: Employee expenses		
Officers		
Wages and salaries	1,034,185	1,388,727
Superannuation	204,965	277,304
Leave and other entitlements	138,391	194,089
Separation and redundancies	226,438	11,436
Other employee expenses	104,662	135,642
Subtotal employee expenses officers	<u>1,708,641</u>	<u>2,007,198</u>
Employees other than officers		
Wages and salaries	153,898	169,322
Superannuation	28,752	37,136
Leave and other entitlements	27,075	20,576
Separation and redundancies	16,017	32,089
Other employee expenses	-	-
Subtotal employee expenses employees other than officers	<u>225,742</u>	<u>259,123</u>
Total employee expenses	<u>1,934,383</u>	<u>2,266,321</u>

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Note 4 Expenses (continued)

	2017	2016
	\$	\$
Note 4B: Capitation fees		
National Office - Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia	362,550	537,166
Total capitation fees	362,550	537,166
Note 4C: Affiliation fees		
Unions WA	46,052	48,784
Australian Labor Party	48,781	49,286
Total affiliation fees	94,833	98,070
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	-	-
Campaign costs	322,327	244,908
Conferences and meeting expenses	130,900	76,808
Compulsory levies	-	-
Fees/allowances – meetings and conferences	-	-
Insurance	87,270	94,681
Rental expenses and occupancy costs	36,978	60,696
Travel	44,452	66,481
Total administration fees	621,927	543,574
Note 4E: Grants or donations		
Grants:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	2,000	1,836
Total paid that exceeded \$1,000	27,500	49,918
Total grants or donations	29,500	51,754
Note 4F: Depreciation and amortisation		
Depreciation		
Land and buildings	10,785	8,428
Property, plant and equipment	70,200	83,322
Total depreciation and amortisation	80,985	91,750
Note 4G: Finance costs		
Bank charges	27,243	30,113
Debt collector fees	17,212	24,216
Total finance costs	44,455	54,329
Note 4H: Legal costs		
Litigation	-	-
Other legal matters	(16,889)	41,525
Total legal costs	(16,889)	41,525

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Note 4 Expenses (continued)

	2017	2016
	\$	\$
Note 4I: Write-down and impairment of assets		
Receivables	80,641	82,591
Total write-down and impairment of assets	<u>80,641</u>	<u>82,591</u>
Note 4J: Net losses from sale of assets		
Land and buildings	-	-
Plant and equipment	7,771	13,970
Total net losses from sale of assets	<u>7,771</u>	<u>13,970</u>
Note 4K: Other expenses		
Penalties – via RO Act or RO Regulations	-	-

Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	314,985	381,549
Cash on hand	1,140	1,140
Total cash and cash equivalents	<u>316,125</u>	<u>382,689</u>

Note 5B: Trade and other receivables

Receivables from other reporting units		
CEPU National Office	-	-
Total receivables from other reporting units	<u>-</u>	<u>-</u>

Less provision for doubtful debts

CEPU National Office	-	-
Total provision for doubtful debts	<u>-</u>	<u>-</u>

Other receivables:

GST receivable	-	-
Other trade receivables	382,031	375,393
Less provision for doubtful debts	(243,746)	(163,105)
Total other receivables	<u>138,285</u>	<u>212,288</u>
Total trade and other receivables (net)	<u>138,285</u>	<u>212,288</u>

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Note 6 Non-Current Assets

	2017	2016
	\$	\$
Note 6A: Land and buildings		
Land and buildings		
at cost	431,418	431,418
at fair value	-	-
accumulated depreciation	(64,560)	(53,774)
Total land and buildings	366,858	377,644

Reconciliation of Opening and Closing Balances of Land and Buildings

As at 1 January		
Gross book value	431,418	238,344
Accumulated depreciation and impairment	(53,774)	(67,662)
Net book value 1 January	377,644	170,682
Additions:		
By purchase	-	328,600
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(10,785)	(8,428)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	(113,210)
Net book value 31 December	366,858	377,644
Net book value as of 31 December represented by:		
Gross book value	431,418	431,418
Accumulated depreciation and impairment	(64,560)	(53,774)
Net book value 31 December	366,858	377,644

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Note 6 Non-Current Assets (continued)

	2017	2016
	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	446,733	604,759
accumulated depreciation	(291,522)	(334,771)
Total plant and equipment	155,211	269,988

Reconciliation of Opening and Closing Balances of Plant and equipment

As at 1 January		
Gross book value	604,759	613,974
Accumulated depreciation and impairment	(334,771)	(338,072)
Net book value 1 January	269,988	275,902
Additions:		
By purchase	40,150	136,492
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(70,200)	(83,323)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	(84,727)	(59,083)
Net book value 31 December	155,211	269,988
Net book value as of 31 December represented by:		
Gross book value	446,733	604,759
Accumulated depreciation and impairment	(291,522)	(334,771)
Net book value 31 December	155,211	269,988

Note 6C: Other investments

Held to maturity assets

CBA retirement account	389,572	938,640
CBA online saver account	4,028,865	4,203,585
Total other investments	4,418,437	5,142,225

These deposits are held in short-term interest bearing accounts with financial institutions with an average maturity of 90 days. The weighted average interest rate on short term deposits was 0.88% (2016: 1.12%).

The Retirement Account is specifically set aside to fund payment of the retirement allowances and long service leave and hence have been classified as a non-current asset.

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Note 7 Current liabilities

	2017	2016
	\$	\$
Note 7A: Trade payables		
Trade creditors and accruals – unsecured	660,849	636,533
Operating lease rentals	-	-
Subtotal trade creditors	660,849	636,533
Payables to other reporting units		
CEPU National Office	-	189
Subtotal payables to other reporting units	-	189
Total trade payables	660,849	636,722

Settlement is usually within 30 days.

Note 7B: Other payables

Wages and salaries	-	-
Superannuation	18,511	30,233
Consideration to employers for payroll deductions		
Legal costs	-	-
Litigation	-	-
Other legal matters	-	-
GST payable	-	-
Other	29,376	-
Total other payables	47,887	30,233

Total other payables are expected to be settled in:

No more than 12 months	47,887	30,233
More than 12 months	-	-
Total other payables	47,887	30,233

Note 8 Provisions

Note 8A: Employee Provisions

Officers

Annual leave	106,811	188,563
Long service leave	59,510	255,608
Retirement allowance	-	576,233
Other	-	-
Subtotal employee provisions – officers	166,321	1,020,404

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Note 8 Provisions (continued)

Note 8A: Employee Provisions (continued)

	2017	2016
	\$	\$
Employees other than officers		
Annual leave	24,510	18,842
Long service leave	29,580	25,414
Retirement allowance	103,247	109,231
Other	-	-
Subtotal employee provisions – employees other than officers	157,337	153,487
Total employee provisions	323,658	1,173,891
Current	323,658	1,173,891
Non current	-	-
Total employee provisions	323,658	1,173,891

Note 9 Non-current Liabilities

Note 9A: Other non-current liabilities

Other	-	-
Total other non-current liabilities	-	-

Note 10 Equity

Note 10A: Funds

Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	-	-

Note 10B: Special Purpose Fund

Balance as at start of year	-	-
Transferred to reserve	-	-
Transferred out of reserve	-	-
Balance as at end of year	-	-
Total Reserves	-	-

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Note 11 Cash Flow

Note 11A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Balance Sheet to
Cash Flow Statement:

	2017	2016
	\$	\$
Cash and cash equivalents as per:		
Cash flow statement	316,125	382,689
Balance sheet	316,125	382,689
Difference	<u>-</u>	<u>-</u>

Reconciliation of profit/(deficit) to net cash from operating activities:

Profit/(deficit) for the year	(181,466)	216,745
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Adjustments for non-cash items

Depreciation/amortisation	80,985	91,750
Net write-down of non-financial assets	-	-
Non-operating interest	-	(60,188)
Gain on disposal of assets	7,771	13,970

Changes in assets/liabilities

(Increase)/decrease in net receivables	74,003	193,416
(Increase)/decrease in prepayments	-	-
Increase/(decrease) in supplier payables	41,780	(381,855)
Increase/(decrease) in other payables	-	-
Increase/(decrease) in employee provisions	(850,234)	(216,658)
Increase/(decrease) in other provisions	-	-
Net cash from (used by) operating activities	<u>(827,161)</u>	<u>(142,820)</u>

Note 11B: Cash flow information

Cash inflows	3,182,667	4,271,663
CEPU National Office	-	-
Total cash inflows	<u>3,182,667</u>	<u>4,271,663</u>

Cash outflows

CEPU National Office	-	-
Total cash outflows	<u>-</u>	<u>-</u>

(b) Credit facilities

The Union has a \$50,000 credit card facility with the bank (2016: \$50,000). Amount used at 31 December 2017 \$Nil (2016: \$Nil).

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Note 11 Cash Flow (continued)

Note 11B: Cash flow information (continued)

(c) Non-cash financing and investing activities

During the year motor vehicles were traded in for a value of \$12,000 (2016: \$Nil). The trade in value was applied against the acquisition price of the new replacement vehicles.

Note 12 Contingent liabilities, Assets and Commitments

Other contingent assets or liabilities (i.e. legal claims)

At the date of signing this report, there were no contingent assets, liabilities or commitments.

Note 13 Related party transactions

Note 13A: Related Party Transactions for the Reporting Period

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

	2017	2016
Revenue received from CEPU National Office includes the following:	\$	\$
Donations	-	5,000
Various expense reimbursements	-	2,671
Revenue received from ETU Vic – Electrical Division includes the following:		
Income protection fees	192,737	195,709
Donations	20,000	-
Expenses paid to CEPU National Office includes the following:		
WA Branch Sustentation fees	(362,550)	(537,166)
Payment of National Journal Costs	(19,147)	(26,208)
Payment of wage costs	(7,011)	(4,543)
Contribution for political campaigns	(16,373)	(5,969)
Other payments	(1,262)	(13,904)

Notes to the Financial Statements

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Note 13 Related part transactions (continued)

Note 13A: Related Party Transactions for the Reporting Period (continued)

	2017	2016
Assets transferred from/to Organisers includes the following:	\$	\$
Motor vehicles on redundancy	51,277	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances for sales and purchases at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2016: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 13B: Key Management Personnel Remuneration for the Reporting Period

The aggregate amount of remuneration paid to officers during the year is disclosed in the Statement of Profit or Loss and Other Comprehensive Income under Employee Expenses – Officers:

Short term employee benefits		
Wages and salaries	1,034,185	1,388,727
Annual leave accrued	148,896	188,813
Performance bonus	-	-
Fringe benefits tax	33,529	38,855
Payroll tax	71,133	96,787
Total short term employee benefits	<u>1,287,743</u>	<u>1,713,182</u>
Post-employment benefits		
Superannuation	204,965	277,304
Other long-term benefits		
Long service leave	(10,505)	5,276
Termination benefits	226,438	11,436
Total	<u>1,708,641</u>	<u>2,007,198</u>

Note 13C: Other transactions with officers

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.

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Note 14 Remuneration of Auditors

	2017	2016
Value of the services provided	\$	\$
Financial statement audit services	18,279	17,734
Other services	8,000	8,000
Total remuneration of auditors	26,279	25,734

No other services were provided by the auditors of the financial statements.

Note 15 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 2017 (2016: Nil).

Note 15A Categories of Financial Instruments

Financial Assets

Fair value through profit or loss:

Cash at bank	314,985	381,549
Cash on hand	1,140	1,140
Total	316,125	382,689

Held-to-maturity investments:

Retirement account	389,572	938,640
Online saver	4,028,865	4,203,584
Total	4,418,437	5,142,224

Available-for-sale assets

Total	-	-
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Loans and receivables:

Accounts receivable	138,285	212,288
Total	138,285	212,288

Carrying amount of financial assets

4,872,847	5,737,201
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Financial Liabilities

Fair value through profit or loss:

Trade and other creditors	660,849	636,533
Total	660,849	636,533

Other financial liabilities

Total	-	-
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Carrying amount of financial liabilities

660,849	636,533
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Note 15 Financial instruments (continued)

Note 15B Net Income and Expense from Financial Assets

	2017	2016
	\$	\$
Held-to-maturity		
Interest revenue	42,207	58,870
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity	42,207	58,870
Loans and receivables		
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	(80,641)	(82,591)
Gain/loss on disposal	-	-
Net gain/(loss) from loans and receivables	(80,641)	(82,591)
Available for sale		
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Gain/loss recognised in equity	-	-
Amounts reversed from equity:		
Impairment	-	-
Fair value changes reversed on disposal	-	-
Gain/loss on disposal	-	-
Net gain/(loss) from available for sale	-	-
Fair value through profit and loss		
Held for trading:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Total held for trading	-	-
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest revenue	-	-
Dividend revenue	-	-
Exchange gains/(loss)	-	-
Total designated as fair value through profit and loss	-	-
Net gain/(loss) at fair value through profit and loss	-	-
Net gain/(loss) from financial assets	-	-

The net income/expense from financial assets not at fair value from profit and loss is Nil (2016: Nil).

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Note 15 Financial instruments (continued)

Note 15C: Net Income and Expense from Financial Liabilities

	2017	2016
	\$	\$
At amortised cost		
Interest expense	-	-
Exchange gains/(loss)	-	-
Gain/loss on disposal	-	-
Net gain/(loss) financial liabilities - at amortised cost	-	-
Fair value through profit and loss		
Held for trading:		
Change in fair value	-	-
Interest expense	-	-
Exchange gains/(loss)	-	-
Total held for trading	-	-
Designated as fair value through profit and loss:		
Change in fair value	-	-
Interest expense	-	-
Total designated as fair value through profit and loss	-	-
Net gain/(loss) at fair value through profit and loss	-	-
Net gain/(loss) from financial liabilities	-	-

The net income/expense from financial liabilities not at fair value from profit and loss is Nil (2016: Nil).

Note 15D: 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.

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

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 within initial terms (as detailed in the table) are considered to be a high credit quality.

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Note 15 Financial instruments (continued)

Note 15D: Credit Risk (continued)

The following table illustrates the entity's gross exposure to credit risk, excluding any collateral or credit enhancements.

	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents	316,125	382,689
Held to maturity assets	4,418,437	5,142,225
Trade receivables	382,031	375,393
Total	5,116,593	5,900,307
Financial liabilities		
Trade payables	660,849	636,722
Total	660,849	636,722

No collateral is held in relation to the Unions Credit Risk

Credit quality of financial instruments not past due or individually determined as impaired

	Not Past Due Nor Impaired 2017 \$	Past due and impaired 2017 \$	Not Past Due Nor Impaired 2016 \$	Past due and impaired 2016 \$
Trade receivables	39,011	243,746	51,619	163,105
Total	39,011	243,746	51,619	163,105

Credit terms with members are generally one year. Terms with suppliers and other creditors are generally 30 days.

Ageing of financial assets that were past due but not impaired for 2017

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade receivables	8,277	4,862	4,572	81,563	99,274
Total	8,277	4,862	4,572	81,563	99,274

Ageing of financial assets that were past due but not impaired for 2016

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+ days \$	Total \$
Trade receivables	41,958	4,016	6,434	108,261	160,669
Total	41,958	4,016	6,434	108,261	160,669

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Note 15 Financial instruments (continued)

Note 15E: Liquidity Risk

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

The Union does not have any non-derivative instruments and is not exposed to any financial instrument risk at 31 December 2017 (2016: Nil).

Contractual maturities for financial liabilities 2017

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Trade payables	-	660,849	-	-	-	660,849
Total	-	660,849	-	-	-	660,849

Contractual maturities for financial liabilities 2016

	On Demand	< 1 year \$	1- 2 years \$	2- 5 years \$	>5 years \$	Total \$
Trade payables	-	636,722	-	-	-	636,722
Total	-	636,722	-	-	-	636,722

Note 15F: Market Risk

The Union's exposure to market risk includes 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.

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.

Sensitivity analysis of the risk that the entity is exposed to for 2017

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss \$	Members funds \$
Interest rate risk	4,733,422	+1.0%	47,334	47,334
Interest rate risk	4,733,422	-1.0%	(47,334)	(47,334)

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

Notes to the Financial Statements

for the year ended 31 December 2017

Note 15 Financial instruments (continued)

Note 15F: Market Risk (continued)

Sensitivity analysis of the risk that the entity is exposed to for 2016

	Risk variable	Change in risk variable %	Effect on	
			Profit and loss	Equity
			\$	\$
Interest rate risk	5,523,774	+1.0%	55,238	55,238
Interest rate risk	5,523,774	-1.0%	(55,238)	(55,238)

The Union is not exposed to significant price or currency risk.

Note 16: Fair value measurement

The financial assets and liabilities as disclosed in the balance sheet and notes to the financial statements approximate their carrying values. This is largely due to the short term maturities of these instruments. 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.

Note 17 Capital management

The primary focus of the Union's capital management policy is to ensure adequate working capital to fund the cost of protecting and improving the interests of members. This is done through careful budgeting and a membership fee approval process which involves obtaining approval from the Committee of Management.

The Union's working capital as at the balance date was:

	2017 \$	2016 \$
Cash and cash equivalents	316,125	382,689
Other financial assets	4,418,437	5,142,225
Trade and other receivables	138,285	212,288
Trade and other payables	(708,736)	(666,955)
	<u>4,164,111</u>	<u>5,070,247</u>

Notes to the Financial Statements

for the year ended 31 December 2017

Note 18 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) to (3) of section 272, which reads as follows:

Information to be provided to members or Commissioner:

- (1) A member of a Union, or the Commissioner, may apply to the Union for specified prescribed information in relation to the Union 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 Union.
- (3) A Union must comply with an application made under subsection (1).



Australian Government
Registered Organisations Commission

18 January 2018

Mr Peter Carter
WA Div Branch Secretary / Nat Councillor
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services
Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch

By Email: industrial@etuwa.com.au

Dear Mr Carter,

**Re: Lodgement of Financial Report - [FR2017/332]
*Fair Work (Registered Organisations) Act 2009 (the RO Act)***

The financial year of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia - Electrical, Energy and Services Division - Western Australian Divisional Branch (the reporting unit) ended on 31 December 2017. This is a courtesy letter to remind you of the reporting unit's obligations regarding financial reporting.

Loans Grants and Donations Statement

The reporting unit is required to lodge a statement showing the relevant particulars in relation to each loan, grant or donation of an amount exceeding \$1,000 for the reporting unit during its financial year. Section 237 of the RO Act requires this statement to be lodged with Registered Organisations Commission (the ROC) within 90 days of the end of the reporting unit's financial year, that is on or before 31 March 2018.

The attached fact sheet *Loans Grants and Donations* (FS 009) summarises the requirements of the Loans Grants and Donations Statement. A sample statement of loans, grants or donations is available on our [website](#).

It should be noted that s.237 is a civil penalty provision. If a loan, grant or donation over \$1000 has been made, failure to lodge a statement of loans, grants and donations (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention.

Financial report

The RO Act sets out a particular chronological order in which your financial report must be prepared, audited, provided to members, presented to a meeting and then lodged with the ROC. The attached document *Summary of Financial Reporting timelines* (FS 008) summarises these requirements.

We emphasise that the reporting unit is required to present its audited financial report to a meeting (either of members or of the committee of management, depending on your rules) no later than 30 June 2018 (s.266). The full financial report must be lodged with the ROC within 14 days of that meeting (s.268).

When assessing your financial report, we will continue to focus closely on timelines as well as how loans, grants and donations are reported. The financial report must break down the amounts of grants and donations and these figures will be compared to the loans, grants and donations statement (see attached *Loans Grants and Donations* fact sheet FS 009).

You can visit our website for more information regarding [financial reporting](#), and fact sheets regarding [financial reporting processes and requirements](#). A model set of financial statements developed by the

ROC is also available on our website. It is not obligatory to use this model but it is a useful resource to ensure compliance with the RO Act, the Reporting Guidelines and the Australian Accounting Standards.

It should be noted that s.268 of the RO Act is a civil penalty provision. Failure to lodge the full financial report (including failure to lodge on time) may result in legal proceedings being issued with the possibility of a pecuniary penalty (up to \$105,000 for each contravention for a body corporate and up to \$21,000 for each contravention for an individual) being imposed upon your organisation and/or an officer whose conduct led to the contravention (s.268).

Auditor's report

When assessing the financial report we will also focus on the structure and content of the auditor's report to ensure that it complies with the revisions made to the Auditing Standards which came into effect from 15 December 2016. Please find [here](#) a link to guidance note *Illustrative Auditor's Report* (GN 004) relating to these requirements (which can also be located on our website).

REMINDER

YOUR AUDITOR MUST BE REGISTERED (s.256)

You must ensure that your auditor is registered by the Registered Organisations Commissioner. A list of registered auditors is available on our [website](#).

Contact

Should you require any clarification in relation to the above, please email regorgs@roc.gov.au.

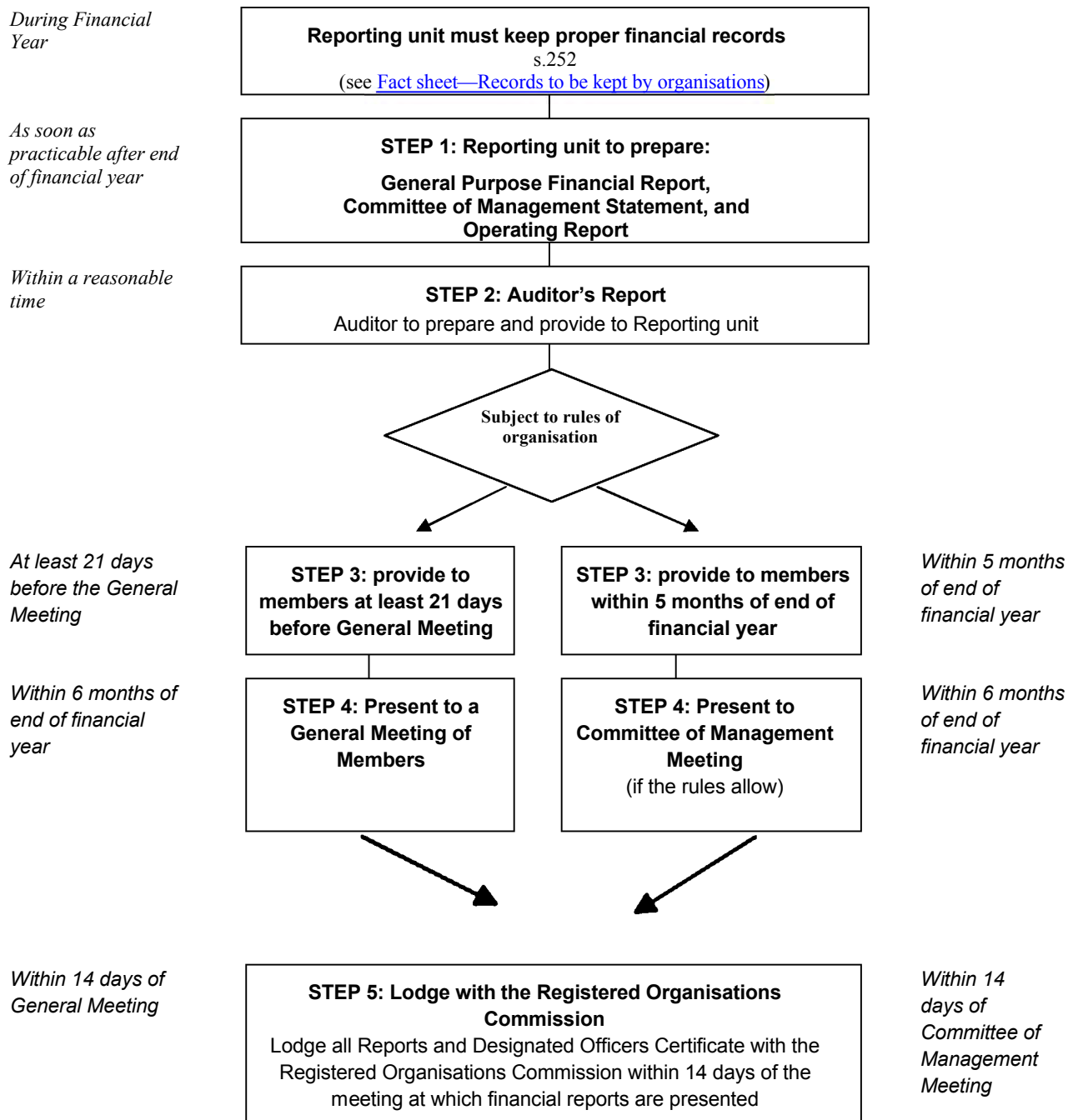
Yours faithfully,

Sam Gallichio
Registered Organisations Commission

Fact sheet

Summary of financial reporting timelines – s.253 financial reports

See Fact sheet—Financial reporting for an explanation of each of these steps.





Fact sheet

Loans, Grants & Donations

The Loans, Grants & Donations Requirements

The *Fair Work (Registered Organisations) Act 2009* (the RO Act) requires an organisation or branch to lodge a loans, grants and donations statement (the statement) within **90 days** of the ending of the financial year.

Under the Commissioner's Reporting Guidelines, a reporting unit's General Purpose Financial Report (the financial report) must break down the amounts of grants and donations (see below). The figures in the financial report will be compared to the loans, grants and donations statement.

The Loans, Grants & Donations Statement

Section 237 of the RO Act applies to every loan, grant and donation made by an organisation or branch during the financial year that exceeds \$1000. The following information must be supplied to the Registered Organisations Commission (the ROC) for each relevant loan, grant or donation:

- the amount,
- the purpose,
- the security (if it is a loan),
- the name and address of the person to whom it was made,* and
- the arrangements for repaying the loan.*



*The last two items are not required if the loan, grant or donation was made to relieve a member of the organisation (or their dependent) from severe financial hardship.

The statement must be lodged within 90 days of the end of the financial year and the ROC has a [Template Loans, Grants and Donations Statement](#) on its website. The ROC encourages branches and organisations to lodge the statement even if all of the figures are NIL.

Common misconceptions

Over the years, staff of the Commission have noted that there are some common misunderstandings made in relation to the Statement. They include:

Misconception	Requirement
<p>X Only reporting units must lodge the Statement.</p>	<p>✓ All branches and organisations, regardless of whether they lodge a financial report, must lodge the statement within 90 days of the end of the financial year. An organisation cannot lodge a single statement to cover all of its branches.</p>
<p>X Employees can sign the Statement.</p>	<p>✓ The statement must be signed by an elected officer of the relevant branch.</p>

	Statements can be lodged with the financial report.		The deadline for the statement is much shorter (90 days) and if it is lodged with the financial report it is likely to be late.
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Grants & Donations within the Financial Report

Item 16(e) of the Commissioner's Reporting Guidelines requires the reporting unit to separate the line items relating to grants and donations into grants or donations that were \$1000 or less and those that exceeded \$1000.

As such, the note in the financial report relating to grants and donations will have four lines. In the [ROC's Model Statements](#) the note appears as follows:

Note 4E: Grants ~~OR~~ donations*

Grants:	[Current year]	[Previous year]
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Donations:		
Total paid that were \$1,000 or less	-	-
Total paid that exceeded \$1,000	-	-
Total grants or donations	-	-

The Commissioner's Reporting Guidelines requires that these line items appear in the financial report even if the figures are NIL.

Implications for filing the Financial Report

During their review of the financial report staff of the ROC may confirm that the figures in the financial report match the disclosures made in the statement. Any inconsistencies in these figures will be raised with the organisation or branch for explanation and action.

This may involve lodging an amended loans, grants or donations statement. Any failure to lodge a loans, grants or donations statement or lodging a statement that is false or misleading can attract civil penalties under the RO Act.

If a reporting unit did not fully comply with these requirements in their last financial report, its filing letter will have included a statement reminding the reporting unit of its obligations.

It is strongly recommended that all reporting units review their filing letters from the previous financial year to ensure any targeted concerns are addressed in their latest financial report.

Failure to address these individual concerns may mean that a financial report cannot be filed.

Previous financial reports and filing letters are available from the website.

Further information

If you have any further questions relating to the loan, grant and donation disclosure requirements in the statement or the financial report, please contact the ROC on regorgs@roc.gov.au

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This fact sheet is not intended to be comprehensive. It is designed to assist in gaining an understanding of the Registered Organisations Commission and its work. The Registered Organisations Commission does not provide legal advice