



2 August 2019

Mr Peter Carter
Branch Secretary, Western Australian Divisional Branch
Electrical, Energy and Services Division
CEPU

cc. Mr Timothy Turner, Auditor

Dear Mr Carter

Re: – CEPU, Electrical, Energy and Services Division, Western Australian Divisional Branch - financial report for year ending 31 December 2018 (FR2018/338)

I refer to the financial report of the Western Australian Divisional Branch of the Electrical, Energy and Services Division. The documents were lodged with the Registered Organisations Commission (**ROC**) on 17 June 2019.

The financial report has been filed. The financial report was filed based on a primary review. This involved confirming whether 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 the report for year ending 31 December 2019 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 when preparing the next report.

Nil activity disclosures

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

All relevant nil activity disclosures appear to have been included except for:

- RG19 - have another entity administer the financial affairs of the reporting unit
- RG20 - make a payment to a former related party of the reporting unit

Reporting Requirements

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

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

Yours faithfully

A handwritten signature in black ink that reads "Stephen Kellett". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen Kellett
Financial Reporting
Registered Organisations Commission

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

	Page
Independent Audit Report to the Members.....	3
Designated Officer's Certificate.....	6
Subsection 255 (2A) Report.....	7
Operating Report	8
Committee of Management Statement.....	11
Statement of Profit and Loss and Other Comprehensive Income.....	12
Statement of Financial Position.....	13
Statement of Changes in Equity.....	14
Statement of Cash Flows	15
Notes of the Financial Statements.....	16

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
COMMUNICATION, ELECTRICAL, ELECTRONIC, ENERGY,
INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES
UNION OF AUSTRALIA, ELECTRICAL, ENERGY AND SERVICES
DIVISION, WESTERN AUSTRALIA BRANCH**

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, Western Australia Branch (the Reporting Unit), which comprises the statement of financial position as at 31 December 2018 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, notes to the financial statements, including a summary of significant accounting policies; the Committee of Management Statement and the subsection 255(2A) report.

In my opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of Communication, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, Western Australia Branch as at 31 December 2018, 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).

I 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

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Suite 4, 1st Floor
63 Shepperton Road
Victoria Park
Western Australia 6100

Telephone: (08) 9362 5855

htg@htgpartners.com.au
www.htgpartners.com.au

ABN: 78 607 011 001

PO Box 199
Victoria Park
Western Australia 6979



PARTNERS

Timothy Turner
BBus (Acc), FCPA, CTA
Registered Company Auditor

Vick Gelevitis
BBus (Acc), FCPA, CTA

Darryl Rodrigues
BSc, BBus (Acc), CPA

HTG Partners is a CPA Practice



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMMUNICATION, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA, ELECTRICAL, ENERGY AND SERVICES DIVISION, WESTERN AUSTRALIA BRANCH (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

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.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of 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 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

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMMUNICATION, ELECTRICAL, ELECTRONIC, ENERGY, INFORMATION, POSTAL, PLUMBING AND ALLIED SERVICES UNION OF AUSTRALIA, ELECTRICAL, ENERGY AND SERVICES DIVISION, WESTERN AUSTRALIA BRANCH (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 audit evidence regarding the financial information of the entities or business activities within the Reporting Unit to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Reporting Unit audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

I declare that I am an auditor registered under the RO Act.

HTG PARTNERS



TIMOTHY TURNER

Partner

Registration number (as registered by the RO Commissioner under the RO Act): AA2017/123

Signed at Perth on the 5th day of April 2019

s268 Fair Work (Registered Organisations) Act 2009

Certificate By Prescribed Designated Officer

Certificate for the year ended 31 December 2018

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 Branch (the reporting unit) 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 (CEPU), Electrical, Energy and Services Division, Western Australian Branch for the period ended 31 December 2018 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 on the 16th April 2019 and
- that the full report was presented to a meeting of the committee of management of the reporting unit on 5th June 2019 in accordance with s.266 of the *Fair Work (Registered Organisations) Act 2009*.



Signature

Peter Carter

Name

Branch Secretary – CEPU Electrical, Energy and Services Division, WA Branch

Title

5th June 2019

Date

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

Subsection 255(2A) Report

for the year ended 31 December 2018

The Committee of Management presents its expenditure report as required under subsection 255(2A) on the Reporting Unit for the year ended 31 December 2018.

Categories of expenditures	2018 \$	2017 \$
Remuneration and other employment-related costs and expenses - employees	1,617,260	1,934,383
Advertising	307	683
Operating costs	1,115,837	1,661,796
Donations to political parties	-	16,000
Legal costs	85,951	(16,889)



Signature of designated officer:

Name and title of designated officer: Peter Carter, Branch Secretary

Operating Report

for the year ended 31 December 2018

The Committee of Management presents its operating report on the Union for the year ended 31 December 2018.

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 surplus for the financial year of \$393,363 (2017 loss: \$160,407). The turnaround is largely attributable to a decrease in the operating expenditure. 2017 included large costs for the Western Power Campaign and redundancies.

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.

No officers of the Union held reserved positions on superannuation boards.

Operating Report

for the year ended 31 December 2018 (continued)

Number of members

The number of persons who, at the end of the financial year, were recorded on the Register of members was 5,400 (2017: 6,015).

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 10.4 (2017: 10).

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 financial year ended 31 December 2018:

Name	Title of officer
M Coulter	President (resigned 7 June 2018)
T French	President (appointed 7 June 2018)
T French	Vice President (resigned 7 June 2018)
S Taylor	Vice President (appointed 7 June 2018 from Branch Executive member to Vice President)
P Carter	Secretary
D Clancey	State Councillor
J Dellavanzo	State Councillor
D Fowlie	State Councillor
T Hayes	State Councillor
R Manhood	State Councillor
R MacLachlan	State Councillor
C Coombes	State Councillor
S Nicholson	State Councillor
G Taylor	State Councillor
D Tyler	State Councillor
A Woodage	State Councillor
J Murie	State Councillor
A Giddens	State Councillor
B Reeve	State Councillor
K. Rodrigues De Paula Gomes	State Councillor (appointed 26 September 2018)

Operating Report

for the year ended 31 December 2018 (continued)

Amendments to the Names of Committee of Management Members and period positions held during the financial year ended 31 December 2017

The list of persons who held office for the year as members of the Committee of Management of the Union during the whole of the financial year ended 31 December 2017, unless otherwise stated. Amendments to this list are in italics and red:

G Wilton, President	Resigned 1 May 2017
M Coulter, President	Appointed 5 July 2017
<i>M Coulter, Vice President</i>	<i>Resigned 5 July 2017</i>
<i>T French, Vice President</i>	<i>Appointed 4 October 2017</i>
L McLaughlan, Secretary	Resigned 15 September 2017
J Murie, Assistant Secretary	Resigned 3 July 2017
P Carter, Secretary	Appointed 15 September 2017
<i>P Carter, State Councillor</i>	<i>Resigned 15 September 2017</i>
J Murie, State Councillor	
D Clancey, State Councillor	
J Dellavanzo, State Councillor	
<i>M Coulter, State Councillor</i>	<i>Resigned 5 July 2017</i>
D Fowlie, State Councillor	
T Hayes, State Councillor	
R Manhood, State Councillor	
S Taylor, State Councillor	
R MacLachlan, State Councillor	
<i>R Tiller, State Councillor</i>	<i>Resigned 29 September 2017</i>
C Coombes, State Councillor	
S Nicholson, State Councillor	
G Taylor, State Councillor	
D Tyler, State Councillor	
A Woodage, State Councillor	
T French, State Councillor	
B Reeve, State Councillor	
<i>A Giddens, State Councillor</i>	<i>Appointed 6 December 2017</i>

Peter Carter

Name

Branch Secretary

Title

Signature

Date



15 April 2019

Committee of Management Statement

for the year ended 31 December 2018

On the 3 April 2019 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 2018:

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 of the Commissioner
- (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 the Commissioner duly made under section 272 of the RO Act, that information 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.

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, 2019

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

Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 December 2018

		2018	Restated*
	Note	\$	2017 \$
Revenue			
Membership subscription		3,037,535	3,108,664
Capitation fees and other revenue from another reporting unit		-	-
Levies / (Refunds)	3B	(24,781)	4,031
Interest	3C	32,156	42,207
Other revenue	3D	155,535	200,614
Total revenue		3,200,445	3,355,516
Other income			
Grants or donations	3E	12,273	80,050
Revenue from recovery of wages activity	3F	-	-
Total other income		12,273	80,050
Total income		3,212,718	3,435,566
Expenses			
Employee expenses	4A	1,617,260	1,934,383
Capitation fees	4B	372,929	362,550
Affiliation fees	4C	84,342	94,833
Administration expenses	4D	335,540	621,927
Grants or donations	4E	8,371	29,500
Depreciation and amortisation	4F	75,010	80,985
Finance costs	4G	26,505	44,455
Legal costs	4H	85,951	(16,889)
Write-down and impairment of assets	4I	(38,384)	80,641
Net losses from sale of assets	4J	15,475	7,771
Audit fees	14	(12,928)	26,279
Other expenses		249,284	329,538
Total expenses		2,819,355	3,595,973
Surplus / (Deficit) for the year		393,363	(160,407)
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		393,363	(160,407)

*Refer to Note 19 for details of restatement arising from a correction of error.

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

COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
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ELECTRICAL, ENERGY AND SERVICES DIVISION,
WESTERN AUSTRALIA BRANCH

Statement of Financial Position

As at 31 December 2018

			Restated*
		2018	2017
		\$	\$
ASSETS	Note		
Current assets			
Cash and cash equivalents	5A	234,336	316,125
Trade and other receivables	5B	230,764	138,285
Total current assets		465,100	454,410
Non-current assets			
Land and buildings	6A	356,073	366,858
Plant and equipment	6B	177,024	155,211
Other investments	6C	4,748,736	4,418,437
Total non-current assets		5,281,833	4,940,506
Total assets		5,746,933	5,394,916
LIABILITIES			
Current liabilities			
Trade payables	7A	550,176	634,166
Other payables	7B	73,224	53,511
Employee provisions	8A	314,388	323,658
Total current liabilities		937,788	1,011,335
Non-current liabilities			
Employee provisions	8A	32,201	-
Other non-current liabilities	9A	-	-
Total non-current liabilities		32,201	-
Total liabilities		969,989	1,011,335
Net assets		4,776,944	4,383,581
EQUITY			
General funds	10A	-	-
Retained earnings		4,776,944	4,383,581
Total equity		4,776,944	4,383,581

*Refer to Note 19 for details of restatement arising from a correction of error.

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

COMMUNICATION, ELECTRICAL, ELECTRONIC,
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WESTERN AUSTRALIA BRANCH

Statement of Changes in Equity

for the year ended 31 December 2018

	Note	General funds \$	Retained earnings \$	Total equity \$
Balance as at 1 January 2017		-	4,543,988	4,543,988
Adjustment for changes in accounting policies		-	-	-
Surplus /(deficit)*		-	(160,407)	(160,407)
Other comprehensive income		-	-	-
Transfer to/from funds	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as 31 December 2017		-	4,383,581	4,383,581
Adjustment for errors		-	-	-
Adjustment for changes in accounting policies		-	-	-
Surplus / (deficit)		-	393,363	393,363
Other comprehensive income		-	-	-
Transfer to/from funds	10A	-	-	-
Transfer from retained earnings		-	-	-
Closing balance as at 31 December 2018		-	4,776,944	4,776,944

*Refer to Note 19 for details of restatement arising from a correction of error.

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

**COMMUNICATION, ELECTRICAL, ELECTRONIC,
ENERGY, INFORMATION, POSTAL, PLUMBING AND
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WESTERN AUSTRALIA BRANCH**

Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 \$	2017 \$
OPERATING ACTIVITIES			
Cash received			
Receipts from member contributions		2,923,663	3,182,667
Interest		30,683	42,207
Receipt from other reporting units	11B	152,028	224,139
Other		34,803	60,556
Cash used			
Employees		(1,576,911)	(2,784,618)
Suppliers		(680,755)	(1,069,591)
Payments to other reporting entities	11B	(510,449)	(482,521)
Net cash from (used by) operating activities	11A	<u>373,062</u>	<u>(827,161)</u>
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of plant and equipment		34,545	76,960
Proceeds from sale of land and buildings		-	-
Other		-	723,787
Cash used			
Purchase of plant and equipment		(159,097)	(40,150)
Purchase of land and buildings		-	-
Other		(330,299)	-
Net cash from (used by) investing activities		<u>(454,851)</u>	<u>760,597</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	-
Other		-	-
Cash used			
Repayment of borrowings		-	-
Other		-	-
Net cash from (used by) financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash held		<u>(81,789)</u>	<u>(66,564)</u>
Cash and cash equivalents at the beginning of the reporting period		316,125	382,689
Cash and cash equivalents at the end of the reporting period	5A	<u>234,336</u>	<u>316,125</u>

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

Index to the Notes of the Financial Statements

Note 1	Summary of significant accounting policies
Note 2	Events after the reporting period
Note 3	Income
Note 4	Expenses
Note 5	Current assets
Note 6	Non-current assets
Note 7	Current liabilities
Note 8	Provisions
Note 9	Non-current liabilities
Note 10	Equity
Note 11	Cash flow
Note 12	Contingent liabilities, assets and commitments
Note 13	Related party disclosures
Note 14	Remuneration of auditors
Note 15	Financial instruments
Note 16	Fair value measurements
Note 17	Capital management
Note 18	Section 272 Fair Work (Registered Organisations) Act 2009
Note 19	Correction of Error

Notes to the Financial Statements

for the year ended 31 December 2018

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 and 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 3 April 2019, 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 2018

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 49% (2017: 57%) 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 (2017: 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 9 Financial Instruments.
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfer to Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments.
- Interpretation 22 Foreign Currency Transactions and Advance Consideration.

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

Notes to the Financial Statements

for the year ended 31 December 2018

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 2018

Note 1 Statement of significant accounting policies (continued)

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

Reference	Title	Summary
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 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>

Notes to the Financial Statements

for the year ended 31 December 2018

Note 1 Statement of significant accounting policies (continued)

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

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

There are no other standards that are not yet effective and that would be expected to have a material impact on the Union in the current or future reporting periods and on foreseeable future transactions

Notes to the Financial Statements

for the year ended 31 December 2018

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.

Revenue from the sale of goods is recognised when: the risks and rewards of ownership have been transferred to the buyer, the entity retains no managerial involvement or effective control over the goods, the revenue and transaction costs can be reliably measured, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Receivables for goods and services which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

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.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 1 Statement of significant accounting policies (continued)

1.10 Employee entitlements (continued)

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

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.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 1 Statement of significant accounting policies (continued)

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.

1.14 Financial Instruments

Financial assets and liabilities are recognised when the Union becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 1 Statement of significant accounting policies (continued)

1.15 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 2018

Note 1 Statement of significant accounting policies (continued)

1.15 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 2018

Note 1 Statement of significant accounting policies (continued)

1.15 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 2018

Note 1 Statement of significant accounting policies (continued)

1.15 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.

1.16 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 2018

Note 1 Statement of significant accounting policies (continued)

1.16 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.

1.17 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.

1.18 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.

Measurement after recognition

Following initial recognition at cost, land and buildings are carried at cost less subsequent accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 1 Statement of significant accounting policies (continued)

1.18 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.

1.19 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 2018

Note 1 Statement of significant accounting policies (continued)

1.20 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.

1.21 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.

1.22 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 15A.

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 2018

Note 1 Statement of significant accounting policies (continued)

1.22 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.

1.23 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 2018

Note 1 Statement of significant accounting policies (continued)

1.24 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.

1.25 Financial support

The Union does not provide financial support to another Union.

1.26 Restructuring

The Union did not acquire an asset or liability due to an amalgamation under Part 2 of Chapter 3 of the RO Act, a restructure of the branches of the organization, a determination or revocation by the Commissioner of the Fair Work Commission under subsections 245(i) or 249(i) of the RO Act.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 1 Statement of significant accounting policies (continued)

1.27 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 Organisations) 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 Organisations) Act 2009 of a certificate issued to an organisation under s245(1).

1.28 Business combinations

There have been no assets and liabilities acquired during the financial year as part of a business combination (2017: \$Nil)

1.29 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 2018, 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 Branch.

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

Notes to the Financial Statements

for the year ended 31 December 2018

Note 3 Income

	2018 \$	2017 \$
Note 3A Capitation fee revenue and other revenue from another reporting unit		
Capitation fees	-	-
Other revenue from another reporting unit	-	-
Note 3B: Levies		
Western Power campaign levied / (refunded)	(24,781)	4,031
Total levies	(24,781)	4,031
Note 3C: Interest earned		
Deposits	32,156	42,207
Total interest earned	32,156	42,207
Note 3D: Other income		
Insurance rebate – from ETU Vic – Electrical Division	147,366	192,737
Wages subsidy-board fees	-	-
Other	8,169	7,877
Total other income	155,535	200,614
Note 3E: Grants and donations		
Grants	-	-
Donations	-	20,050
Sponsorship	12,273	60,000
Total grants and donations	12,273	80,050
Note 3F: Revenue from recovery of wages activity	-	-

Note 4 Expenses

Note 4A: Employee expenses

Officers

Wages and salaries	988,579	1,034,185
Superannuation	188,844	204,965
Leave and other entitlements	157,325	138,391
Separation and redundancies	-	226,438
Other employee expenses	61,346	104,662
Subtotal employee expenses officers	1,396,094	1,708,641

Employees other than officers

Wages and salaries	167,517	153,898
Superannuation	29,759	28,752
Leave and other entitlements	23,890	27,075
Separation and redundancies	-	16,017
Other employee expenses	-	-
Subtotal employee expenses employees other than officers	221,166	225,742
TOTAL EMPLOYEE EXPENSES	1,617,260	1,934,383

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

Notes to the Financial Statements

for the year ended 31 December 2018

Note 4 Expenses (continued)

	2018	2017
	\$	\$
Note 4B: Capitation fees		
Communications, Electrical, Energy, Information, Postal, Plumbing and Allied Services Union of Australia – Electrical, Energy and Services Division	372,929	362,550
Total capitation fees	372,929	362,550
Note 4C: Affiliation fees		
Unions WA	49,231	46,052
Australian Labor Party	35,111	48,781
Total affiliation fees	84,342	94,833
Note 4D: Administration expenses		
Consideration to employers for payroll deductions	-	-
Campaign costs	3,593	322,327
Conferences and meeting expenses	117,646	130,900
Compulsory levies	-	-
Fees/allowances – meetings and conferences	-	-
Insurance	68,348	87,270
Rental expenses and occupancy costs	44,935	36,978
Travel	101,018	44,452
Total administration fees	335,540	621,927
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	735	2,000
Total paid that exceeded \$1,000	7,636	27,500
Total grants or donations	8,371	29,500
Note 4F: Depreciation and amortisation		
Depreciation:		
Land and buildings	10,785	10,785
Property, plant and equipment	64,225	70,200
Total depreciation and amortisation	75,010	80,985
Note 4G: Finance costs		
Bank charges	24,007	27,243
Debt collector fees	2,498	17,212
Total finance costs	26,505	44,455
Note 4H: Legal costs		
Litigation	-	-
Other legal matters	85,951	(16,889)
Total legal costs	85,951	(16,889)

Notes to the Financial Statements

for the year ended 31 December 2018

Note 4 Expenses (continued)

	2018	2017
Note 4I: Write-down and impairment of assets	\$	\$
Receivables	(38,384)	80,641
Total write-down and impairment of assets	(38,384)	80,641

Note 4J: Net losses from sale of assets

Land and buildings	-	-
Plant and equipment	15,475	7,771
Total net losses from sale of assets	15,475	7,771

Note 4K: Other expenses

Penalties – via RO Act or the Fair Work Act 2009	-	-
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Note 5 Current Assets

Note 5A: Cash and cash equivalents

Cash at bank	233,196	314,985
Cash on hand	1,140	1,140
Total cash and cash equivalents	234,336	316,125

Note 5B: Trade and other receivables

Receivables from other reporting units

CEPU National Office	-	-
Total receivables from other reporting units	-	-

Less provision for doubtful debts

CEPU National Office	-	-
Total provision for doubtful debts	-	-

Other receivables:

GST receivable	-	-
Other trade receivables	420,626	382,031
Less provision for doubtful debts	(205,362)	(243,746)
Total receivables	215,264	138,285
Prepayments	15,500	-
Total trade and other receivables (net)	230,764	138,285

Notes to the Financial Statements

for the year ended 31 December 2018

Note 6 Non-Current Assets

	2018 \$	2017 \$
Note 6A: Land and buildings		
Land and buildings		
at cost	431,418	431,418
at fair value	-	-
accumulated depreciation	(75,345)	(64,560)
Total land and buildings	356,073	366,858

Reconciliation of Opening and Closing Balances of Land and Buildings

As at 1 January		
Gross book value	431,418	431,418
Accumulated depreciation and impairment	(64,560)	(53,774)
Net book value 1 January	366,858	377,644
Additions:		
By purchase	-	-
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(10,785)	(10,785)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	-	-
Net book value 31 December	356,073	366,858
Net book value as of 31 December represented by:		
Gross book value	431,418	431,418
Accumulated depreciation and impairment	(75,345)	(64,560)
Net book value 31 December	356,073	366,858

Notes to the Financial Statements

for the year ended 31 December 2018

Note 6 Non-Current Assets (continued)

	2018	2017
	\$	\$
Note 6B: Plant and equipment		
Plant and equipment:		
at cost	463,904	446,733
accumulated depreciation	(286,880)	(291,522)
Total plant and equipment	177,024	155,211

Reconciliation of Opening and Closing Balances of Plant and equipment

As at 1 January		
Gross book value	446,733	604,759
Accumulated depreciation and impairment	(291,522)	(334,771)
Net book value 1 January	155,211	269,988
Additions:		
By purchase	159,098	40,150
From acquisitions of entities (including restructuring)	-	-
Revaluations	-	-
Impairments	-	-
Depreciation expense	(64,225)	(70,200)
Other movement	-	-
Disposals:		
From disposal of entities (including restructuring)	-	-
Other	(73,060)	(84,727)
Net book value 31 December	177,024	155,211
Net book value as of 31 December represented by:		
Gross book value	463,904	446,733
Accumulated depreciation and impairment	(286,880)	(291,522)
Net book value 31 December	177,024	155,211

Note 6C: Other investments

Held to maturity assets		
CBA retirement account	400,126	389,572
CBA online saver account	4,348,610	4,028,865
Total other investments	4,748,736	4,418,437

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 0.56% (2017: 0.88%).

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.

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

Notes to the Financial Statements

for the year ended 31 December 2018

Note 7 Current liabilities

	2018	Restated*
	\$	2017
		\$
Note 7A: Trade payables		
Trade creditors and accruals – unsecured	12,713	66,679
Membership fees paid in advance	503,643	566,327
Operating lease rentals	-	-
Subtotal trade creditors	516,356	633,006
Payables to other reporting units		
CEPU - Electrical, Energy and Services Division	33,820	1,160
Subtotal payables to other reporting units	33,820	1,160
Total trade payables	550,176	634,166

Settlement is usually within 30 days.

Note 7B: Other payables

Wages and salaries	4,112	-
Superannuation	772	18,511
Consideration to employers for payroll deductions	-	-
Legal costs		
Litigation	-	-
Other legal matters	-	-
GST payable	30,958	5,624
PAYG	37,382	29,376
Total other payables	73,224	53,511

Total other payables are expected to be settled in:

No more than 12 months	73,224	53,511
More than 12 months	-	-
Total other payables	73,224	53,511

*Refer to Note 19 for details of restatement arising from a correction of error

Note 8 Provisions

Note 8A: Employee Provisions

Officers		
Annual leave	102,624	106,811
Long service leave	82,865	59,510
Retirement allowance	-	-
Other	-	-
Subtotal employee provisions – officers	185,489	166,321

Notes to the Financial Statements

for the year ended 31 December 2018

Note 8 Provisions (continued)

Note 8A: Employee Provisions (continued)

	2018	2017
	\$	\$
Employees other than officers		
Annual leave	26,332	24,510
Long service leave	32,470	29,580
Retirement allowance	102,298	103,247
Other	-	-
Subtotal employee provisions – employees other than officers	161,100	157,337
Total employee provisions	346,589	323,658
Current	314,388	323,658
Non-current	32,201	-
Total employee provisions	346,589	323,658

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	-	-

Notes to the Financial Statements

for the year ended 31 December 2018

Note 11 Cash Flow

Note 11A: Cash Flow Reconciliation

Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement:

	2018 \$	2017 \$
Cash flow statement	234,336	316,125
Balance sheet	234,336	316,125
Difference	-	-

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

Surplus/(deficit) for the year	393,363	(160,407)
Adjustments for non-cash items		
Depreciation/amortisation	75,010	80,985
Net write-down of non-financial assets	-	-
Non-operating interest	-	-
Loss on disposal of assets	15,475	7,771
Non-cash employee benefits expense	23,039	-
Changes in assets/liabilities		
(Increase)/decrease in net receivables	(92,479)	74,003
(Increase)/decrease in prepayments	-	-
Increase/(decrease) in supplier payables	(64,277)	20,721
Increase/(decrease) in other payables	-	-
Increase/(decrease) in employee provisions	22,931	(850,234)
Increase/(decrease) in other provisions	-	-
Net cash from (used by) operating activities	373,062	(827,161)

Note 11B: Cash flow information

(i) Cash inflows from another reporting unit

CEPU - Electrical, Energy and Services Division	4,957	11,402
ETU Victoria	147,071	212,737
Total cash inflows	152,028	224,139

Cash outflows to another reporting unit

CEPU - Electrical, Energy and Services Division	(503,833)	(477,263)
CEPU - National Council	(6,616)	(5,258)
Total cash outflows	(510,449)	(482,521)

(ii) Credit facilities

The Union has a \$50,000 credit card facility with the bank (2017: \$50,000). Amount used at 31 December 2018 \$Nil (2017: \$Nil).

Notes to the Financial Statements

for the year ended 31 December 2018

Note 11 Cash Flow (continued)

Note 11B: Cash flow information (continued)

(iii) Non-cash financing and investing activities

During the year motor vehicles were traded in for a value of \$NIL (2017: \$12,000). The trade in value was applied against the acquisition price of the new replacement vehicles.

A motor vehicle with a written down value of \$23,039 was given to an organiser upon retirement as consideration for past services.

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.

	2018	2017
Revenue from CEPU Electrical, Energy and Services Division includes the following:	\$	\$
Donations	-	10,000
Various expense reimbursements	4,563	1,274
Revenue received from ETU Vic – Electrical Division includes the following:		
Income protection fees	147,366	192,737
Donations	-	10,000
Expenses to CEPU Electrical, Energy and Services Division includes the following:		
WA Branch Sustentation fees	(372,929)	(362,549)
Payment of National Journal Costs	(17,410)	(45,439)
Payment of wage costs	-	(10,485)
Contribution for political campaigns	-	(16,373)
Other expense reimbursements	(363)	(4,270)
Reimbursement of travel expenses	(10,125)	(3,012)
Subscriptions	(7,945)	(8,234)
Provision of industrial services	(80,002)	-
Expenses to CEPU National Council includes the following		
Payment of Levy	(6,616)	(5,258)

Notes to the Financial Statements

for the year ended 31 December 2018

Note 13 Related part transactions (continued)

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

	2018	2017
	\$	\$
Assets transferred from/to Organisers includes the following:		
Motor vehicles on retirement or redundancy	23,039	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 2018, the Union has not recorded any impairment of receivables relating to amounts owed by related parties and declared person or body (2017: \$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

	2018	2017
	\$	\$
Wages and salaries	988,579	1,034,185
Annual leave accrued	102,839	148,896
Performance bonus	-	-
Fringe benefits tax	8,360	33,529
Payroll tax	52,986	71,133
Total short-term employee benefits	1,152,764	1,287,743

Post-employment benefits

Superannuation	188,844	204,965
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Other long-term benefits

Long service leave	54,486	(10,505)
Termination benefits	-	226,438
Total	1,396,094	1,708,641

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.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 14 Remuneration of Auditors

	2018	2017
	\$	\$
Value of the services provided		
HTG Partners		
current year audit services	-	-
Butler Settineri		
Financial statement audit services/ (reversal of prior year over accrual)	(8,928)	18,279
Other services – preparation of financial statements / (reversal of prior year over accrual)	(4,000)	8,000
Total remuneration of auditors	(12,928)	26,279

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 2018 (2017: Nil).

Note 15A Categories of Financial Instruments

Financial Assets

	2018	Restated* 2017
	\$	\$
Fair value through profit or loss:		
Cash at bank	233,196	314,985
Cash on hand	1,140	1,140
Total	234,336	316,125
Held-to-maturity investments:		
Retirement account	400,126	389,572
Online saver	4,348,610	4,028,865
Total	4,748,736	4,418,437
Available-for-sale assets	-	-
Total	-	-
Loans and receivables:		
Accounts receivable	215,264	138,285
Total	215,264	138,285
Carrying amount of financial assets	5,198,336	4,872,847
Financial Liabilities		
Fair value through profit or loss:		
Trade payables	550,176	634,166
Other payables	73,224	53,511
Total	623,400	687,677
Other financial liabilities	-	-
Total	-	-
Carrying amount of financial liabilities	623,400	687,677

*Refer to Note 19 for details of restatement arising from a correction of error.

Notes to the Financial Statements

for the year ended 31 December 2018

Note 15 Financial instruments (continued)

Note 15B Net Income and Expense from Financial Assets

	2018 \$	2017 \$
Held-to-maturity		
Interest revenue	32,156	42,207
Exchange gains/(loss)	-	-
Impairment	-	-
Gain/loss on disposal	-	-
Net gain/(loss) held-to-maturity		
Loans and receivables	32,156	42,207
Interest revenue	-	-
Exchange gains/(loss)	-	-
Impairment	38,384	(80,641)
Gain/loss on disposal	-	-
Net gain/(loss) from loans and receivables	38,384	(80,641)
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 (2017: Nil).

Notes to the Financial Statements

for the year ended 31 December 2018

Note 15 Financial instruments (continued)

Note 15C: Net Income and Expense from Financial Liabilities

	2018 \$	2017 \$
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 (2017: 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.

Notes to the Financial Statements

for the year ended 31 December 2018

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.

	2018 \$	Restated* 2017 \$
Financial assets		
Cash and cash equivalents	234,336	316,125
Held to maturity assets	4,748,736	4,418,437
Trade receivables	215,264	382,031
Total	5,198,336	5,116,593
Financial liabilities		
Trade payables	(550,176)	(634,166)
Other payables	(73,224)	(53,511)
Total	(623,400)	(687,677)

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 2018 \$	Past Due and Impaired 2018 \$	Not Past Due Nor Impaired 2017 \$	Past Due and Impaired 2017 \$
Trade receivables	29,664	205,362	39,011	243,746
Total	29,664	205,362	39,011	243,746

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 2018

	0 to 30 days \$	31 to 60 days \$	61 to 90 days \$	90+days \$	Total \$
Trade receivables	10,390	10,798	9,654	154,758	185,600
Total	10,390	10,798	9,654	154,758	185,600

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

*Refer to Note 19 for details of restatement arising from a correction of error.

Notes to the Financial Statements

for the year ended 31 December 2018

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 2018 (2017: Nil).

Contractual maturities for financial liabilities 2018

	On Demand	< 1 year \$	1 -2 years \$	2 -5 years \$	> 5 years \$	Total \$
Trade payables	-	550,176	-	-	-	550,176
Other payables	-	73,224	-	-	-	73,224
Total	-	623,400	-	-	-	623,400

Contractual maturities for financial liabilities 2017

	On Demand	< 1 year \$	1 -2 years \$	2 -5 years \$	> 5 years \$	Total \$
Trade payables	-	634,166	-	-	-	634,166
Other payables	-	53,511	-	-	-	53,511
Total	-	687,677	-	-	-	687,677

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 2018

	Risk variable	Change in risk variable %	Effect On	
			Profit and Loss \$	Members funds \$
Interest rate risk	4,981,932	+1.0%	49,819	49,819
Interest rate risk	4,981,932	-1.0%	(49,819)	(49,819)

Notes to the Financial Statements

for the year ended 31 December 2018

Note 15 Financial instruments (continued)

Note 15F: Market Risk (continued)

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)

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:

	2018 \$	2017 \$
Cash and cash equivalents	234,336	316,125
Other financial assets	4,748,736	4,418,437
Trade and other receivables	215,264	138,285
Trade and other payables	(623,400)	(687,677)
	<u>4,574,936</u>	<u>4,185,170</u>

Notes to the Financial Statements

for the year ended 31 December 2018

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).

Note 19 Correction of Error

- (a) It was identified that a \$21,059 expense was accounted for twice incorrectly in 2017.
- (b) GST has been reclassified from trade payables to other payables to separately disclose this item.

These errors have been corrected by restating each of the affected financial statement line items for the prior period as follows:

Statement of Financial Position (extract)	2017 \$	Increase / (Decrease) \$	2017 Restated \$
Trade payables	660,849	(26,683)	634,166
Other payables	47,887	5,624	53,511
Retaining earnings	4,362,522	21,059	4,383,581

Statement of Comprehensive Income	2017 \$	Increase / (Decrease) \$	2017 Restated \$
Other expenses	350,597	(21,059)	329,538